

The Effects of Covid-19 on Trade Integration in the Western Mediterranean

Jordi Selfa Clemente, Senior Analyst at CETMO

The year 2020 was undoubtedly characterized by the health crisis resulting from the Covid-19 pandemic. The various global emergency measures taken throughout the year and the slow and incomplete return to the “new normal” towards the end of the year went hand in hand with major disruption to global supply chains and production and consumption patterns. This was reflected in international trade, in which both the volume and composition were affected, and in the origin and destination of trade flows. According to UN Comtrade data ((UN Comtrade. 2020 International Trade Statistics Yearbook, Vol. I.), total world trade, measured in monetary terms, fell by 6.4% in 2020 compared to the previous year, a negative trend that was already being observed in 2019 against a backdrop of trade disputes and protectionist measures. The European Union (EU27) recorded a 5.9% decline in the value of exports and a 6.8% decrease in imports. The countries of West Asia and North Africa, including the Maghreb, also experienced reductions of 10.7% in exports and 9.6% in imports. In both cases, developments in 2020 represented a continuation of a negative trend that had already started the previous year, albeit on a less intense scale. In short, foreign trade in 2020 in the economic blocs around the Mediterranean was negatively affected by the arrival of the health emergency.

This article aims to reveal the significance of the year 2020 in quantitative terms and, consequently, the impact of the health crisis on trade flows between the two shores of the GTMO 5+5; Portugal, Spain, France, Italy and Malta on the European side and Mauritania, Morocco, Algeria, Tunisia and Libya in the Maghreb. It is based on data provided by Eurostat and uses volume measured in tonnes as a reference unit, given that this is the indicator most directly linked to transport needs. It will first show the total evolution of flows over a long time frame (2015-2020). Second, it will analyse the evolution of relations between countries in 2019 and 2020. Finally, it will assess whether developments over the past year have led to greater trade integration between the two shores of the Western Mediterranean. It should also be noted that the analysis was carried out by distinguishing between two types of goods. On the one hand, *energy products and crude minerals*, most of which can be considered as raw materials, due to their specificity and importance in GTMO 5+5 trade flows. On the other hand, the remaining products, i.e. flows excluding *energy products and crude minerals*.

1. Evolution of foreign trade flows between the two shores of the GTMO 5+5. 2015-2020

Overall, trade flows between the two shores of the Western Mediterranean in 2020 fell by 22.2 million tonnes to 81.5 million tonnes. This is equivalent to a reduction of 21.4% compared to 2019. This decrease is much higher than the previous year (2.9%) and equates to volumes far below the figures recorded since 2015, which have ranged from 99 to 107 million tonnes. Taking the direction of flow and product type into account made it possible to identify certain characteristics of this decline. Export flows from the European GTMO 5+5 countries (Figure 1) decreased by 3.3 million tonnes, a volume 10.1% lower than the previous year, in line with the negative trend that emerged in 2015. In fact, the decline that occurred in 2020 is not the sharpest in the period under study. In the case of *energy products and crude minerals*, these fell by 1.4 million tonnes to 11.1 million tonnes, once again in line with the almost continuous downward trend from 15.3 million tonnes in 2015. Other products, i.e. excluding *energy products and crude minerals*, underwent a greater decline, given that they fell by 1.9 million tonnes to 17.7 million tonnes, a far cry from the peak of 22.7 million tonnes achieved in 2016.

