

An Economic Study of the Impact of Establishing the Arab Common Market on The Agricultural Sector in the Arab World

The Arab countries as other economic clusters-are heading towards economic clustering in order to face the new global order and the rise of GATT. There were numerous kinds & shapes of Arab Economic integration the most important one was the Arab common market agreement which did not show any effectiveness for more than forty years. The call for the Arab common market recreation was adopted by some Arab countries in general, and Egypt in particular, as a commercial gateway for balanced growth of national & regional development programs, and getting benefit of the advantages of globalization, besides limiting its disadvantages. The importance of this study is bringing to light the possibilities and fundamentals of the Arab common market rise in the Arab agriculture sector such as land, water investment, capital and human resources. Therefore, the recreation of idea of the Arab common market as a way for facing the international economic blocs and implementing sustainable integrated development in the Arab countries which is considered essential issue. The problem of the study is represented in highlighting the weakness of the inter-Arab trade which represent (8.4%) of the value of the aggregate Arab external trade; although there were many Arab commercial agreements and availability of the resources needed to establish such market. It was seen that, the inter-Arab trade was focalized on a partner on two of the Arab Countries. Moreover, the agricultural sector can not fulfill the needs of the Arab countries of food products and commodities. Therefore, the problem which the study deals with is concerned with the fact that, the delay of establishing the expanded Arab common market causes the increase of Arab countries dependency on external resources in covering its need of agricultural commodities, and food commodities in particular. The study aims to investigate the possibility and availability of resources needed to insure the establishment of the Arab common market, and estimate the expected effects of establishing such market on Arab agricultural sector. The study concentrates on the probable effects on the inter-Arab agricultural trade volume, Arab food production, consumption and imports. The study suggests some needed means to accelerate the implementation of this market. The study used descriptive, statistical and analytical methods. The descriptive method was used to demonstrate the historical facts concerning the study. The quantities and statistical Method was used for different data analysis. The study used simple regression and multi-regression analysis in identifying general time trends of the related economic phenomena developments. A model was designed for estimating the expected effects of establishing the common Arab market on the Arab agricultural sector. This model is consisted of eleven equations for sequential estimation of the most important agricultural commodities. Also, estimating the expected effect on Arab production quantity of the most important agricultural commodities this model was designed to estimate the gains of agricultural commodity exporting Arab countries in case of establishing the market and the loss of Arab agricultural commodity importing countries as a result of decreasing tariff fees in the field of agricultural commodities. Then, estimating the net gains and losses for Arab countries in the field of agricultural commodities as a results of establishing Arab common market. A model for comparative advantage was used to identify the comparative advantages for every Arab country in field of its most important agricultural commodities. The study dependent on different

