Euro-Mediterranean integration and competitiveness of the agro-food sector. An empirical analysis in Campania region

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Jel Classification: Q17, F13, F53

Abstract

Against the background of the literature on the opportunities and threats arising from EuroMed Free Trade Agreements (FTAs), we analysed the qualitative data obtained from in-depth interviews with opinion leaders of the sector and the secondary data for the quantitative analysis with the use of a Revealed Comparative Advantage index (RCA). The results indicate the competitiveness of food products from Campania compared to those of other Italian regions towards Southern Mediterranean Countries (SMCs). In the medium term a gradual intensification of trade is expected, increasingly linked to production specialisation and uniqueness of agro-food products.

Keywords: *integration, food products, trade, Revealed Comparative Advantage (RCA), Campania.*

Résumé

En parcourant la littérature consacrée aux atouts et aux menaces des Accords de libre-échange (ALE) entre les partenaires euro-méditerranéens, nous avons analysé les données qualitatives obtenues à partir des entretiens approfondis avec des leaders d'opinion du secteur et des données secondaires pour l'analyse quantitative à travers l'indice de l'avantage comparatif révélé (ACR). Les résultats ont indiqué que de toutes les régions italiennes examinées, la Campanie est celle qui offre les produits alimentaires les plus compétitifs par rapport aux Pays du sud de la Méditerranée (PSM). A moyen terme, on s'attend à une intensification progressive des échanges, étroitement liée à la spécialisation de la production et à l'unicité des produits agro-alimentaires.

Mots-clés: intégration, produits alimentaires, échanges, Avantage comparatif révélé (ACR), Campanie.

1. Introduction

In a context of global competition, Italian agriculture needs to re-position itself in order to be competitive on world markets while, at the same time, supporting the highest costs of production in Europe. The pressure on farmers is becoming more intense partly due to strict production methods demanded by society, increasing driving costs, and partly because production prices have to be in line with world market prices.

Because of the global crisis, the worldwide trade in goods decreased in 2009 for the first time since 2001. There was a 12% reduction in volume, which confirmed the declining trend beginning in 2007 (WTO, 2011). Agricultural goods suffered a less significant decline (only 3%). Another significant fact is that the share of agricultural products of total goods traded remains below 10%. At a global level, the two main agricultural exporters and importers are the European Union (EU) and the USA. Adding their respective shares – as importers or exporters – they represent about 20% of current agricultural trade, while in 2000 they accounted for about 25%. This reduction is due to the emergence of a series of countries whose participation in global agricultural markets is increasing (García Álvarez-Coque *et al*., 2012).

Moreover, the agricultural sector is facing increasingly complex competitive pressure arising not only from the WTO negotiations and from the recent EU enlargements, but also from the EU's participation in free trade areas (FTAs). The development of FTAs among Mediterranean countries is of great interest especially for the southern Italian region of Campania due to the similarity of its food production to that of other Mediterranean countries (Ancona, 2008).

Agricultural systems both in Europe and in the Mediterranean region are facing major economic and social challenges. A central objective in both developed and less developed countries is to promote public goods by preserving agricultural potential. In addition, agricultural policy has the ethical commitment to ensure the world population's access to food through sustainable production processes and technologies and to improve the quality and nutritional properties of food (Malorgio and Solaroli, 2012).

In this context, this analysis aimed to focus on: (i) the role of Campania in the food trade in the so-called *Mezzogiorno* area and towards non-EU Mediterranean countries, also known as Southern Mediterranean Countries (SMCs); (ii) the complementarity of production and the competitive capacity of the food sector; (iii) the importance of projects to accompany the opening of free trade process with productive specialization; (iv) the need to differentiate food production in Campania.

The following section highlights the importance of the agricultural sector in relation to the Euro-Mediterranean integration. The third section presents an overview of agri-

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culture as it undergoes the process of liberalization. Finally, section 4 seeks to assess the competitiveness of Campania, compared to other Italian regions, in its trade with SMCs. Therefore, this section is divided into two subsections: the first reports the results of the qualitative survey and the second presents our empirical analysis. In particular, what emerges from the qualitative analysis makes it possible to interpret the quantitative data, thus shedding light on the emerging political and economic competitive arena as well.