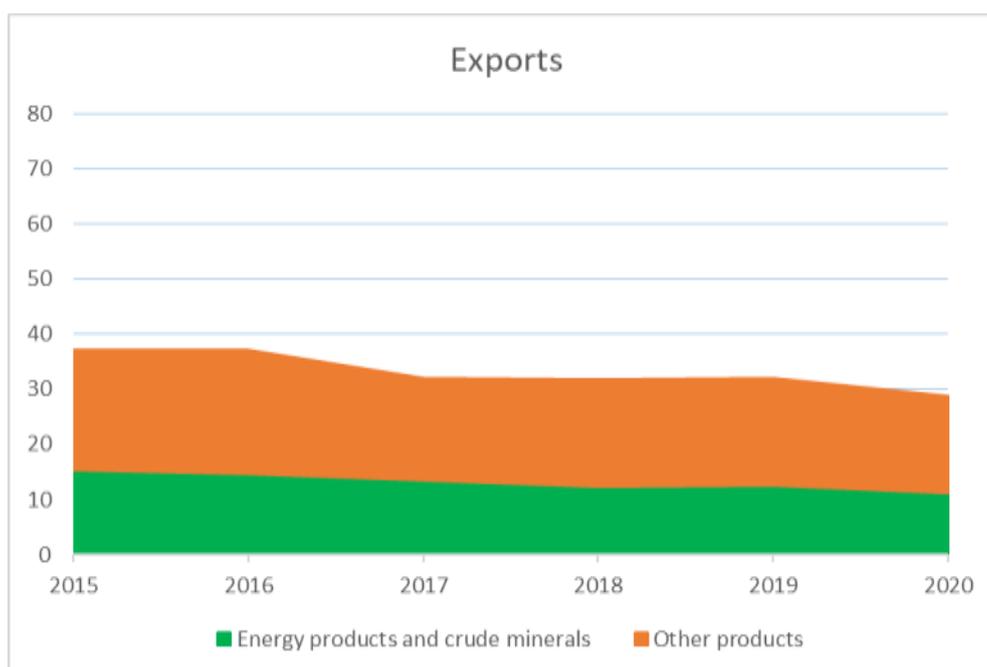


Figure 1. Evolution of export flows from the European GTMO 5+5 countries to the Maghreb, by product type (2015-2020). Prepared by the author based on Eurostat data.

Trade in the opposite direction, i.e. import flows from the European GTMO 5+5 countries, fell by 19 million tonnes, which represented a reduction of 26.3% and intensified the decline of 4.4% that started the previous year (Figure 2). This dynamic interrupted the positive evolution of flows that had been registered between 2015 and 2018. However, the data show that *energy products and crude minerals* were responsible for most of this decline, given that they accounted for 19.3

million tonnes in absolute terms. These figures therefore reveal that European countries' imports from the Maghreb, excluding *energy products and crude minerals*, increased by 364,000 tonnes to 9.4 million tonnes in 2020, i.e. 4% more than the previous year. This did not significantly alter the volumes recorded over the last five years, which ranged from 9 to 10.1 million tonnes.

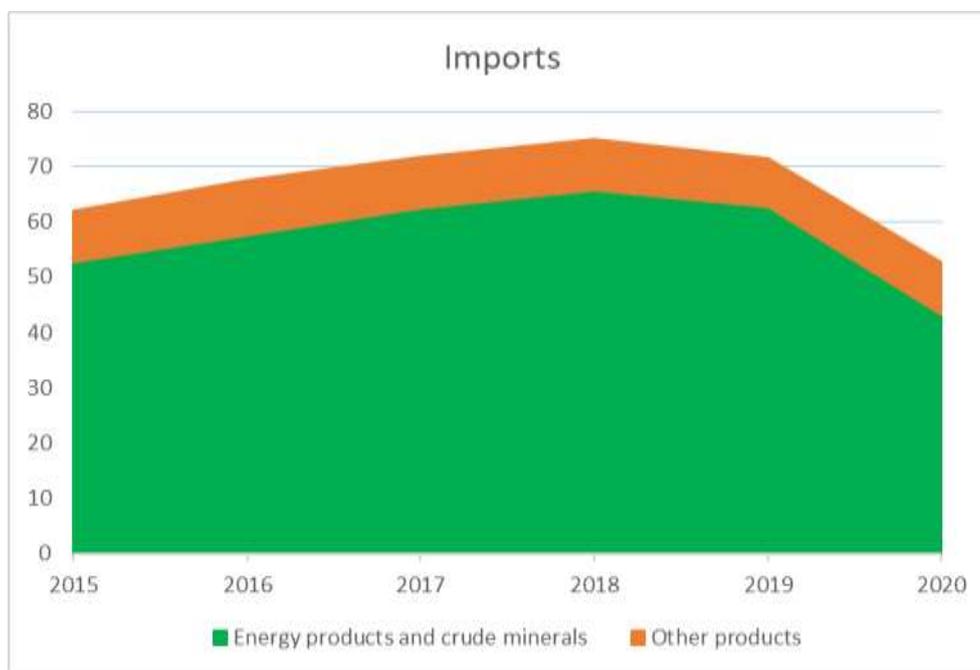


Figure 2. Evolution of import flows to the European GTMO 5+5 countries from the Maghreb by product type (2015-2020). Prepared by the author based on Eurostat data.

