

The Mediterranean Union: Socioeconomic Benefits and Challenges for Greece

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Abstract

Although the creation of the European Union accrued significant economic benefits and secured peace for its member states, at the same time it deeply separated the region from its southeastern neighbors, accentuating socioeconomic indicators divisive enough to fuel instability and tensions. The concept of the Mediterranean Union aims at bridging the gap by focusing on cooperation agenda that includes the protection of the Mediterranean Sea, solar energy development, water management, improvement of infrastructure services, programs on economic, social and educational development, security issues and eventually a possible free trade zone. Within this framework of potential development, Greece stands to enjoy certain benefits and face new challenges.

Introduction

Although the creation of the European Union accrued significant economic benefits and secured peace for its member states, it also separated the region from its southeastern neighbors, deeply accentuating socioeconomic indicators divisive enough to fuel instability and tensions. The concept of the Mediterranean Union aims at bridging the gap by focusing on cooperation agenda that includes the protection of the Mediterranean Sea, solar energy development, water management, improvement of infrastructure services, programs on economic, social and educational development, security issues and eventually a possible free trade zone. Within this framework of potential development, Greece stands to enjoy certain benefits and face new

challenges. However it should be underlined that the inner working mechanism of such a Union has not been specified and thus the discussion is based on the vague descriptions given by the participants during the July 13, 2008, meeting in Paris.

Agricultural Production and Trade

The series of challenges starts with an intensified competition on agricultural production and trade. Through an historical overview, since 1985 there have been doubts about the significance of the EU policy on Greek agricultural production and incomes, confirmed later by negative assessments on the sector's failure to restructure, modernize and compete successfully despite uninterrupted flows of EU funds Georgakopoulos & Paschos, 1985; Blavoukos, 2003). The controversial Common Agricultural Policy (CAP) subsidies failed to modernize farming that suffered from poor soils and droughts, erosion, misuse of fertilizers, erratic and insufficient capital investment, and an uneducated and older farming population. Specifically, the number of agricultural holdings from 1993-2003 increased by 0.64% while the aggregate employment rate in the same period dropped by 31% (European Industrial..., 2008). Consequently, the budget proposals for 2007-13 although did provide for a peak in the 2008/2009 agricultural spending in nominal terms, they also prescribed a subsequent decline of that spending. Accordingly, by 2013 the share of traditional CAP spending will have been halved. Greece, being the largest per capita CAP beneficiary, would start facing great challenges vis a vis countries with a more efficient agricultural infrastructure, like Germany and France. The entry into a probable new free trade zone of another agriculturally advanced country such as Israel will marginalize Greek farmers even more.

Israel's agriculture continues to thrive, and its exports have concentrated on fresh agricultural produce, processed foods, flowers, avocados, vegetables that are out of season elsewhere, and exotic fruits. At the same time Northern Africa has to import the bulk of the food it consumes, mainly because of inefficient irrigation methods, social traditions that hinder establishment of property and long droughts. A free-trade zone will encourage imports from the most efficient agricultural producer which does not seem to be Greece, as the country has concentrated on dark tobacco and cotton.

The counter-argument here would be that Greece's concentration on cotton and tobacco might give her an advantage in an agricultural trade-off given Northern Africa's need to import such products. But when it comes to cotton, Egypt still dominates one-third of the world market for long-staple and extra-long staple cotton, whereas the product is the country's most lucrative export commodity after oils (Human Rights Watch). Within this setting, Greece's position seems rather weak. As for tobacco, the Greek production was dominated by the dark kind, whose global demand has fallen as consumers have shifted towards light flue cured tobacco like Virginia. When the prospective trade partners come into the picture, their preference has been set to the light tobacco while the demand has been galloping (increasing demand has turned tobacco producer Egypt into a net importer). In such a scenario no European tobacco-producing country stands to capitalize given the fact that India, the world's second largest producer next to China, is already concentrating on exporting Flue Cured Virginia tobacco (75-80% of its tobacco exports), and will probably remain the region's out-of-zone main supplier, as the country enjoys a low unit production cost so that the average export prices of Indian tobacco are more competitive than those of Brazil or USA (Tobacco Board, 2008).

Immigration

Within a new Mediterranean Union, Greece might face new challenges in matters of immigration. The creation of the Union will eventually facilitate movements of peoples and capital within member states. It is expected that people from the poorer countries will continue to move towards the richer. Indeed, since the 1990s thousands of Northern Africans have crossed the Mediterranean to reach southern Europe. However, a new shift of population within Africa is likely to make an inflamed situation more exacerbating. The migration crises in Morocco's Spanish enclaves in 2005 and Spain's Canary Islands in 2006 revealed movements of sub-Saharan Africans towards North Africa, which served as a transit point. Estimates point to a number ranging from 65,000 to 120,000 crossing the continent in order to reach northern Africa with many of them crossing the Mediterranean as well. Sub-Saharan Africans have now overtaken Northern Africans as the largest group of illegal immigrants intercepted by European border patrol and the trend is responsible for complex procedures of processing or expelling. Too

avoid expulsion, many immigrants destroy their papers before detention, and upon release they simply ignore the formal expulsion order. Then they slide underground mostly in the southern European countries (Haas, 2006).