As regards the creation of a free trade area with SMCs markets, through the analysis of export flows and through the indicators provided in this paper, it is possible to demonstrate the competitiveness of Campania exports towards these countries. Therefore, the creation of a free trade area for many countries could be an opportunity, and not necessarily a threat. Indeed, this case study could be an example of how, even a region like Campania, with high production specialization in Mediterranean products, has substantial export flows towards several Mediterranean countries, which suggests that in the future there might be a benefit for this region in the creation of an FTA.

2. Agriculture and EuroMed Free Trade Agreements

Agricultural negotiations are presented as an open question whose resolution is influenced by various issues that include social dumping, the scarcity of private investment in the region and the intra-European "prisoner's dilemma"[3]. Hence, when the strategy was launched in the Euro-Mediterranean partnership in Barcelona in 1995, agriculture was afforded special treatment. The creation of a free trade area between the EU and southern Mediterranean countries envisaged its implementation through the progressive elimination of commercial barriers for industrial products.

Although the agricultural trade agreements have established progressive liberalisation, the presence of numerous technical barriers imposed by the EU on SMCs represents a strong limitation to the liberalisation process (Rastoin *et al*., 2004; Rastoin, 2005). The Euro-Mediterranean Conference held in Barcelona in 2005 sought to bring a new impulse to agricultural trade in the region and established a road map under which the EU has reached new agricultural trade liberalisation agreements with Jordan (in 2005), Egypt and Israel (2008), and Morocco (agreement adopted at the end of 2009 and ratified in 2011) (Gadulf *et al*., 2011).

The process of Euro-Mediterranean integration in agriculture has been very complex. The main reason is that agriculture, especially the fruit and vegetables (F&V) sector, has been, and still is, one of the main sources of conflict in the relations between the EU and the SMCs (García Álvarez-Coque and Jordán Galduf, 2006; García Álvarez-Coque *et al*., 2008).

According to Tim Josling (2004), the inclusion of agriculture in FTAs is important for the following reasons:

- Exporting countries within the trading block want better access to the markets of importing countries for their agricultural goods.
- If agriculture is excluded from the rules of free trade, the food industry, faced with the differentiation of standards and cost gaps, would be limited to the domestic market and would be less stimulated to become internationally competitive.
- The exclusion of agriculture from free trade agreements could lead to disputes between countries that may be reported to the WTO.
- Article XXIV of GATT (WTO built-in agenda) provides that regional agreements concern "essentially every type of business" (essentially all trades) between the partners. Although this clause has never been clearly defined, one can imagine that the exclusion of an important sector of the economy such as agriculture from the FTA, would be a subject of complaint. In addition, the general trend is oriented towards a more rigid interpretation of this clause in order to avoid excessive fragmentation of the trading system.

There is extensive literature on the EU's Association Agreements and on the models to analyse trade liberalisation in agriculture, especially in terms of impacts of trade flows on factor markets, on national production and on welfare (Stern, 2001; Kuiper, 2004; Garcia-Alvarez-Coque *et al*., 2006).

According to Martinez-Gomez (2007), tariff concessions mean significant price advantages for the preference-receiving countries. In reality, 25 years of commercial preferences have given no great impulse to the export dynamics of the SMCs, but a continuation of the traditional trade flows from these countries to the EU. In effect, there has been a limited impact of the Barcelona Process on agricultural trade (Abis, 2011).

Agriculture is a key issue in relations between opposite shores of the Mediterranean, not only due to the complex process of ongoing liberalisation, but also due to the coexistence of production generated by similar, but very different production structures. The southern shore has a significant rural component, while on the northern shore, i.e. European countries, the population is only marginally agricultural. Regions with a gross marketable production of Mediterranean products greater than 40% are concentrated in the southern areas of the European Union. Campania is one of the Italian regions which has more than 40% gross marketable production of Mediterranean products: for example, Mediterranean products in Spain and Italy represent 43% of the final output and this percentage is as high as 50% in Greece. The product concentration in the Mediter-

[3] This dilemma is expressed in the particular situation in which European manufacturers ask for a "rebalancing of the aid system because the common agricultural policy should be more equitable for the different regions and different Mediterranean producers" (CIHEAM, 1998, pp. 51 -52).

ranean EU involves the "farmers of the South" in stiff competition with SMCs due to the similarity of their products.