2. Monthly evolution of foreign trade exchanges. 2019-2020

The impact of the health crisis as a separate process to the contraction of world trade already recorded the previous year is clearly reflected, not only in the comparison of absolute volumes, but also in the monthly evolution of trade in 2019 and 2020. Overall, the early part of 2020 showed similar volumes to the previous year. From March and April onwards, there was a drastic reduction in these figures, undoubtedly due to the restrictions imposed as a result of the health crisis. From the third quarter onwards, as things slowly started to return to normal, flows were approaching levels similar to those of the previous year. If this was the general evolution of trade relations between the two shores of the Western Mediterranean, an overview of the different product groups and the direction of flows would shed light on the characteristics of these relations.

With respect to exports of *energy products and crude minerals* from the European GTMO 5+5 countries (Figure 3), the year began with positive growth rates compared to the previous year; these came to an abrupt halt in April, a month that saw negative growth rates above 30% compared to the same month of the previous year. These negative rates continued for the rest of the year with no clear trend towards recovery. October was the only month in which volumes exceeded

those of the previous year. Imports of these products from the European GTMO 5+5 countries experienced a strong decline as early as February; this intensified the following month to reach a reduction of 53.5 % compared to March of the previous year. These reduction rates remained at similar levels until September, when flows began to recover until they presented positive growth in November.

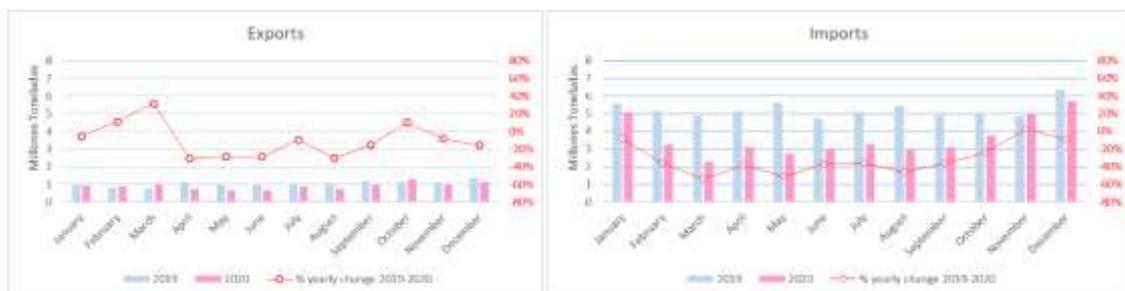


Figure 3. Monthly evolution of import and export flows of the European GTMO 5+5 countries with the Maghreb for “energy products and crude minerals” (2019-2020). Prepared by the author based on Eurostat data.

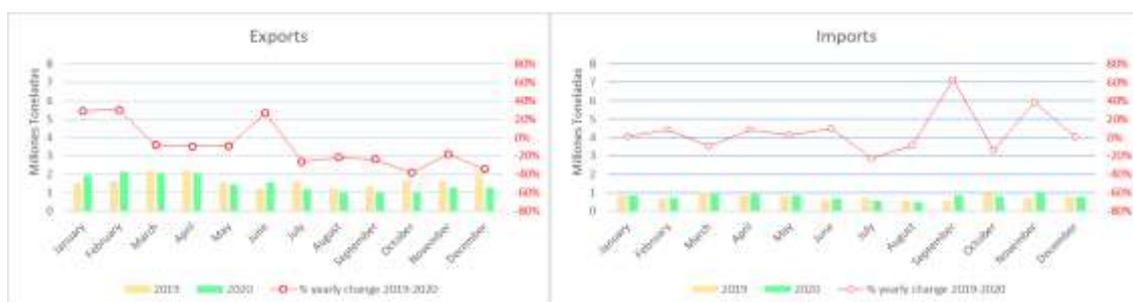


Figure 4. Monthly evolution of import and export flows of the European GTMO 5+5 countries with the Maghreb for goods other than “energy products and crude minerals” (2019-2020). Prepared by the author based on Eurostat data.

With respect to the remaining products, i.e. goods other than *energy products and crude minerals* (Figure 4), it is clear that, in the case of exports from the European GTMO 5+5 countries, there was a change in the direction of growth following the significant increases of over 30% seen in the first two months. This downward trend intensified as the year progressed until it reached reductions of more than 35% in October and December with respect to the same months of the previous year. By contrast, imports from the Maghreb countries up to June presented similar, if not higher, volumes as the previous year. From that month onwards, there were major fluctuations in year-on-year rates ranging from 63% growth in September to -22.6% in July, with a positive net annual result.

