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The challenge of Euro-Mediterranean integration for Campania agribusiness sustainability

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Abstract: This work aims to investigate whether and for which products the Campania region, as compared to other Italian regions, has managed to exploit the opportunities resulting from the gradual opening of MTC (Mediterranean third countries) markets which took place following the 1995 Euro-Mediterranean Conference in Barcelona. The results obtained through the use of a relative specialisation index show that Campania, compared to other Italian regions, enjoys a competitive advantage resulting from relative specialisation in the sale of processed and preserved fruit and vegetables and of bakery and flour products on MTC markets. Of great interest is the result, that the performance recorded by Campania with reference to the MTCs regarding the production of processed and preserved fruit and vegetables did not entail the repositioning of the same region on other European markets. Ultimately, the results highlight a strong specialisation and competitiveness of Campania in the production of processed and preserved fruit and vegetables and how the region has managed to fully exploit the gradual opening of MTC markets positioning itself on the markets and without being affected by the other main markets of MTC competition.

Keywords: agri-food production; agricultural sustainability; competitiveness; Euro-Mediterranean integration; free trade; specialisation

The aim of this research paper is to analyse quantitative data on trade between Campania region and Mediterranean third countries (MTC) and to study the main literary sources on the opportunities and threats deriving from the creation of a Euro-Mediterranean free trade area.

Currently, the Union for the Mediterranean is constituted by 43 countries; it includes the 28 Member States of the European Union, the European Union itself and 15 Mediterranean countries: Albania, Algeria, Bosnia and Herzegovina, Croatia, Egypt, Jordan, Israel, Lebanon, Mauritania, Morocco, Palestine, Tunisia, Turkey and Libya, which still maintain the status of an observer country. The main objective of the Union for the Mediterranean is to promote regional cooperation and integration in the Euro-Mediterranean region through dialogue and through implementation of agreements.

In this perspective, strengthening trade relations between the countries of the two shores of the Mediterranean is important to promote a development that can be considered sustainable. For this purpose, the year 2015 was declared "European Year for Development". Policymakers have reconfirmed that international cooperation with southern Mediterranean countries remains one of the central objectives to be pursued, in line with what was previously established in the "Agenda for Change" and "Post-2015" (UN 2013).

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In June 2016, the European Commission proposed to add a new framework of short-, medium- and long-term interventions to the previous business partnership, aimed at encouraging greater coordination of both the instruments and the external actions of the European Union in the Mediterranean area which also takes into account the specificities of each country involved (COM 2016; SRM 2016).

In a context of global competition, agriculture must reposition itself to bring prices closer to those of the world market, despite the higher production costs. At the same time, however, it has to pay greater attention to the new demands of consumers even if, in some cases, the market does not provide a fair reward. Farmers are under increasing pressure because on one hand there are expectations of more expensive production methods and on the other hand, production prices are more oriented to those of the world market.

Moreover, the agricultural sector entails increasingly complex competitive pressures that arise from WTO, from recent negotiations on the enlargement of the European Union, and from participation of EU in other free trade areas.

In particular, taking into account what has been shown by other studies (Henke and Perito 2008), the factor of competitiveness between Italian agri-food products and those of the MTCs is low. Starting from this result, in this research paper, we investigate whether and for which products the Campania region, compared to the other Italian regions, has managed to exploit the opportunities deriving from the gradual opening of the MTC markets.

In fact, there are many studies on the risk of competitiveness between the two coasts of the Mediterranean and the consequences of market opening (Bicchi 2017), but few studies (Konstantaras et al. 2018) go on to examine how trade flows towards these Mediterranean countries are evolving in case of countries such as Italy, and in particular in case of the Campania region which has similar productions.

Theoretical contributions, starting from that of Smith (1948) to the theories of Krugman (1979, 1980) and of endogenous growth (Romer 1986, 1990; Lucas, 1988, 1993; Grossman and Helpman 1991; Riviera-Batiz and Romer 1991), have shown that the increase in exports corresponds to an increase in the internal economic growth of a country. They support the thesis that international trade is an important driver for the development of nations. In particular, while Smith (1948) maintained that a nation could derive an absolute advantage from foreign trade, Ricardo (1821) spoke of comparative advantage, which would allow for maximisation of opportunity cost. According to Heckscher (1919) and Ohlin (1933), given the existence of two productive factors (labour and capital), the relatively labour-rich countries specialise in the high-intensity production, while those relatively rich in capital specialise in production which requires high capital intensity. Furthermore, both Ricardo (1821) and the Heckscher-Ohlin model argued that international trade, leading to an efficient reallocation of resources, could generate positive effects on the well-being of nations participating in free trade in goods and services (Lancaster 1957).