The determining factor is that exports of SMCs to the EU show a specialization of the market in its own Mediterranean products, which also emerges on examining the Campania data for the top ten food products exported to SMCs: Mediterranean countries have a very similar composition of agricultural exports mainly based on products such as fruit and vegetables, nuts and processed products. Turkey, Israel and Morocco are among the main suppliers of such products to the EU and compete directly with the countries of Southern Europe in sensitive products such as fresh fruit and vegetables, citrus fruits, tomatoes and olive oil. This suggests that trade concessions to the Mediterranean partner countries of southern Europe are viewed by farmers as a serious threat to their products (Mulazzani and Malorgio, 2009).

The development of free trade plays a key role in the competitiveness of the Campania region, due to the North-South asymmetries that exist in the Mediterranean region, the weight of agriculture in the economy and, last but not least, the importance of trade flows between EU and SMCs.

The agricultural sector is of interest, not only for its performance in exports, but also for its importance to the rural population of SMCs and for the treatment of moderate liberalisation which the sector has been involved with in the agreements.

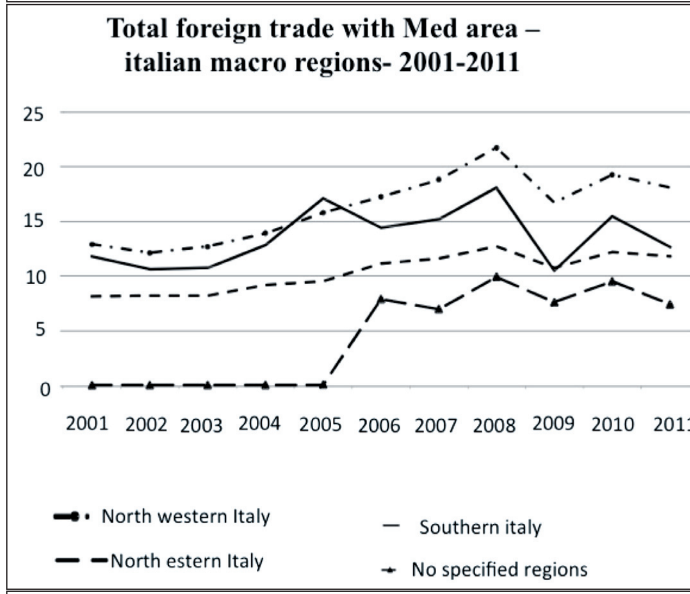
The problem of sustainability of Campania's agro-food production in the current integration process with Euro-Mediterranean countries must necessarily be seen within the broader debate on the implications of trade liberalization. According to several researchers, this process should be accompanied by policies for rural development to rebalance the aid between the northern and southern Union. Farmers in southern Europe pose two main types of restrictions in relation to the creation of Euro-Mediterranean Free Trade: fair play in international competition and a better balance in support of the CAP (García Álvarez-Coque *et al.*, 2006) .

3. Agricultural trade between southern Italy and southern Mediterranean countries

Going into the details of our analysis we proceeded to study export flows, paying attention initially to southern Italian imports and exports to and from the Mediterranean countries. Figure 1 clearly shows that total import-export trade between southern Italy and the Southern Mediterranean countries from 2001 to 2010 increased by around 30%, as did its importance in relation to the other macro regions.

In the southern Italian context, the region of Campania has a very significant share of trade of the aggregate totals for products from agriculture, forestry and fisheries (INEA, 2010). Most countries with which Campania has intense trade relations have been involved in partnership programmes. One such programme was the "Partnership Project between Campania and non-EU Mediterranean countries" involving Egypt, Israel, Morocco, Tunisia and Turkey until December 2009, whose aim was to create a network to develop the agro-industrial system of Campania in the non-EU Mediterranean countries.

Figure 1 - *Total foreign trade with Med area. Italian macro regions 2001-2011*



Sources: *ISTAT*[1] *2012 in SRM, Economic relations between Italy and the Mediterranean area - Annual Report 2012.*

4. The competitiveness of Campania agro-food sector exports towards southern Mediterranean countries

This phase of the study uses, in two successive steps, qualitative and quantitative research. Qualitative research confirmed the empirical data and made it possible to appreciate the region's prospects.