3. Evolution of trade relations between the GTMO 5+5 countries between 2019 and 2020

Individual relationships between the countries on the two shores of the Western Mediterranean, i.e. country-country relationships, also differed from each other, depending on the direction of flow and the product type.

Exports of energy products and crude minerals - 2019

	Algeria	Libya	Mauritania	Morocco	Tunisia	TOTAL
Spain	964.078	103.834	16.008	3.885.342	673.882	5.643.144
France	581.082	124	2.971	138.242	474.414	1.196.833
Italy	1.339.586	1.117.213	52.695	828.600	1.595.298	4.933.392
Malta	-	49	-	-	-	49
Portugal	47.192	3	52.774	563.538	12.350	675.857
TOTAL	2.931.938	1.221.223	124.448	5.415.722	2.755.944	12.449.275

Millions of tonnes

Exports of energy products and crude minerals - 2020

	Algeria	Libya	Mauritania	Morocco	Tunisia	TOTAL
Spain	695.871	34.097	20.070	4.608.174	571.348	5.929.560
France	39.981	122	2.165	350.303	319.584	712.155
Italy	611.087	937.328	1.000	1.032.136	1.055.241	3.636.792
Malta	-	70	-	-	-	70
Portugal	8.668	57	36.329	745.545	4.485	795.084
TOTAL	1.355.607	971.674	59.564	6.736.158	1.950.658	11.073.661

Millions of tonnes

Table 1. Export flows of the European GTMO 5+5 countries from the Maghreb countries for “energy products and crude minerals” (2019-2020). Prepared by the author based on Eurostat data.

With regard to exports of *energy products and crude minerals* from the European GTMO 5+5 countries (Table 1), the increase in volume of flows between Spain/Portugal and Morocco stands out in the general context of declining volumes experienced by the rest of the flows between countries. While total volumes between the countries on the two shores of the GTMO 5+5 fell by 11%, volumes between Spain and Morocco increased by 18.6% to 5.9 million tonnes and between Portugal and Morocco by 32.3% to 795,000 tonnes. The main consequence of this was an increase in total volumes from these two European countries to the southern shore of the GTMO 5+5. At the other end of the spectrum were France, with 485,000 tonnes less than the previous year in terms of exports to the Maghreb, and, above all, Italy, with a decrease of 1.3 million tonnes and significant volume reductions in absolute terms with both Algeria and Tunisia. In the Maghreb, these two countries saw the most significant downturn in both absolute and relative volumes.

With regard to imports from the Maghreb to the European countries, their evolution was the main contributor to the total reduction in trade volumes between the two shores of the Western Mediterranean, as mentioned above (Table 2). With respect to imports of *energy products and crude minerals*, the decreases were widespread, with the exception of Malta. The reduced trade between Libya and Spain was particularly striking, given that it declined from 8.6 to 2 million tonnes and unequivocally contributed to the fact that these two countries experienced the highest

reduction in volume: Spain from over 20 million tonnes to 11.9 million tonnes and Libya from 24.5 million tonnes to 10.2 million tonnes. Italy and France also suffered significant decreases in absolute terms, both linked to the decrease in flows with Libya and, in the case of France, to the reduction in flows with Algeria.

Imports of energy products and crude minerals - 2019

	Algeria	Libya	Mauritania	Morocco	Tunisia	TOTAL
Spain	11.146.990	8.668.546	185.603	545.406	305.033	20.851.578
France	7.252.031	3.235.146	976.663	395.141	560.410	12.419.391
Italy	12.272.258	12.589.388	1.166.861	128.439	1.501.814	27.658.760
Malta	108	-	-	105	44.044	44.257
Portugal	1.361.158	-	-	243.946	18.707	1.623.811
TOTAL	32.032.545	24.493.080	2.329.127	1.313.037	2.430.008	62.597.797

Millions of tonnes

Imports of energy products and crude minerals - 2020

	Algeria	Libya	Mauritania	Morocco	Tunisia	TOTAL
Spain	9.094.260	1.965.473	44.785	573.309	195.305	11.873.132
France	6.018.405	1.231.972	230.294	349.854	148.202	7.978.727
Italy	12.815.410	7.027.754	1.261.152	83.055	1.233.937	22.421.308
Malta	81	-	-	-	86.868	86.949
Portugal	661.030	-	-	234.095	21.618	916.743
TOTAL	28.589.186	10.225.199	1.536.231	1.240.313	1.685.930	43.276.859

Millions of tonnes

Table 2. Import flows from European GTMO 5+5 countries to Maghreb countries for “energy products and crude minerals” (2019-2020). Prepared by the author based on Eurostat data.