The positive effects of the free circulation of goods and services in a single market were further underlined by the "new theories of international trade" which are more dynamic than the classical and neoclassical models. In this regard, Krugman's theses (1979, 1980), according to which the expansion of the market, favouring an economy of scale, both allows for a reduction in price and favours the endogenous economic growth of a nation. An effective synthesis of the relationship between international trade and endogenous growth is found in the Grossman-Helpman (1991) model according to which foreign trade favours the innovative process through accessibility to investments and intermediate goods with high technological potential (Romer 1990).

According to the report of the European Commission entitled "Free trade, a source of economic growth" (European Commission 2014a), a Free Trade Area (FTA) could help the European Union recover from the recession, which began in the United States in 2007–2008. Trade liberalisation is essential for economic growth and job creation in Europe and in partner countries. Indeed, as emerged from the study of Carneiro (2011), following the liberalisation of trade, Brazil witnessed a significant increase in employment opportunities at a national level. Furthermore, by fostering research, diffusion of innovation, and new technologies, free trade makes it possible to improve products and services for people, as well as business productivity (Scarpato et al. 2017). By lowering the costs of imports of food products, consumer goods, and components for processed goods, consumers are provided with the possibility of a wider choice of products at lower prices, while businesses can achieve an increase in productivity levels. Experience in EU countries demonstrates that a 1% increase in the degree of openness of the econ-

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omy generates, within one year, an increase in productivity of around 0.6%. Therefore international trade, as we will see, can bring about: a scale effect (Krugman 1979, 1980) as it stimulates an increase in economic activity; a composition effect, as it leads to a variation in the composition of output (European Commission 2011; Persson 2013; Feenstra and Ma 2014); an increase in the income effect (Porto 2005; WEF 2014; WTO 2014), as well as in the technology effect, since it promotes the potential diffusion of more efficient, cleaner production technologies (Romer 1990).

Regional trade agreements (RTAs), unlike their unilateral counterparts, have allowed a significant increase in world trade in agricultural products that have recorded higher levels than those of processed food products. According to Bureau and Jean (2013) RTA's have led to an increase in exports of agricultural products and food products, from 32 to 48%. Moreover, RTAs have allowed the internationalisation of supply chains not only of natural resources but also of agricultural raw materials (WTO 2014). In addition, industrialisation has led to production relocation that has pushed the developing countries to reduce tariff levels unilaterally (Baldwin 2010, 2011). Despite widespread efforts at international and national levels there are still many tariffs on agricultural products today, and their associated rate is well above the applied tariff (Groppo and Piermartini 2014). In particular, many barriers to trade in the agricultural sector are caused by tariffs or tariff barriers (Cadot et al. 2010) which increase especially during periods of crisis.

MATERIAL AND METHODS

Italian agri-food trade towards MTCs

Our analysis studies the evolution of Italian and Campanian exports, especially of food and drink products, to Mediterranean non-EU countries (MTCs). This work aims to investigate whether and for which products Campania, compared to other Italian regions, has managed to exploit the opportunities deriving from the gradual opening of MTC markets. The Mediterranean third countries (MTCs) considered in the survey are: Algeria, Egypt, Jordan, Israel, Lebanon, Morocco, Syria, Tunisia and Turkey, while the products considered are food and drink products. Upon analysing the performance via index numbers (1997 = 100), constructed with reference to the value in Euros of total Italian exports to World (W) and the value in Euros of exports to the MTCs (M) (Figure 1). It can be seen that exports to world markets have grown in each year considered, compared to 1997: the index numbers are always greater than 100. In addition, except for the years 2003 and 2009, annual growth rates have always been positive[1].

