



## FEMISE Third Internal Competition – 2017

### A Note on the Proposed Research themes

**Deadline: 26<sup>th</sup> of June 2017 (extended to June 28th)**

**General theme: The Role of the EU in facilitating the modernization, the transition and international openness of the Mediterranean countries.**

#### 1. Context

The relations between the Mediterranean Partner countries and the EU were firstly regulated by the Cooperation Agreements, which granted total exemption from tariffs on industrial products from these countries. This was followed by the Association Agreements that were launched under the Barcelona Process, which contributed to the partners' countries reducing or even eliminating tariffs on European industrial imports. At the same time, partners' countries have opened up considerably to all countries, either in the framework of trade agreements or in the context of widespread reduction in MNF tariffs promoted by the WTO. In the early 2000s, the Barcelona Process was replaced by the European Neighbourhood Policy (ENP), which then was revised in 2015 and became the New European Neighbourhood Policy. It is within this framework that the relations between the EU and their partners' countries are now being managed.

The New European Neighbourhood Policy provides a strong position towards financial assistance, greater access to the common market and better institutionalisation of relationships. It favours bilateral approaches as opposed to multilateral ones. The EU is also proposing a **Deep and Comprehensive Free Trade Areas (DCFTA)** that will address agriculture, services and non-tariff measures. Negotiations for the DCFTA are underway with Morocco and Tunisia. With the "Advanced Status" (2008), Morocco has already put in place a number of harmonization of these non-tariff measures within the "acquis communautaire".

The research orientations related to this third internal competition are partly linked to the priority axes of this New European Neighbourhood Policy and the **Role of the EU in facilitating the modernization, the transition and international openness of the Mediterranean countries.**

#### 2. Proposed research questions

Proposals that will be funded through this third internal competition will have to address issues that have not been addressed in any of the previous two internal competitions. Please find a list of these selected and funded proposals in the box below.

### **First Internal competition**

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.

### **Second Internal Competition**

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).

In general, we would like to witness a real progress in the quality of the research contents that will be carried out under this Call. **Winning proposals** will need to meet the criteria of having a real value added (generating fresh knowledge), using rigorous and sound methodology, and having the potential of offering operational policy recommendations. New proposals should answer new questions, or deepen, extend and enrich questions that have been addressed. In the latter case, the proposal should explicitly state its value added compared to prior FEMISE work.

**For this third FEMISE internal competition, we organized the proposed research questions in 7 main sub-themes.** Note that the same sub-theme will include several questions. It is clear that it is not expected that the same proposal would be able to answer all of them. In addition, these sub-themes and associated questions are given as

a guide to clarify the priority issues. Researchers are free to propose additional questions. These 7 sub-themes areas are as follows.

### **1. Migration and mobility of people**

What are the challenges of a Euro-Mediterranean migration policy? How can the negative effects of mobility barriers be assessed in partners' countries? What can the EU do in terms of policies to ensure an efficient migration management?

### **2. The refugees' crisis**

How can the economic and social consequences of the influx of Syrian refugees to neighbouring countries (particularly Lebanon and Jordan) be measured in order to assess their needs for international assistance and support? How can the mobilization of the international community, and in particular of Europe, help to limit the risk of an increasing instability in the region due to the size of the refugee flows? The actions taken by the international community during the crisis are primarily a humanitarian concern: Given the scale of Syria's needs, should not these actions aim at a development objective at the same time? Are there any plans for reconstruction of Syria, particularly with regard to the potential role of repatriation of Syrian refugees and redeployment of internally displaced in promoting rebuilding of human capital for promoting post-conflict growth; and, hence, promoting peace-building? And, on view of the largescale destruction of physical capital in Syria, which by many accounts mirrors WWII Germany, what lessons that could be had from the German post-conflict reconstruction that might be of relevance to a potential Syria's reconstruction program.

### **3. Evaluation of the Association Agreements**

After conducting several studies, notably in the framework of FEMISE research, on the expected effects on the tariff reduction of the 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 can be measured by growth, employment, convergence, competitiveness of firms, etc.)? Is it possible to identify who were the winners and losers of this policy of openness (in terms of sectors, populations, regions, etc.)?

### **4. The role of the Euro-Med Partnership on the transition process:**

How can the Neighbourhood Policy (and its revised version) help Mediterranean countries during the period of economic, political and social transition? Is it necessary in the short term for the Mediterranean countries to pursue the opening-up process through the Deep and Comprehensive Free Trade Agreement (DCFTA) or are there alternatives? Given the nature of the DCFTA (as mentioned before this includes services, agriculture, and non-tariff measures, in addition each partner country will choose the pace and sequencing of its application), the effects to be expected could be complicated to analyse. Accordingly, sectoral studies that are relatively targeted and which will focus on either the reciprocal opening of agricultural markets or the reciprocal opening of services or the harmonization of non-tariff measures on the *acquis communautaire* are encouraged and could focus on a single country.

### **5. Rules of origin and cumulation and trade facilitation**

Where are we on the questions of rules of origin and cumulation, following the introduction of the Pan- EuroMed Convention? Has the progress made contributed to increased trade between partner countries? What remains to be done? More generally, where do we stand in terms of trade facilitation (customs procedures, business risk coverage, etc.)? It should be noted that hedging against currency risk becomes a more important issue in the context of Flexible exchange rate regime for certain Mediterranean countries.

#### **6. Innovation and technology transfer**

How can governments encourage innovation or technology transfer in the productive structure of their economy? How could the EU contribute? How could the EU encourage the development of more direct investment in inclusive growth in the Mediterranean countries (such as the 'social business' model for FDI, like the Grameen Danone Foods initiative)? How can the South Med countries boost their innovation capacities?

#### **7. Renewable energies, sustainable development, climate change and problems of Water**

Where are we in the field of renewable energies in the Mediterranean countries? What was the role of the EU? What are the evaluations of the programs in place and are South-Med countries applying the principles of International Agreements on Climate change and sustainable development? What would be the benefits of a Mediterranean energy policy? What impact the problem of water can have on the region? What can be the role of the EU in this direction, including through encouraging South Med countries to enhance their cooperation in better managing and exploiting water aquifers and rivers and other water courses that straddles national borders?