Within this frame of African emigration trends, Greece has found itself ill-prepared. Up to the 1990s the country had no specific immigration policy and was forced to adopt a hasty plan after the first waves of Albanians crossed the border. The overly cumbersome plan for residency requirements resulted in that among 1,200,000 immigrants, 456,000 have been registered and only 105,000 have the green card. Furthermore, the xenophobia among the native population is on the rise. A recent survey among EU residents published by the National Center of Social Research classified Greeks as the least tolerant towards people of other races, nationalities and immigrants (Paraskevopoulos, 2007). One has to consider that the xenophobic attitude towards immigrants has been mainly shaped by contact with a majority of white Orthodox Albanians. It is an educated guess that the sentiments towards African Muslims will polarize the population even more and will encourage a further rise in the extreme right that usually promotes isolationist policies, detrimental and regressive to growth in a global economy.

On the positive side however, a Mediterranean Union will boost cooperation among Northern African countries and Greece in order to better control migration waves and to match current economic demands without exacerbating tensions. To that purpose, the Union could facilitate border control in cooperation with Northern African countries which could undertake a more efficient policing effort in exchange for assistance programs and military aid. Such limited in scope agreements have already been signed between Spain and Morocco and Italy and Libya while in 2006 the European Commission issued a communication calling for the reinforced management of the EU's Southern maritime borders and for the maximization of the authority of FRONTEX, the European Agency for the Management of Operational Cooperation at the External Borders of the Member States. According to Justice Commissioner Frattini, FRONTEX has curbed the flow of illegal migrants in the Mediterranean by 40% although Frontex director Laitinen has pointed to the system's "gaping hole" that facilitates intercepted immigrants to continue towards the southern European countries (I-Ewropej, 2008). Within a future Union

border patrol can become more efficient by incorporating a coordinated multi-ethnic police effort under a supranational authority. Such an effort not only would alleviate illegal immigration flows but would also curb human trafficking, which disgracefully has created a hub in Greece.

Human Trafficking

According to the 2007 US Department of State Report on human trafficking , Greece is a destination and transit country for women and children trafficked from Eastern Europe, the Balkans, and Africa for the purposes of sexual exploitation and forced labor (US State Department). The report states the dissatisfaction with the lack of progress in Greece while it emphasizes that the country does not fully comply with the minimum standards for the elimination of trafficking. Although there was a continuous funding for prevention programs, long-standing recommendations from previous reports concerning victim identification, victim protection, and punishment for traffickers remained unaddressed. Greece has yet to ratify a 2004 child repatriation agreement with Albania, shelters remained underutilized, and convicted traffickers have not served imposed sentences. Finally there is inadequate protection for both identified and potential trafficking victims. Accordingly, the country has been grouped in the same tier as Algeria and Egypt.

The reasons why the country has failed to implement strict legislation against human trafficking are beyond the scope of this article. However, when unwillingness becomes chronic, then action may come only through a multinational organization to which members have surrendered some of their sovereignty. If the Mediterranean Union eventually has the power to exercise stricter control over its members as far as the adoption and enforcement of preventive and punitive measures are concerned, then the country stands to benefit substantially by lowering crime rates and improving its image abroad.

Investments

Greece also stands to gain in terms of investments. Deputy foreign Minister Doukas has spoken of the extent of possible business expansions through banking, shipping, aquaculture, agile energy companies, metal processing, construction, and pharmaceuticals. Already, Greek

businesses in banking, construction, telecommunications and shipping have invested more than \$650 million in Egypt (Center of Business, 2008). Egypt and Tunis have already created free zones within their borders that allow for tax-free importation of raw materials from the EU, subsequent domestic manufacturing and finally exportation of the finished product. Egypt has also created the Qualified Industrial Zones (QIZs), in which factories may process the raw material for tax-free exportation to the EU, Israel and the USA. In the sector of fabrics Greek companies may enjoy significant advantages if they make industrial installation in the Northern African QIZs and cooperate with Israeli companies. The Greek company might import 11.7% of a product's worth (prerequisite for establishing oneself in a QIZ), and export the fabric tax-free to the USA. The existence of the Mediterranean Union would facilitate greatly the manufacturing process by allowing fast and tax-free importation of technology and easy emigration of qualified Greek personnel.