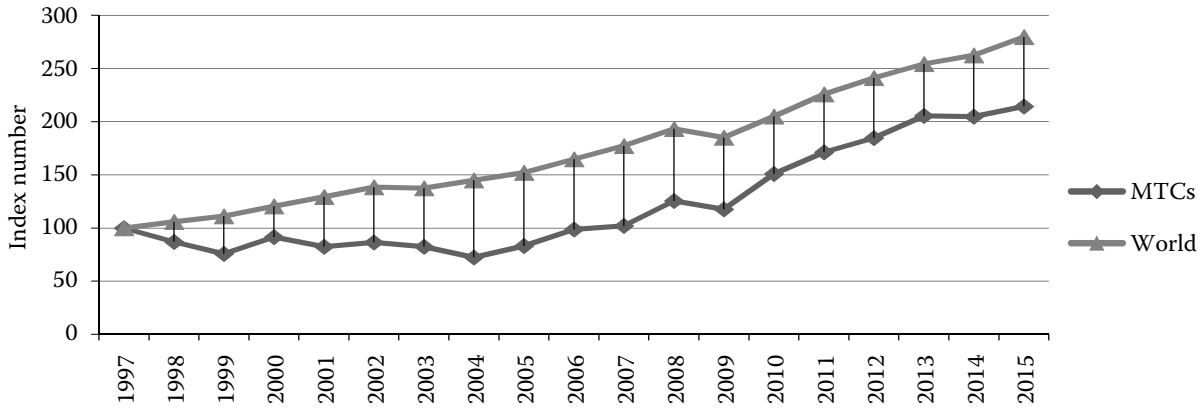

Figure 1. Italian exports of food and beverages to World and Mediterranean third countries (MTCs); index numbers: 1997 = 100

Source: our calculations based on Italian Trade Agency data (ICE 2018)

[1]In order for the change in percentage of exports from one year to the next to be positive, the ratio between the fixed base index numbers, with the same base, must be greater than 100. In 2003, for example, with reference to the world market, the index number based on 1997 is greater than 100, but lower than the index number, again with base 1997, relative to 2002. It follows that in 2003 compared to 2002 there was a slight contraction of the exported values.

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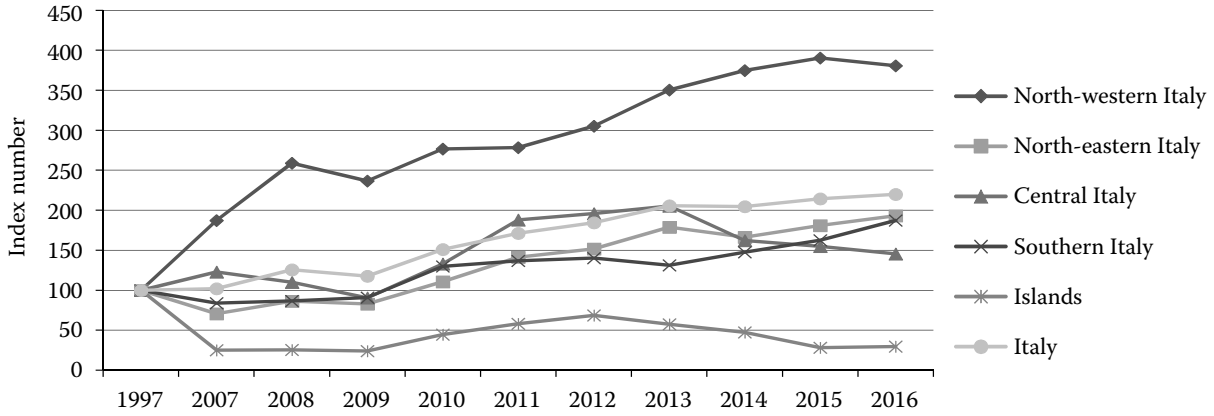

Figure 2. Exports to Mediterranean third countries (MTCs) in 2007–2016; index numbers: 1997 = 100

Source: our calculations based on Italian Trade Agency data (ICE 2018)