Exports excluding energy products and crude minerals - 2019

	Algeria	Libya	Mauritania	Morocco	Tunisia	TOTAL
Spain	2.196.759	337.915	141.261	3.465.607	561.341	6.702.883
France	5.230.570	104.172	316.956	2.910.440	775.794	9.337.932
Italy	960.176	310.444	4.712	685.598	778.821	2.739.751
Malta	272	5.076	27	78	10.119	15.572
Portugal	172.900	11.735	4.040	564.790	60.182	813.647
TOTAL	8.560.677	769.342	466.996	7.626.513	2.186.257	19.609.785

Millions of tonnes

Exports excluding energy products and crude minerals - 2020

	Algeria	Libya	Mauritania	Morocco	Tunisia	TOTAL
Spain	1.920.848	271.114	119.852	3.430.846	651.626	6.394.286
France	4.632.370	32.131	302.416	2.976.230	441.469	8.384.616
Italy	635.598	243.688	5.528	546.243	741.959	2.173.016
Malta	280	4.191	12	57	2.051	6.591
Portugal	156.983	8.372	19.258	546.827	57.311	788.751
TOTAL	7.346.079	559.496	447.066	7.500.203	1.894.416	17.747.260

Millions of tonnes

Table 3. Export flows from European GTMO 5+5 countries to Maghreb countries for goods other than “energy products and crude minerals” (2019-2020). Prepared by the author based on Eurostat data.

Exports from the European GTMO 5+5 countries to the Maghreb (Table 3), excluding *energy products and crude minerals*, presented an almost widespread reduction in all flows. The largest reductions in absolute terms were recorded in exports from Italy and France, with 567,000 and 953,000 tonnes less, equivalent to -20.7% and -10.2%, respectively. Despite the negative trend, the evolution in Portugal and Spain was not reflective of such significant losses, given that the evolution between 2019 and 2020 was estimated at -3.1% in the case of Portugal and -4.6% in the case of Spain. In the Maghreb, Algeria’s relationships with Spain, Italy and France were the most

notable in terms of their decline in absolute terms. These three relationships represented a reduction of more than 1.2 million tonnes of exports to Algeria, far higher than the losses experienced by the other countries on the southern shore and a far cry from the reduction of 19,000 tonnes recorded by Mauritania compared to 2019.

Imports excluding energy products and crude minerals - 2019

	Algeria	Libya	Mauritania	Morocco	Tunisia	TOTAL
Spain	635.160	29.498	45.354	1.690.163	168.195	2.568.370
France	3.059.804	50.082	5.880	1.311.302	430.575	4.857.643
Italy	320.068	88.525	4.575	251.345	664.628	1.329.141
Malta	692	832	-	12.359	3.517	17.400
Portugal	97.538	26.396	2.172	98.845	17.405	242.356
TOTAL	4.113.262	195.333	57.981	3.364.014	1.284.320	9.014.910

Millions of tonnes

Imports excluding energy products and crude minerals - 2020

	Algeria	Libya	Mauritania	Morocco	Tunisia	TOTAL
Spain	701.141	12.030	40.341	1.795.478	274.114	2.823.104
France	3.316.723	16.355	6.089	1.518.167	335.265	5.192.599
Italy	102.947	36.647	3.944	359.323	640.143	1.143.004
Malta	1.844	3.986	-	12.416	3.780	22.026
Portugal	93.688	-	2.286	92.424	10.216	198.614
TOTAL	4.216.343	69.018	52.660	3.777.808	1.263.518	9.379.347

Table 4. Import flows of the European GTMO 5+5 countries from Maghreb countries for goods other than “energy products and crude minerals” (2019-2020). Prepared by the author based on Eurostat data.

