



Research orientations of the fourth internal consultation 2018/19

Deadline: 3rd of September 2018

I. General

This fourth and last internal consultation launched under the ongoing ENPI contract will focus on key issues under the theme:

Priorities of the EU-Med region.

Under this theme, we have identified three major priorities for the region:

- 1. Climate / Energy / Health,**
- 2. Trade Agreements / Trade / Technological Transfers; and**
- 3. Inclusiveness.**

(see details for these priorities in section II below)

These topics have been identified, since:

- they have not been sufficiently covered by previous research,
- and/or we consider them as priorities (to the extent that they are likely to be the source of potential future funding opportunities) and for which we lack analytical background.

Proposals that will be funded through this internal consultation will address issues that have not been addressed by the proposals identified in the previous three consultations. It is therefore useful to recall for the record the subjects of the proposals financed in the box that follows.

Proposals that received funding under the first internal consultation

FEM41-01, **Inequality, Intergenerational Mobility of Women Educational Attainment and Inclusive Policies in the Arab Countries**, IEAPS, Al Akhawayn University, Morocco in collaboration with The Bucharest Academy of Economic Studies, Romania.

FEM41-04, **Winners and Losers in the Tourism Industry along the transition process: Evidence from South and North MED countries**, October University for Modern Sciences and Arts (MSA), Egypt in collaboration with the Institute of International Economics (IEI-UV), University of Valencia, Spain

FEM41-07, **FDI in MENA: Impact of political and trade liberalisation process**, University of Granada, Spain in collaboration with Ecole Supérieure des Sciences Economiques et Commerciales de Tunis (Université de Tunis).

FEM41-08, **Corporate performance in the South Mediterranean region: Explaining the role of Business constraints, institutions and culture**, Institute of International Economics, University Jaume I, Spain in collaboration with the American University Cairo.

FEM41-09, **Spatial proximity and firm performances: how can location-based economies and policies help the transition process in the Mediterranean region? Empirical evidence from Turkey, Tunisia and Italy**. CELPE (Department of Economics and Statistics- University of Salerno, Salerno), Italy in collaboration with the Middle East Technical University (METU), Faculty of Economics & Administrative

Sciences, Department of Economics, Ankara, Turkey and Ecole Supérieure des Sciences Economiques et Commerciales de Tunis (Université de Tunis).

FEM41-12, The determinants of export performance of firms in MENA countries. Comparison to CEE countries and Turkey, University of Warsaw, Faculty of Economic Sciences, Poland in collaboration with the Hebrew University, Leonard Davis Institute of International Relations, Israel.

FEM41-13, The role of vicinity linkages in the EU-Med region for trade growth : Focus on Migration, level of education, and social intégration, Institute of International Economics (IEI-UV), University of Valencia, Spain in collaboration with the American University of Cairo, Egypt.

Proposals that received funding under the second internal consultation

FEM42-02, Potential Accession to the Revised WTO Government Procurement Agreement: The Cases of Egypt and Turkey, Centre for International Economics at Bilkent University in Ankara (Turkey), along with Sussex University (UK), Cairo University (Egypt) and TOBB University (Turkey).

FEM42-03, Emigrants selection and the modernization potential of transition economies: A comparative study of the MENA region over the period 2006-2013, IRES, UCLouvain (Belgium), with Middle East Technical University, Ankara (Turkey).

FEM42-05, Labor Market Program and informal Economy in Algeria, CREAD (Algeria), with ERUDITE, University Paris Est Creteil (France).

FEM42-06, Twin Deficits and the Sustainability of Macroeconomic Policies in Selected European and Mediterranean Partner Countries: Post Financial and Debt Crises, Institute of Financial Economics (Lebanon), with Kedge Business School (France).

FEM42-07, La complexification des systèmes productifs comme vecteur de transition économique dans les MENA et le rôle des politiques de court terme. LEAD (Université de Toulon) (France), with Faculte des sciences économiques et de gestion de Sousse (Tunisia).

FEM42-08, Vulnérabilités du pilotage macroéconomique et méta-évaluation des programmes de réformes du FMI en période de transition politique : cas spécifique de la Tunisie et expériences comparées de l’Egypte, la Jordanie et le Maroc. Université de Tunis El Manar (Tunisia), with LEAD, Université de Toulon-Var (France).