resources of data published in official and formal authorities such as Arab Organization of Agricultural Development, (AOAD) Arab Monetary Fund (AMF) and the Social & Economic Council Arab League, External Trade Bulletin, Arab Economic Reports (Arab Leagues), studies of secretariat-general of Arab economic union. Data, brochures periodicals and journals of international organizations and institutions such as Food and Agricultural Organization (FAO). The study contains five main sections preceded by an introduction and ended with an appendix, an abstract and recommendations. The first section contains two chapters covering the theoretical framework and the article review. The first chapter dealt with studying theoretical framework which highlighted the concepts of economic integration and its different kinds and shapes. The second chapter was about the article review concerning the topic which the study is confronting. Most of the concerned studies recommended activating and accelerating the Arab economic integration and establishing the Arab common market, as a way of facing the challenges of facing the challenges of the new global economic order. Also, these studies recommended maximizing the inter Arab trade volume and establishing Joint Arab agricultural Projects to overcome the Arab gap. The studies called for Arab economic aspects neutralization aside from political actions. The second section was concerned with studying international economic blocs and attempts and experiments of Arab economic integration. The first chapter was interested in highlighting the existing forms of global economic blocs and the related agreement such as GATT agreement, and its positive and negative effects on the developing countries economics. This chapter highlighted the most important regional economic blocs and multinationals and transnational. And dealt with the Arab economic integration. After establishing the Arab League there many bilateral and regional agreements. Three regional agreements were conducted they are Gulf Countries Cooperation Council and Arab Western Union besides some basic agreement such as the agreement of facilitating trade and organizing trade 1953, Arab Economic Union and establishing Arab Economic Union Council 1957, the common Arab market agreement 1964, the agreement for facilitating and developing commercial exchange among Arab countries 1981. Also, there are agreements concerned with liberalizing current payments such as investing capitals in the Arab countries 1980. Besides, the joint Arab projects and specialized Arab organizations. The second chapter included the historical development of establishing the Arab common market 1964 under the framework of the Economic Union Council in order to achieve liberation in four areas: person and capital movement liberation, commodity & products exchange liberation and finally, liberalizing transport; transit" and using transportation means & using civil airports and harbors. The existing market includes seven countries under the scope of Arab Economic Union Council, these countries are Egypt, Jordan, Syria, Iraq, Libya, Mauritania and Yemen. It is worth saying that, there are some Arab countries who refuse to join the market for many reasons such as economic and political reasons. Finally, we should mention that, there are some positive efforts for activating the establishment of the market such as the executive program of implementing the market regulations 1998 and the declaration of the great Arab free trade zone starting from 1998 to be completed 2005. The third section discussed the current agricultural economic indicators and agricultural production in the Arab nation. The first chapter reviewed the Arab economic resources which include unrenowned natural resources such as petroleum, there is also the renewable natural resources represented by land resources. It is important to mention that, the available land resources able to be used was estimated with around 64.3 Million hectare. The water resources were 225.36 Billion Cubic Meter of surface water, around 39.19 Billion Cubic Meter of underground water and finally, 9 Billion cubic Meter of untraditional water resources. The Arab nation population was estimated by 228.1 Million person in the year 2001. The agricultural workforce reached 28.7 Million laborer for the average period (1997-2001). Examined the most important general indicators and current status of the Arab economic structure, the study showed that, the Arab countries GNP. The annual growth rate of the Arab countries GNP reached 4.5% during the period (1990-2001). The Arab agricultural production was 79.3 Billion dollar with percentage of 11.2% of the total Arab GNP in the year 2001. The annual Arab agricultural production reached 3.4% for the previous period. The second chapter was concerned with representing the main features of the Arab agricultural production. In this chapter, the study dealt with highlighting the most important agricultural crops and food crops in the Arab nation and its

developments during the period (1990-2001), the most important results were as follows:- The main food grain group: including (wheat, Barley, Corn, Maize and Rice) production increased and its annual growth rate reached 1.43% during the period (1990-2001). And Potatoes: total production of the crop in Arab nation increased by 1.72% for the period (1990-2001). And Legumes: the total production increased and its annual growth rate was 0.11% during the mentioned period. And Oil crops: the total production increased with annual growth rate 2.8 during the same period. And Sugar crops: the total production increased by annual growth rate 0.32% for the same period. And Vegetable crops: the Arab production of vegetable crops increased by 2.11% as an annual growth rate for the period. And Fruit crops: the total production increased during the period (1990-2001) with annual growth rate 2.18% in the Arab nation. And Fiber crops: the total production decreased with annual decrease rate (-1.48%) for the same period. And Red meat: the total Arab production increased during the period (1990-2001) with annual growth rate 4.29%. and Poultry meat: the total Arab production of poultry- (white meat) increased during the period (1990-2001) with annual growth rate 5.03%. and Milk & its products: the total Arab production of milk and its products increased during the tested period (1990-2001) with annual growth rate 5%. And Eggs: the total Arab production of table eggs increased during the period (1990-2001) with annual growth rate 2.72%. and Fish: the total Arab production of the fish production increased during the period (1990-2001) with annual growth rate 4.24%. By studying the changes emerged on the food gap of the most important commodities and food commodity groups, it is clarified that, the value of food gap increased from 11.7 Billion dollar in the year 1990 to 12.9 Billion dollar in the year 2001. The annual growth rate of the Arab food gap increased by 3.31% during the period (1990-2001). The fourth section discussed the current status of aggregate foreign Arab trade, it focused on its importance, development, trends, commodity structure and its economic efficiency. This section included the study of inter-Arab agricultural commercial exchange. The first chapter studied total and inter Arab trade and the following are the most important results: The value of the aggregate Arab trade (exports -Imports) reached 300.3 Billion dollar for the average period (1990-2001). The aggregate Arab trade value represents 3.04% of the aggregate global trade for the same tested area (1990-2001) with value of 9861.2 Billion dollar. The annual growth rate of total Arab trade reached 5.05% for the period. The value of the Aggregate Inter-Arab Trade reached 25.56 Billion dollar for the average period (1990-2001). The annual growth rate of total inter Arab trade reached 4.11% for the period (1990-2001). The second Chapter showed the value of the Aggregate Arab Agricultural Trade reached 30.15 Billion dollar for the average period (1990-2000), the annual growth rate of 4.37% for the period (1990-2000). The value of the Aggregate Inter - Arab Agricultural Trade reached 4.55 Billion dollar for the average period (1990-2000) and the annual growth rate of 6.52% for the period (1990-2000). The fifth section was concerned about measuring the comparative advantages and estimating its expected effects. The first chapter in section five showed Arab countries comparative advantages measurement in its foreign trade for the major agricultural & food commodities. According to the used comparative advantage measurement, it is obvious that, there are three Arab countries achieved comparative advantages for its grain foreign trade during the tested period (1990-2000), these countries are Sudan, Syria, Morocco & Egypt. Jordan, Syria, Lebanon, Egypt, Yemen & Morocco achieved visible comparative advantages in its potato foreign trade during the same tested period. Egypt & Sudan registered a comparative advantage in its crude sugar foreign trade during the mentioned period. Sudan, Syria, Lebanon and Morocco achieved a comparative advantage in its legume foreign trade, as for vegetable oils, Jordan, Tunisia, Sudan & Lebanon achieved comparative advantage in its vegetable oils foreign trade for the tested period. Seven Arab countries achieved visible comparative advantages of its fresh vegetable crop foreign trade during the same tested period they are Jordan, Tunisia, Sudan, Syria, Lebanon, Egypt & Morocco. Eight Arab countries achieved a comparative advantage in its fresh fruit foreign trade for the same tested period. These countries are Jordan, Tunisia, Algeria, Sudan, Syria, Lebanon, Egypt & Morocco. Sudan, Syria and Morocco registered a comparative advantage of its Red meat foreign trade during the tested period (1990-2000). Four countries achieved a comparative advantage of its poultry (white meat) foreign trade (Jordan, Tunisia, Lebanon, Egypt). Four Arab countries achieved visible comparative advantage of its milk these countries are: (Sudan, Syria, Egypt and