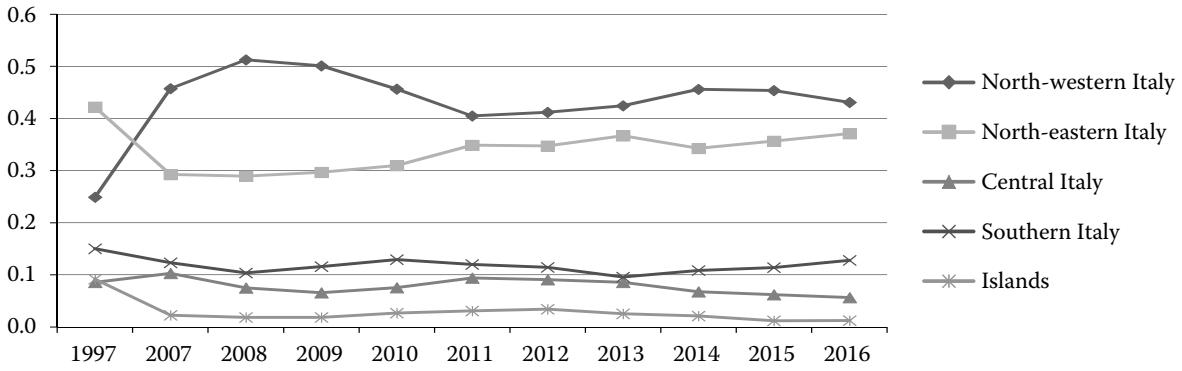

Figure 3. Relative weight of exports to Mediterranean third countries (MTCs) on total national exports

Source: our calculations based on Italian Trade Agency data (ICE 2018)

Turning to the period 2007–2016, with reference to Italy as a whole, the positive trend in exports compared to the base year 1997 may be attributed to the performance of the north-west, which in this period further intensified exports to MTCs and consolidated its position as a leader with respect to other geographical areas. Compared to 1997, the value of exports to MTCs increased by 280%.

For all other areas, except for the islands, for which the index number always assumes lower values than the reference value (100) (Figure 2), the values for exports from 2010 onward increased against 1997. Clearly, this trend has reflected the relative importance of each area for total foodstuff and beverage exports to MTCs (Figure 3).

In all the years considered, north-western Italy saw an increase in its specific weight on the total value of exports, which in 2016 stood at 43%. As may be reasonably expected, the relative importance of the Italian islands was clearly lower than the corresponding value recorded in 1997.

Moreover, a fall in the relative share was recorded both for north-eastern Italy and for southern and central Italy. In conclusion, north-western Italy is the area that most of all seems to have seised the opportunity provided by the gradual removal of barriers to free trade with MTCs. This conclusion is also supported by the figure for average annual growth rates towards MTCs, which was 7.2% for north-western Italy.

Analysis of Campania's exports to MTCs

Before proceeding to evaluate, also in the light of the conclusions above, the performance of Campania through the construction and use of a relative specialisation index (Balassa 1965; Jambor and Hubbard 2012; Scarpato and Simeone 2013), let us observe the trend (also with reference to individual

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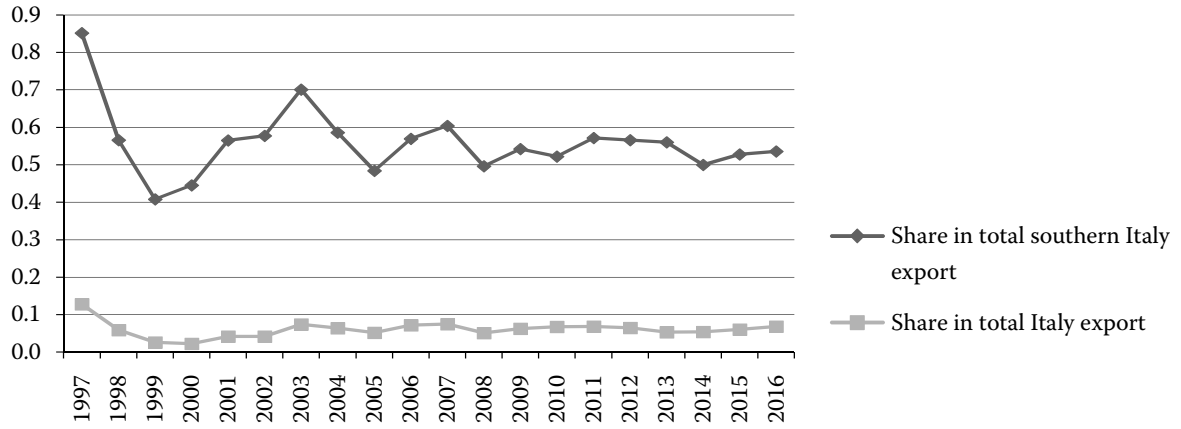

Figure 4. Campania food and drink share exports to Mediterranean third countries (MTCs)

Source: our calculations based on Italian Trade Agency data (ICE 2018)

products) of the share of total exports of the south in those of Italy as a whole (Figure 4). Over time, Campania has seen a loss of weight and importance both in the total of southern exports and in total national exports to the MTCs.