FEM42-10, Inequality and inclusive growth in the South Mediterranean region: Are education and innovation activities favoring firm performance and citizens’ wellbeing? Institute of International Economics (Spain), with American University in Cairo (Egypt).

FEM42-13, External and Internal imbalances in South Mediterranean countries: Challenges and Costs, October University (Egypt), European Institute, LSE (UK).

FEM42-15, Assessing the Macroeconomic and Welfare Effects of Universal Health Coverage (UHC): A Dynamic Microsimulation-based Computable General Equilibrium (CGE) Applied to Algeria and Palestine, GREQAM-AMSE Aix- Marseille University (France), with Research Center of Economic Applied for Development (CREAD) (Algeria) and Birzeit University (Palestine).

Proposals that received funding under the third internal consultation

FEM43-03, Morocco and Tunisia in the European Global Value Chains: a special focus on business services as innovation drivers, University of Granada (Spain) and University Mohamed V (Morocco)

FEM43-04, Les stratégies de développement des énergies renouvelables dans la région MENA : Etude comparative et couloirs de développement., University of Toulon (France) and Université de Sousse (Tunisia)

FEM43-05, The Long-Term Impact of Syrian Refugees on Turkish Economy: An Input-Output Simulation”, AGREEM – Universidad Autónoma de Madrid (Spain) and CREM (Turkey)

FEM43-06, Income Convergence and the Impact of the Euro-MED Trade and Financial Integration on Macroeconomic Volatility, Institute of Financial Economics AUB (Lebanon), KEDGE Business School (France)

FEM43-07, The Effect of Syrian Refugees on the Labour Market of Host Countries, Macro Center for Political Economics (Israel), Centre Emile Bernheim, University of Brussels (Belgium)

FEM43-08, Feminization of occupations and its effect on gender wage gap in south Mediterranean Countries’, October University for modern sciences and arts (Egypt), American University in Cairo (Egypt) and European Institute London School of Economics (UK)

FEM43-14 Refugees and hosting country economy: integration models and cooperation policy options, Cespi (Italy) and Royal Scientific Society (Jordan)

FEM43-16 Analysing the impact of the EU-Tunisia DCFTA on Tunisian Trade and Production, University of Sussex (UK), Université de Tunis, ESSEC (Tunisia)

FEM43-17 Analyse comparée de l’apport des migrants et des réfugiés en Europe: Une perspective économique, Université de Pau et des Pays de l’Adour (France), ESSECT (Tunisie)

FEM43-18 Le développement de la petite enfance et l’inégalité des chances au Maghreb (Algérie, Maroc et Tunisie), INSEA (Morocco) ; along with CREAD (Algeria) and University of Toulon (France)

Generally speaking, we would like to be able to follow, through time, a real evolution in the content of work that will be carried out. The new research studies will need to either answer new questions, or to deepen, complete and enrich questions that have been already researched. In the latter case, we will insist on the need to position research proposals, not only in relation to the economic literature as done usually, but also to the Femise work already done in the past.

Important point: We wish to draw members' attention to the fact that **each researcher can only be involved in one funded project**. In the case where a researcher is involved in several proposals, **only the highest ranked proposal will be selected. The others (less well ranked) will be automatically eliminated.**

II. Details of Suggested research issues

For this fourth FEMISE internal consultation, we organized the suggested research questions around three main themes:

- 1. Climate / Energy / Health,**
- 2. Trade Agreements / Trade / Technological Transfers; and**
- 3. Inclusiveness.**

These themes are broad enough to encompass a wide range of topics. Note that when the same focus includes several different questions, all are obviously not to be treated in the same research proposal. In addition, these focuses and the questions associated with them are there for indicative purposes to clarify what we consider being priority issues. Researchers are free to propose issues that are complementary to those proposed.

First Theme: Climate / Renewable Energies / Health

A.1. The consequences of climate change

Where are we on the assessment of the economic and social effects to be expected in the Mediterranean countries?

Can we take stock of the main measures put in place to deal with climate change in the Mediterranean countries and evaluate their effectiveness (with, of course, the possibility of focusing on certain countries and / or sectors and / or certain resources)?

How have countries or territories or sectors adapted to address the scarcity of water? How effective have these measures been?

A.2. Renewable energies

Where are we in the field of renewable energies in the Mediterranean countries? What has been the role of the EU? What are the evaluations of the programs put in place? What would be the gains of a Mediterranean energy policy?