In contrast to the behaviour of the other flows described above, European imports from the Maghreb presented an overall positive evolution between 2019 and 2020 (Table 4), although this behaviour was due to the growth recorded in exports from two countries: Morocco, with an increase of 414,000 tonnes and 12% over the previous year and, to a lesser extent, Algeria, whose exports grew by 100,000 tonnes, an increase of 2.5% over the previous year. The rise in exports from these two countries could compensate for the reduction in exports from the other three Maghreb countries to the European countries of the GTMO 5+5. All European GTMO 5+5 countries except Portugal experienced an increase in import volumes from Morocco; the relationship with France stood out in absolute terms, with an increase of more than 206,000 tonnes, as did Morocco’s relationships with Spain and Italy, with increases of more than 100,000 tonnes. Also of note is the positive evolution of relations between Algeria and France, whose increase of 257,000 tonnes made it the relationship with the highest increase in absolute terms between 2019 and 2020, and between Algeria/Tunisia and Spain.

4. Specialization

In addition to the quantitative description of the different flows, it is worth considering whether this evolution led to a change in the position of the Maghreb countries with respect to the foreign trade of the European GTMO 5+5 countries; in other words, whether the impact of the changes caused by the health crisis in 2020 strengthened the relative weight of the Maghreb in the foreign trade of the European countries of the Western Mediterranean and, therefore, led to greater

economic integration in this area. This integration was then assessed by considering the percentage that foreign trade with the Maghreb countries represents in the total foreign trade of the European GTMO 5+5 countries. This approach was based on flows in both directions involving the two product groups over a long time frame, i.e. from 2015 to 2020.

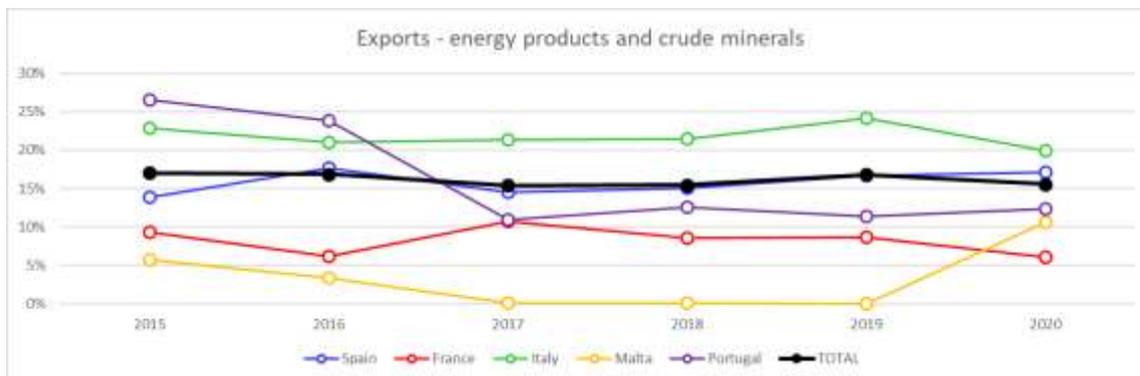


Figure 5. Evolution of export flows to the Maghreb as a percentage of total exports from the European GTMO 5+5 countries, for energy products and crude minerals (2015-2020).

Prepared by the author based on Eurostat data.

The evolution of the weight of exports of *energy products and crude minerals* from the European GTMO 5+5 countries to the Maghreb in 2020 (Figure 5) as a share of total exports of these products formed part of a downward trend that was only interrupted in 2019; while it fell from 17% to 15.5% between 2015 and 2018, it recovered to 18.6% in 2019 before falling back to 15.6% in 2020. However, when considering the evolution between countries, divergent trajectories can be observed. Thus, Spain's evolution in 2020 consolidated an upward trend that started in 2018 and peaked in 2020 at 17.1%, thus indicating the increasing importance of the Maghreb for Spain's exports of these products. Italy and France presented notable decreases in terms of the weight of the Maghreb in their exports of *energy products and crude minerals* in 2020, and reached their lowest position since 2015, while Portugal presented relative stability, despite some fluctuations, compared to the sharp reductions that occurred between 2015 and 2017.