With respect to exports for the whole country, Campania's share decreased from 12.8% in 1997 to 6.8% in 2016. Taking southern Italy as a whole, which in addition to Campania includes Abruzzo, Molise, Puglia, Basilicata and Calabria, the incidence of the area's exports has decreased considerably over time, from 85% in 1997 to 53% in 2016.

If we look at the performance of individual products, the dynamics are not uniform. For processed and preserved meat and other meat products, the index numbers (base 1997) from 2002 onwards always assume values higher than 100, thus indicating an increase in the values exported to the MTCs compared to the 1997 value, and in case of fish, crustaceans and molluscs that have been processed each year during the period under review, exports are increasing against the 1997 value.

With regard to processed and preserved fruit and vegetables, with the exception of the initial period (especially 1998–2000), Campania's exports have always been above the value achieved in the base year (Figure 5). On average, in the period analysed, the annual growth rate of Campania's exports of processed and preserved fruit and vegetables was 5%, and the impact of food and drink exports rose from 10% in 1997 to 25% of 2016. Exports of oils and vegetable and animal fats increased at an average annual rate of 27%.

Also, in case of exports of dairy products, there was strong growth compared to the starting values of 1997. For these products, which in 2016 reached a

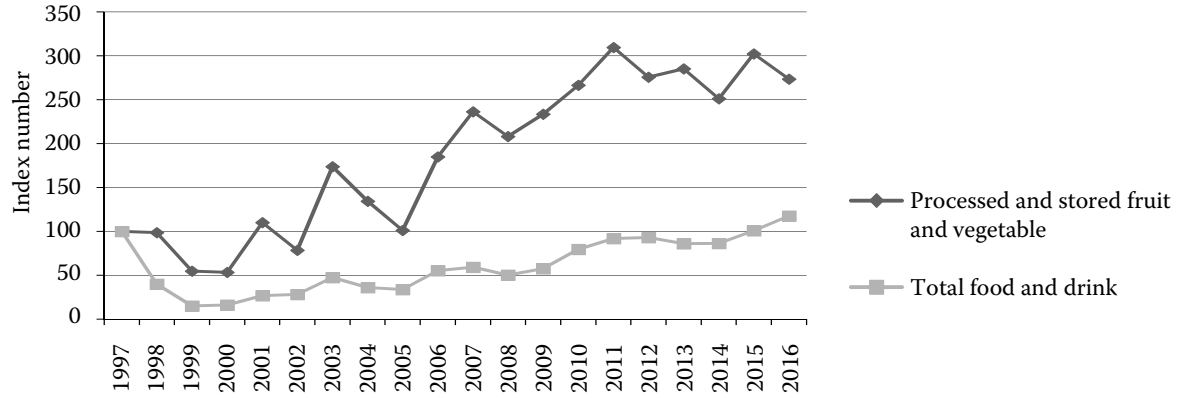

Figure 5. Campania's export performance of processed and stored fruit and vegetables of total food and drink for Mediterranean third countries (MTCs); index numbers: 1997 = 100

Source: our calculations based on Italian Trade Agency data (ICE 2018)

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1.5% share of Campania's exports of food and beverages, an average annual growth of 38% was determined. By contrast, exports of grains, starches and starchy products in the period considered were always considerably below the 1997 value, now accounting for a minimum share of Campania's exports of food and beverage products. Bakery and flour products significantly increased their overall share of Campania exports, from 5.5% in 1997 to 26% in 2016. Exports of these products grew from 1997 to 2016 at an average annual rate of 9%.

With regard to goods classified as other food products, exports to MTCs, in the specific case of Campania, increased by an annual average of 13.5%. In 2016 they accounted for 37% of total food and drink exports from Campania, contrasting with 1997 when they did not exceed 3.5%.

Finally, the sales of animal feed products to MTC markets are insignificant when compared to the total export value of food and beverage products to MTCs. The maximum incidence reached in 2010 was 2.1%.