Campania has a unique gastronomic heritage both in terms of variety and quality, recognized since ancient times, when the Greeks and Romans acknowledged the superiority of its products and the purity of olive oil coming from what was known as *Campania Felix*. The frescoes of patrician villas of the Vesuvian cities of Pompeii and Herculaneum, excavated from under the volcanic lava, show the same fruits and vegetables which, until a few years ago, used to be purchased in local markets and used in cooking, as essential elements of the now famous "Mediterranean diet".

When it comes to crop production, the geography of Campania contributes to favouring the coastal areas. The plains, which account for less than one-sixth of the region (50.8% is hilly, 34.5% is mountainous), are all coastal, of

[1] ISTAT (Italian National Institute of Statistics) is a public research organisation. Established in Italy in 1926, it is the main producer of official statistics in the service of citizens and policy-makers.

alluvial origin and rendered especially fertile by the volcanic soils. Campania has a Mediterranean climate and a gross output of Mediterranean products of over 40%. This data shows the importance of gaining insights into trade with the SMCs, given that many products are similar.

4.1. Qualitative research phase: interviewing key informants

The method of interviewing key informants has long been used in empirical investigations (see, for example, Tremblay, 1982). It is a subjective method that provides information of a qualitative nature (Pacinelli, 2008). The key informants are those able to provide valid and credible information on certain phenomena.

The empirical phase on understanding revealed comparative advantage was accompanied by a qualitative phase. In-depth interviews were conducted with executives of the Campania Department for the Cooperation projects between Campania and the southern Mediterranean countries and Italian Foreign Office diplomats. These people were chosen for their competence in the sector and on the subject in hand. The invitations were formal and were presented by telephone in order to explain the aim of the research project. The interviews were carried out in different offices and on different days because the interviewees were in different locations.

Everyone was invited to express himself/herself freely and to handle the subject starting from one's own ideas and experiences, avoiding considerations of a general nature that have no explanatory value. The issues discussed with the key informants referred to the current situation and future scenarios.

The competitiveness of Campania food products was the subject of analysis and evaluation. Reflections were focussed on: (i) the role of Campania in the trade of the *Mezzogiorno* area and in the rest of Italy; (ii) the complementarity of production and the competitive capacity of the food sector; (iii) the importance of projects to accompany the opening of the free trade process with production specialization; (iv) the necessity of differentiating Campania food products. In this phase, every single person interviewed was aware of the importance of Campania producers to develop food product differentiation strategies in order to remain competitive.

The results allowed us to identify opportunities and risks for the future and to confirm the importance of Campania in the Italian food trade compared with the other Italian regions for some products marketed with the SMCs. In this phase initiatives put in place by this region have emerged, preparatory to the future establishment of an effective free trade area. One of these initiatives, called "Antenna", was aimed at developing partnership programmes between Campania and SMCs, especially Egypt, Israel, Morocco, Tunisia and Turkey. Through this system, which involved the agro-food industry, the Campania Regional Authority activated a network in these countries. The network worked through the "Antenna" which was used to obtain macroeconomic and statistical information on the sector, marketing research information, competitive analysis, legal and tax assistance, partner search, monitoring and development of distribution channels, and logistical assistance with the basic organization of business meetings.

Among the other services provided there was the possibility of verifying the reliability of financial and corporate businesses with which entrepreneurs intended to start up partnerships. Services also included assistance in trade negotiations, relations with customers to solve disputes and debt collection, the completion of procedures required by global regulations and the signalling and the assistance to their activities. The network between Campania region and Southern Mediterranean countries to improve the cooperation among them has also supported the social, economic and cultural actors of Campania (chambers of commerce, trade associations, research centres, universities, etc.) in the creation of partnership with the stakeholders.

This activity, based on the findings of the key persons interviewed, has generated an increase in the trade. The prospects that arise from this free trade area will depend, according to opinion leaders, on the region's ability to capitalise on its special food production. For the agricultural sector it would appear that if there is a decline in exports caused by the free trade area, it will not affect the production of food with local distinctiveness and identity.

In the same way, it is important that the Campania food companies differentiate their production based on the attributes of value through a market-oriented strategy as much as possible in order to place their production on a market of monopolistic competition. Otherwise, an attitude that looks to the present without considering the future scenario of global market competitiveness faced by Campania's producers could generate market myopia.