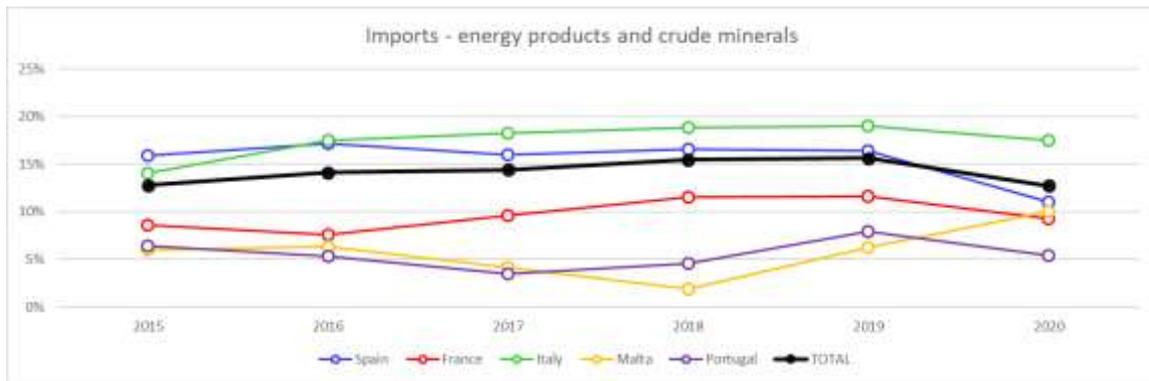


Figure 6. Evolution of import flows from the Maghreb as a percentage of total imports to the European GTMO 5+5 countries, for energy products and crude minerals (2015-2020).

Prepared by the author based on Eurostat data.

For the European GTMO 5+5 countries as a whole, the trend towards greater integration with the Maghreb in relation to imports of *energy products and crude minerals* that had begun in 2015 was interrupted by the evolution registered in 2020. While these had risen from 12.8% to 15.6% since 2015, they dropped back to 12.8% in 2020. In this case, the joint evolution of the different European countries had been responsible for the increased trade integration in this product type, and each country's individual evolution, with the exception of Malta, was also responsible for the overall evolution in the last year.

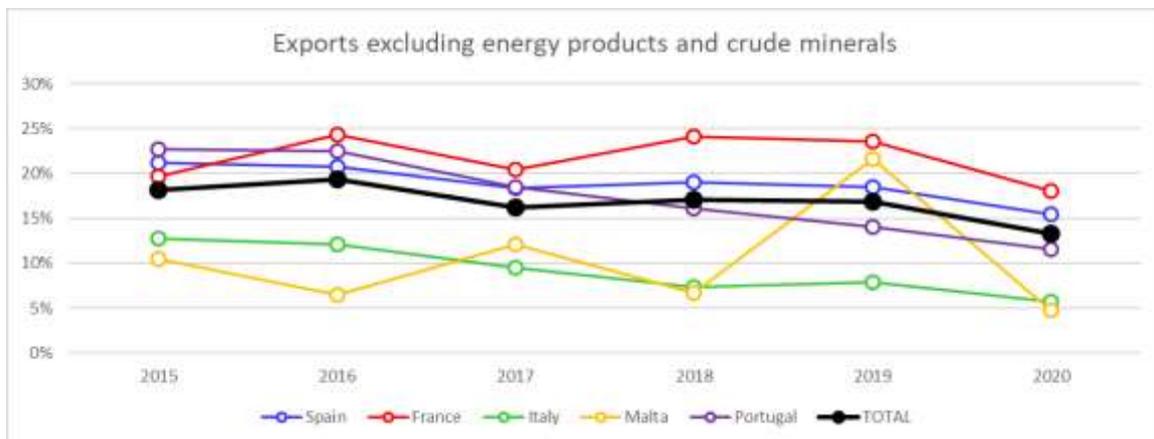


Figure 7. Evolution of export flows to the Maghreb as a percentage of total exports from the European GTMO 5+5 countries, for flows excluding energy products and crude minerals (2015-2020). Prepared by the author based on Eurostat data.

Exports of all other products (Figure 7), i.e. all goods excluding *energy products and crude minerals*, from the European GTMO 5+5 countries to the Maghreb suffered a significant reduction in terms of the share of total exports of these products, which stood at 13.3%, the lowest figure since 2017, when it was 16.2 %, following the peak of 19.4 % in 2016. This reduction

occurred in all countries compared to 2019 and was in line with a downward trend in the specific weight of exports to the Maghreb recorded since 2017.