The link between the energies and the development of territories: Can we list what has been done at the territorial level and assess their economic and social impacts (including outside the Mediterranean countries and which could serve as referents)?

A3. Health and energy

What is the impact on health of urban transport in the Mediterranean countries? What measures have been put in place? What solutions / recommendations compared to what has been done so far elsewhere?

Second Theme: Euro-Med Trade Agreements / Trade / Technological Transfers

B.1. Evaluation of Association Agreements

After producing several studies, notably in the framework of Femise, on the expected effects on the reduction of customs duties in Mediterranean countries, it is now possible to measure ex post impacts. What have been the effects of the Association Agreements on the "outputs" of the partner countries (these outputs being measurable by growth, employment, convergence, competitiveness of companies, etc.)? Is it possible to identify who were the winners and losers of this openness policy (in terms of sectors, populations, regions, etc.)?

B.2 The role of the Euro-Med Partnership on the transition process: How can the neighborhood policy (and its revised version) contribute to help Mediterranean countries during the period of economic, political and social transition? Should Mediterranean countries continue the process of opening up in the short term through the Deep Comprehensive and Free Trade Agreement (DCFTA) or by relying on a DCFTA alternative? What are the effects to be expected on other Mediterranean countries, following the implementation of the agreement by one or two « more advanced » countries in the process? (issue that can be related to B.4. as well) Given the nature of the DCFTA (it covers, as mentioned, services, agriculture and non-tariff measures, and each partner country will choose the pace and sequentiality of its application), the effects to be expected are complicated to analyse. We encourage relatively targeted sectoral studies, either on the reciprocal opening of agricultural markets or on the reciprocal opening of services, or on the harmonization of non-tariff measures on the « Acquis communautaire » and focused on a single country.

B.3. Rules of origin and cumulation and trade facilitation

Since the establishment of the Paneuromed Protocol, where are we on issues of rules of origin and cumulation? Did the progress that was made help increase trade between partner countries? What remains to be done? Are rules of origin and cumulation an obstacle to the development of regional value chains?

More widely, where are we in terms of trade facilitation (customs procedures, coverage of risks for firms, etc.)? In this respect, it should be noted that for some Mediterranean countries, currency hedging becomes an even more important issue in the context of transition to a flexible exchange rate regime.

B.4. South-South Integration / Participation in Global Value Chains / Development of Trade with Sub-Saharan Africa

Even if South-South trade remains weak, can we identify the factors that favours it? What factors can encourage the development of trade flows and FDI between Mediterranean countries and sub-Saharan Africa?

Can we show a positive causal link between participation in global value chains and the growth rate of GDP per capita? What types of macroeconomic policy harmonization are needed, which in addition to trade openness and regional infrastructure are very critical for the building of regional value chain ...etc.

Is the realization of agreements towards deeper integration between the EU and certain Mediterranean countries (DCFTA) likely to be unfavourable to the creation of regional value chains (especially while other countries are not involved in the process)? (This question can be linked to B.2).

B.5. Innovation and technology transfer

How can governments encourage innovation or technology transfers in the production side of their economy? How could the EU contribute to it? How could the EU encourage the development of direct investments more favourable to inclusive growth in the Mediterranean countries (for example the "social business" model for FDI, such as the Grameen Danone Foods initiative)?

Third Theme: Inclusiveness

C.1. Reducing regional imbalances

Analysis of the evolution of regional inequalities. What statement can be made? What are the main factors behind these developments? What impact on growth of the countries studied?

There are serious regional horizontal inequities in South Med countries among sub-regions (e.g. coastal vs inland regions) that could breed violence and civil wars (vs vertical inequities across economic classes). An assessment of these inequalities with a recommendations on how to tackle these issue would be interesting.

C.2. Reducing gender inequalities and provide empowerment to women

What are the measures put in place to give women more decision-making power in the Mediterranean countries? Can we evaluate its effectiveness? It would be useful to also look at what has been done (and if possible evaluated) in other parts of the world.

C.3. Social entrepreneurship

Can social entrepreneurship be a tool to meet the goals of inclusive growth? Experiences, success stories, failures, limits, blocking points for its development, etc.

C.4. Youth employment

What is the economic cost of inadequate training of labour supply? What educational policy to put in place?