4.2. The revealed comparative advantage (RCA)

In this contribution we carried out an empirical study of international competitiveness of one of the Italian regions with an important share of Mediterranean agrofood products. The first problem we encountered was related to the scarcity of empirical data available. To cope with this problem we chose, within the existing indicators, the revealed comparative advantage (RCA) indicator. The RCA of a country for any particular good is the share of the international market of that good divided by its share of the international market for all goods. Several studies have analysed trade and RCA measures for trade flows, conducted primarily by Balassa (1965). Jambon and Hubbard (2012) in their study, with the aim of analysing the effects of EU accession on Hungarian primary and processed agro-food trade, used revealed symmetric comparative advantages based on the most recent available data. They found that revealed comparative advantages weakened after accession. Indeed, the majority of products reveal a comparative *dis*advantage over the entire period, and this majority was greater in the post-accession period. Their study led to the conclusion that the most important long-term goal of their country should be the production and export of higher value-added processed products based on domestic raw materials.

Savic *et al*. (2012) analysed the levels of development, competitiveness, limitations and future development reached in the Serbian food industry. The aim of their paper was to highlight the assumptions and possibilities of the development of the food industry. For this purpose they used the RCA index. Polymeros *et al.* (2005) sought to evaluate the competitiveness of the fisheries and aquaculture industries of some Mediterranean countries. The RCA index of Italian, French, Greek, Portuguese and Spanish fish products was estimated in order to gain new insights regarding the competitiveness of such products in EU markets.

In our work we used the RCA index to gain insights into the competitiveness of Campania food products towards SMCs and to compare it with that of other Italian regions towards the same market, for the same food products.

4.3. Empirical analysis: the RCA of Campania compared to other Italian regions in the food sector towards the Southern Mediterranean Countries and the world

A country j reveals its comparative advantage for a product i when the share of its exports is higher than the corresponding share of exports of the same product on the total world trade. Starting from the revealed competitive advantage (1), the indicator (2) was defined. The indicator (2) allows, with respect to a given market (M), to compare the weight of the export of each Campania food product to the weight of the same food products on Italian exports.

$$RCA = \left(\frac{X_{ij}}{\sum_i X_{ij}} \right) : \left(\frac{\sum_j X_{ij}}{\sum_i \sum_j X_{ij}} \right) \tag{1}$$

$$RCA = \left(\frac{X_i^{Campania}, M}{\sum_i X_i^{Campania}, M} \right) : \left(\frac{\sum X_i^{Italia}, M}{\sum_i X_i^{Italia}, M} \right) \tag{2}$$

The products i considered are the following:

– agricultural and horticultural products, live animals and animal products, forestry products, fish and other fishery products, meat and meat products, processed and preserved fish, prepared or preserved fruits and vegetables, vegetable oils, animal fats, dairy products and ice cream; mill products, starches, animal feed, other foodstuffs and beverages;

$$RCA = \left(\frac{X_i^{Campania}, M}{\sum_i X_i^{Campania}, M} \right) : \left(\frac{\sum X_i^{Italia}, M}{\sum_i X_i^{Italia}, M} \right) \tag{3}$$

In the indicator (3) the incidence of Campania exports of a given product with respect to all regional food exports is compared with the national exports of the same product in relation to the total national exports of food products. If the indicator yields a value higher than one, it means that Campania assumes a leading role in the export of that product to the world, as appears in Table 1, and to non-EU Mediterranean countries (Turkey, Egypt, Morocco, Tunisia, Algeria, Syria, Jordan, Israel, Lebanon) in Table 3 because Campania exports that product in greater proportion than on a national basis.

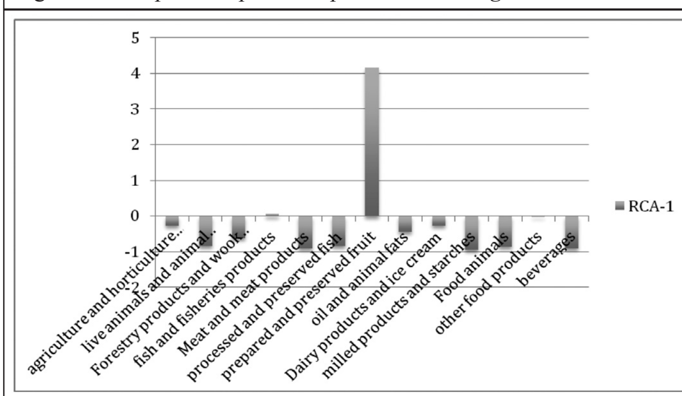
This phenomenon is then shown by the fact that aggregate 1 is greater than aggregate 2. Hence Campania, in respect of the rest of Italy, has a comparative advantage in exporting that product.