Tourism

An area that remains murky as to whether the benefits may outweigh the costs is that of tourism, a sector heavily affected by concerted efforts to clean-up the Mediterranean. On the positive side, a Mediterranean Union may have more power to enforce sea protection that will benefit Greek tourism. The sea has been subjected to the pressures exerted by an 82 million coastal population and by 100 million tourists flocking to the beach areas. Both numbers are expected to have doubled by 2025. Urban growth along the coast and mass tourism development have destroyed natural habitats while the United Nations Environment Programme has estimated that 650 million tons of sewage, 129,000 tons of mineral oil, 60,000 tons of mercury, 3,800 tons of lead and 36,000 tons of phosphates are dumped into the Mediterranean each year. On top of that, 70% of the wastewater dumped into the Mediterranean is untreated. Furthermore, up to one million tons of crude oil is accidentally spilled almost yearly. Finally, as the Mediterranean is almost entirely landlocked, the water's renewal rate ranges from 80-90 years (Explore Crete). Although the vast majority of the potential member states have signed the protocol for the Protection of the Marine Environment and the Coastal Region of the Mediterranean, individual signatories seem to be violating it frequently. In Tunisia, thermo-electric power generating industries are the largest air polluters, with cement factories, paper mills and oil refining also contributing. Most

water contaminated by industrial waste is dumped untreated into the Mediterranean while phosphate mining tailings are dumped into the Bay of Gafsa (US Embassy). In Syria, the pollution of coastal waters from oil spills and human wastes has acquired endemic dimensions. State indifference enraged UN inspectors, who after the 2006 oil spill that polluted over 140 kilometers of the Lebanese coastline and spread north into Syrian waters, reported that three weeks into the crisis, there had been no on-the-ground assessment to support the Lebanese Government, nor moves towards a clean-up, and indeed few practical measures to contain the further spread of the slick (UNEP). In Cyprus, hotel owners still dump raw sewage into the sea while the island's sources of fresh water have been contaminated by industrial wastes and raw sewage (Encyclopedia Encarta). Israel has been another heavy polluter of Eastern Mediterranean. According to the Zalul organization, the government grants more than 100 permits for discharging wastewater into the sea every year, at times close to bathing beaches (Reuters, 2007). In Greece, hotels have delayed installing biological waste management plants, at times having to pay fines of 20,000 Euro per day (Kathimerini, 2002). Efforts to clean up the sea have blatantly failed because they are based on national and not supranational legislation. In the case of a massively polluted basin, national governments have paid lip service to environmental protection and are encouraged to act when the tourism industry gets hurt. With the potential number of visitors increasing annually, the incentive to enforce legislation is weakened while small regional efforts undertaken by environmental groups, scout groups and diving associations have offered commendable but minimal services. A supranational authority however may enforce regional legislation and penalize non-compliers. An improved environment will benefit Greek tourism.

On the negative side however, an alternative tourism destination along the coasts of Northern Africa and Eastern Mediterranean may hurt Greek tourism. In Northern Africa miles of unexploited coastline may accommodate thousands of low-end tourists who seek sun and beaches and are disinterested in upscale services. Greece, having concentrated on low-end tourism and already facing serious competition from Turkey, might see a decline in the sector that provides 20% of the total employment and contributes 20% to the country's GDP.

Energy

Finally, although the area of solar energy development has been presented as a possible “winner”, it remains at best unpredictable. It is true that every year each square kilometer of African desert receives solar energy equivalent to 1.5 million barrels of oil. It has been argued that solar factories using mirrors that concentrate sunlight to create heat which then could be used to raise steam to drive steam turbines and electricity generators could provide the whole of Europe with the electricity presently consumed. The area needed would not exceed 127km x 127km. Electricity then would be distributed to Europe using a high voltage direct current super-grid with minimal losses (Weight, 2008). However, solar energy technology converts only about 30% of received solar energy into electricity—which makes solar more costly than coal or oil. Furthermore such a huge envisioned plant needs an immense well structured and exceptionally maintained infrastructure that does not exist in the desert. The timetable for building the infrastructure within the local limitations is at best unpredictable. Furthermore the shift in energy dependency from one geographic concentration to another does not diminish the dangers associated with one type of supplier.

Conclusion

The article has explored the most significant areas of potential benefits and challenges for Greece. Among Greeks, reservations have been based on concerns about the different levels of development among members, the possibility of capital flight and businesses from Greece and the side effects of unpredictable migration movements. However, globalization has helped raise the level of quality of life by creating a new kind of global economy, in which each member has a stake, but not one country has control. Therefore, despite its potential problematic aspects, acceptance of such a Union boils down to whether the country will embrace changes and create the jobs of tomorrow, or try to resist these changes hoping it can maintain the economic structure of yesterday.

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