Morocco. Eleven Arab countries achieved visible comparative advantage of its fresh fish foreign trade these countries are: U.A.E., Bahrain, Tunisia, Algeria, Djibouti, Saudi Arabia, Sudan Oman, Morocco Mauritania and Yemen. The second chapter surveyed the expected economic effects of the complete execution of Arab common market agreement of the agricultural sector in the Arab nation. A model was designed of eleven equations in order to compute and estimate Arab net profit or loss as a result of complete execution of Arab common market agreement. The Arab common market countries, the most beneficiary will reach to 2960.9 million dollar. Three Arab countries will get reach to 8855 million dollar. In case of the full applications of the Arab common market agreement. Sudan is considered the most beneficiary Arab country total gains of 3314.9 million dollar, Egypt comes as the second beneficiary country with 1253 million dollar, Morocco with 1401, Syria with 1081, Mauritania with 468.8 million dollar Somalia with 452.9 million dollar, Tunisia with 376.4 million dollar, Lebanon with 342.3 million dollar, Algeria with 158.6 million dollar Yemen will gain 107.6 million dollar, Jordan with 51.5 million dollar, and U.A.E will gain 38.4 million dollar, and Saudi Arabia with 9.3 million dollar, Oman with 7.2 million dollar, Finally, Bahrain will gain, 6 million dollar. Three Arab countries will get net losses after the full implementation of the Arab common market agreement. Kuwait will have 64.5 million dollar losses. Qatar will get 32.4 million dollar losses Djibouti will get 16 million dollar losses. And Libya will get 1.5 million dollar. The net gains after the implementation of the agreement will reach to 8855 million dollar.

RECOMMENDATIONS

- Spending there glutinous needed for accelerating the establishment of the Arab common market and giving priority of the Arab common market as the most important Arab project in the Arab arena.
- Following gradual procedure in joining the Arab common market and agreement.
- Eliminating Arab political conflicts and dominating the economic interest.
- Finalizing the residual stages of the grand Arab free zone.
- Establishing the Arab agricultural marketing corporation under the framework of Arab economic union council.
- Coordinating Arab foreign trade policy.
- Encouraging inter-Arab agricultural investment in the field of marketing and trading infrastructure.
- Developing and supporting Arab trade financing program.
- Establishing Arab marketing and commercial information net and adapting modern communication methods.
- Implementing a long-term comprehensive Arab economic development plan for the Arab agricultural sector.
- Establishing Arab Marketing and Commercial Information Net.
- Stimulating private sector in the Arab countries to share in the Arab common market and encouraging the support of Arab economic development programs.