Table 1 - *Campania Region, agricultural and food products. RCA of Campania region compared to other Italian regions, 2008. Export market (M) World markets (current values).*

Products	Campania Export	Italian Export	RCA
agricultural and horticultural products	285348	4503157	0,720
live animals and animal derivatives	1468	112953	0,148
Forestry products and wood trunks	3271	99627	0,373
fish and fisheries products	19231	205523	**1,063**
meat and meat products	14872	2085678	0,081
processed and preserved fish	3927	297506	0,150
prepared and preserved fruit	1133986	2500110	**5,154**
oil and animal fats	70327	1463055	0,546
dairy products and ice cream	111699	1732861	0,732
milled products and starches	4110	1045803	0,044
food animals	3948	316287	0,142
other food products	532975	6177890	0,980
beverages	39988	4731012	0,094
Total Food Products	2224152	25271462	1,000

Source: *Our processing INEA data, 2009-values .000 euros.*

Figure 2 - *Campania Export: comparative advantage in world markets.*



Sources: *Our elaboration on INEA data (2009).*

As shown in Tables 1 and 2, an RCA greater than 0 indicates that, with reference to world markets (table 1) and to those of SMC's (table 2), Campania has a comparative advantage for that production over the rest of Italy (see figures

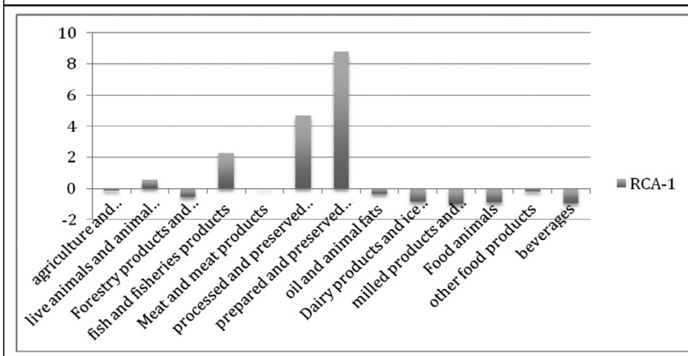
[2] INEA (National Institute of Agricultural Economics) is a public research institute under the supervision of the Ministry for Agricultural, Food and Forestry Policies.

Table 2 - *Campania Region, agricultural and food products. RCA of Campania region compared to other Italian regions, 2009. Export market (M) Southern Mediterranean Countries (current values).*

Products	Campania Export	Italian Export	RCA
agricultural and horticultural products	6872	152765	0,867
live animals and animal derivatives	100	1231	1,565
forestry products and wood trunks	29	1189	0,470
fish and fisheries products	1363	7968	3,295
meat and meat products	1398	27231	0,989
processed and preserved fish	1239	4171	5,722
prepared and preserved fruit	8657	17080	9,763
oil and animal fats	287	8320	0,664
dairy products and ice cream	67	7646	0,169
milled products and starches	70	78686	0,017
food animals	162	31831	0,098
other food products	7321	171780	0,821
beverages	44	21937	0,039
Total Food Products	27610	531835	1,000

Source: *Our processing on INEA data, 2009 - values .000 euros.*

Figure 3 - *Export Campania: RCA towards (SMC's).*



Sources: *Our elaboration on INEA data (2009).*

2 and 3). In particular, analysis of exports from Campania to the SMCs confirms the existence of comparative advantage in the region *vis-à-vis* other Italian regions which is already found on global markets in the following food sectors:

- fish and other fishery products
- prepared and preserved fruit and vegetables.

The comparative advantage of Campania over other Italian regions in its trade with SMC markets emerges for the following food products:

- live animals and animal products
- processed and preserved fish.