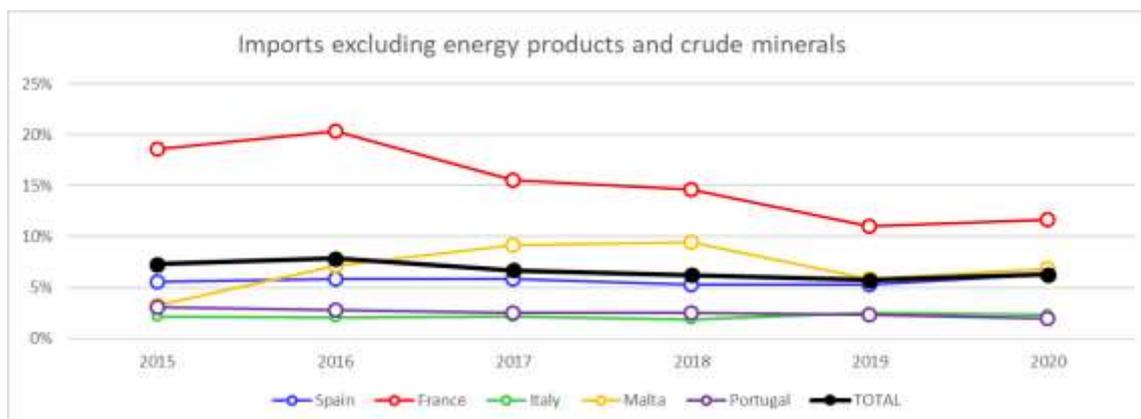


Figure 8. Evolution of import flows from the Maghreb as a percentage of total imports to the European GTMO 5+5 countries, for flows excluding energy products and crude minerals (2015-2020). Prepared by the author based on Eurostat data.

With regard to imports of goods other than *energy products and crude minerals* (Figure 8), the evolution in 2020 was contrary to the loss of relative weight recorded in previous years, i.e. the trend was reversed. This change was due mainly to an increase in the importance of imports in Spain, France and Malta, while Italy and Portugal experienced a reduction in the relative weight of imports.

In short, the 2020 evolution of the relative weight of trade flows of the European GTMO 5+5 countries with the Maghreb, in terms of both import and export flows and the product groups considered, indicates a trend towards less trade integration with the countries of North Africa, with the exception of imports of goods that do not include *energy products and crude minerals*. It should also be noted that this evolution of the relative importance of flows with the Maghreb is in line with their evolution in absolute terms.

5. Conclusions

Analysis of foreign trade volumes between the two shores of the Western Mediterranean reveals how the 2020 health crisis led to a reduction in trade flows. This reduction affected flows in both directions and the two product groups under study, with the exception of imports from the Maghreb to European countries of goods other than *energy products and crude minerals*. These reduced flows were in line with global foreign trade trends, albeit with widespread decreases in economic value and volumes. The increased exports from the Maghreb in the GTMO 5+5 region undoubtedly represented the most significant characteristic of foreign trade evolution in 2020 in this region.

In fact, the same pattern emerged when the relative weight of trade of the European GTMO 5+5 countries with the Maghreb was considered. Only flows to the European GTMO 5+5 countries of goods other than *energy products and crude minerals* increased in relative weight and, therefore, increased trade integration took place only in these flows. When the monthly evolution in 2020 compared to 2019 is considered, the unique behaviour of European imports of other products from the Maghreb is also worth noting. This evolution reveals that volumes of these imports in the first half of 2020 remained similar to those of the previous year and underwent strong growth in the latter half of the year, while the other flows recorded a sharp decrease after the first quarter of the year compared to the previous year.

Finally, it is worth pointing out that there were some particularities linked to relationships between individual countries. With respect to *energy products and crude minerals*, the decrease in flows occurred across the board, in both imports and exports, although it was more pronounced in some cases, such as flows from Libya to Spain. The same can be said of European exports to the Maghreb, which registered losses in volume. In addition, it should be noted that exports to Morocco, although negative, were less significant than the rest. In the case of exports from the Maghreb to the countries on the northern shore of the Western Mediterranean, Spain and France's relationships with Morocco and Algeria in particular were the main drivers of growth in these flows in 2020.

In short, trade flows between the two shores of the Western Mediterranean were negatively affected, although export flows from the Maghreb to the northern shore, excluding energy products and crude minerals, increased in volume and relative weight in the total of these flows in the European GTMO 5+5 countries. This evolution seems to be in line with some predictions concerning the redefinition of supply chains towards closer locations to avoid disruptions such as those caused by the pandemic. However, this conclusion may be considered premature and it will be necessary to study developments over the coming years to confirm it.