5. Discussion and conclusion

Following the "road map" established at the Euro-Mediterranean Conference in Barcelona in November 2005, in theory, trade flows will increase both in North-South and South-North directions. This could create new opportunities for actors of both sides of the Mediterranean.

However, this liberalisation could result in major risks due to the social consequences arising from adjustments required in less competitive sectors, both in the North and South of the region, including the growing risk of food dependency on imports of basic products. It would therefore be appropriate to adapt the liberalisation process and apply other accompanying policies that can attenuate the social costs. In addition, the fact that most rural areas still have to cope with several major problems to be more competitive and sustainable means that agricultural liberalisation is probably not the most important challenge for southern European agriculture (García Álvarez-Coque *et al*., 2012).

The review of the relevant literature, combined with the analysis of qualitative and empirical data, showed an increasing strategic importance in the development of trade between Campania and SMCs. To analyse the implications of trade liberalisation for agriculture in Campania, an important element to consider is the level of competitiveness, in terms of agro-food product differentiation and innovation (Simeone and Marotta, 2011), that SMCs will be able to achieve.

The market analysis confirms the comparative advantage of Campania over other Italian regions vis-à-vis the SMCs, in fish and other fishery products and prepared and preserved fruit and vegetables. It also shows that Campania, again in relation to other Italian regions, has a comparative advantage in these markets for the following food products:

- live animals and animal products
- processed and preserved fish.

These findings may be due to the tastes of consumers in these markets in relation to the different production specialization found among Italian regions.

This case study could be an example of how even a region with high productive specialization in Mediterranean products, has substantial export flows towards several SMCs. This result means that in the future there might be a benefit for this region in the creation of a free trade area especially if the agro-food economy of the European regions is geared to activities that offer higher added value and are technologically intensive.

As regards the creation of a free trade area with such markets, through the analysis of export flows and through the indicators provided in this paper, it is possible to show the competitiveness of Campania exports towards these countries. Therefore, the creation of a free trade area for many countries could be an opportunity and not necessarily a threat. The prospects for the region are those of progressive intensification of trade, capitalising on special agro-food products that make its production so distinctive. In this case, due to the competitiveness of production in Campania, which depends on product differentiation, marketing, harvest and post-harvest technologies, and transport services, the free trade area may also be seen as an opportunity to be exploited by European operators, especially in order to ensure supplies of out-of-season fruit and vegetables.

Policy implications that emerge from this conclusion confirm that the CAP reform process should assist the structural adaptation of areas that could be most affected by agricultural liberalisation. In particular, the CAP should pursue objectives regarding both support to rural areas and external openness more effectively. This means, first of all, that public resources which southern Europe receives from the

CAP must be invested with more efficiency and equity on factors that can improve the competitiveness and sustainability of EU countries, encouraging and supporting activities that offer a higher added value and are technologically intensive which can contribute to a real re-orientation of their agro-food economy.

Policy interventions should be more effective at improving the quality of food and the environment, seeking a positive impact on local communities and enterprises, encouraging, for example, Corporate Social Responsibility practices (Scarpato *et al*., 2011).

With the CAP reform in 2003 and the "Health Check" of the CAP in 2008, producer support in the EU is becoming, to a large extent, decoupled from production, taking account of territorial and environmental payments as well as the strengthening of rural development policies. But, even if much has been done, further reform of the CAP is needed to address public concerns. The evolution of the CAP has to be completed from "decoupling" to "targeting", and policies to promote strong producers' organizations and a value chain approach are necessary (García Álvarez-Coque *et al*., 2012).

The future competitiveness of the Italian agro-food sector will depend greatly on the effectiveness of policies designed to accompany the trade liberalisation process with appropriate measures to support the adaptation of farming systems.

In this context, the CAP reform for 2013 will have an important role to play in the future. The CAP reform proposals for 2013 provide a more even distribution of the basic support and the reallocation of the budget to environmental payments, more adapted to the challenges faced by agriculture in the present century (European Commission, 2010). In addition, considering the social, territorial, environmental and cultural implications, Euro-Mediterranean integration is not only a question of trade, but will also be important for international cooperation. In this sense, the evolution of the European Neighbourhood Policy for Agriculture and Rural Development (ENPARD) could also have an important impact on the competitiveness of the Italian agro-food sector.

In conclusion, the implications of trade liberalisation for Campania agriculture in the future will depend not only on the competitiveness of the region's food products, but also on the policies that will be implemented at different levels.

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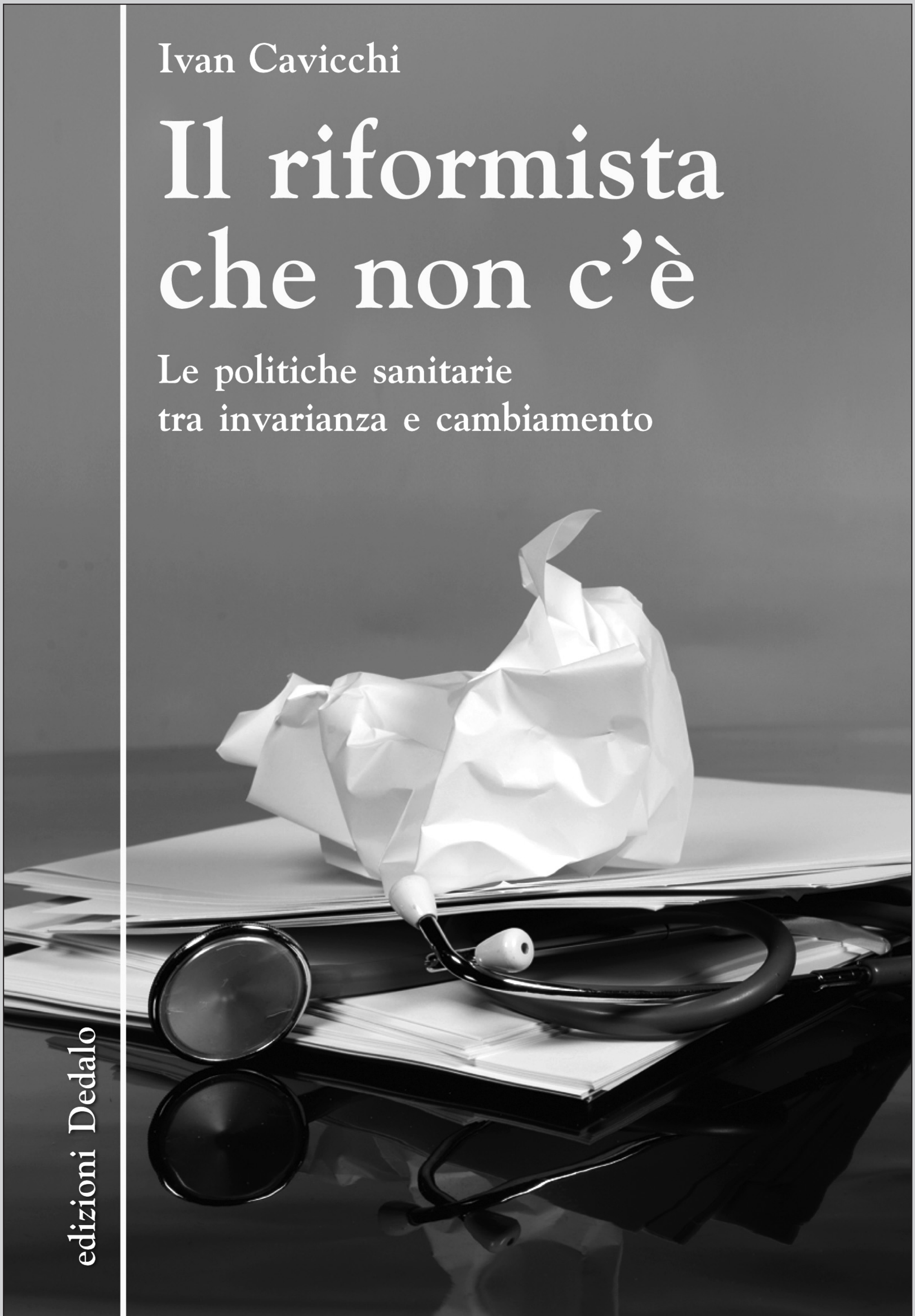

*L'incapacità di ottemperare i necessari cambiamenti,
proprio quando essi sono indispensabili,
fa sì che oggi la sanità pubblica sia in grave pericolo.*