Analysis of Campania's exports to MTCs through a relative specialisation index

In the next section, for each of Campania's products, an index was constructed with reference to MTC markets, measuring their relative specialisation:
(1) the Italian macrogeographical areas with respect to Italy as a whole;
(2) Campania with respect to Italy; Campania with respect to the best practices identified in point (1).

The construction of the index is shown below. For a given region/area z the relative competitiveness index is given by:

$$C_Z^j = \frac{\frac{x_i}{\sum_{i=1}^{n} x_i}}{\frac{y_i}{\sum_{i=1}^{n} y_i}} \quad (1)$$

where:

j – the outlet market; x_i is the value of exports of the i^{th} product of the region/area z;

$\sum_{i=1}^{n} x_i$ – the total value of z exports to market j;

y_i – the value of exports of the i^{th} product of the geographical area with respect to which the competitiveness of z has to be measured (if z belongs to this area, the value y_i is to be understood net of production x_i);

$\sum_{i=1}^{n} y_i$ – the total value of exports of the territorial area to market j (also this value, if z belongs to the territorial area, has to be net of value $\sum_{i=1}^{n} x_i$).

RESULTS AND DISCUSSION

The results emerging from Table 1 are interesting, showing the index of specialisation of Italian macro areas with respect to the whole of Italy by types of products exported to MTCs (average values). It is worth noting that, on the basis of the export specialisation index values, the Italian macro areas are characterised very clearly as regards exports to MTCs: central Italy is specialised in meat exports; the north-east is strongly oriented towards the export of animal feed products; the north-west appears to be relatively competitive on MTC markets for milk products, cereals, beverages and other products; southern Italy shows competitive advantage, compared to other areas, in fruit and bakery products; finally, the islands show a strong position on MTC markets with respect to fish products.

Starting from this broad analysis we then focused on Campania. Table 2 shows the export specialisation index in MTC markets. For each of the products assessed, the index is calculated for the whole of Italy, which is clearly net of the data for Campania.

$$C_Z^j = \frac{\frac{x_i}{\sum_{i=1}^{n} x_i}}{\frac{y_i}{\sum_{i=1}^{n} y_i}} \quad (2)$$

where :

j – the outlet market (MTCs);

x_i – the value of exports of the i^{th} product of Campania;

$\sum_{i=1}^{n} x_i$ – the total value of agri-food exports from Campania to market j (MTCs);

y_i – the value of Italian exports of the i^{th} product, against which the competitiveness of Campania has to be measured (because Campania is part of Italy, the value y_i is to be understood net of production x_i);

$\sum_{i=1}^{n} y_i$ – the overall value of Italian agri-food exports

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Table 1. Index of specialisation of Italian geographical areas with respect to Italy by type of product exported to Mediterranean third countries (MTCs); average values

		1997–2000	2001–2004	2005–2008	2009–2012	2013–2016
Processed and preserved meat and meat products	north–western Italy	0.251	0.286	0.264	0.553	0.505
	north–easternern Italy	2.696	0.471	0.531	0.482	0.580
	central Italy	2.444	8.358	6.828	5.357	6.437
	southern Italy	0.386	1.683	2.084	1.136	0.870
	islands	0.092	0.362	0.227	2.063	2.878
Fish, crustaceans, molluscs processed and preserved	north–western Italy	1.516	1.362	0.278	0.343	0.817
	north–eastern Italy	0.614	0.289	0.121	0.280	0.306
	central Italy	2.035	1.085	0.715	0.329	0.918
	southern Italy	0.830	1.795	1.905	1.420	0.821
	Islands	8.838	17.172	51.497	40.525	27.078
Processed and preserved fruits and vegetables	north–western Italy	0.508	0.342	0.132	0.123	0.197
	north–eastern Italy	0.370	0.449	0.547	0.665	0.760
	central Italy	0.620	0.206	0.215	0.336	0.627
	southern Italy	8.684	12.452	12.523	9.956	8.486
	islands	8.244	3.853	3.060	2.932	0.949
Vegetable and animal oils and fats	north–western Italy	0.502	0.763	0.455	0.275	0.136
	north–eastern Italy	1.272	0.971	0.424	1.978	4.731
	central Italy	3.784	1.967	2.058	3.454	2.624
	southern Italy	0.596	1.572	3.996	1.264	0.213
	islands	0.154	1.581	3.717	2.044	1.172
Products for animal feeding	north–western Italy	1.380	0.663	0.254	0.512	0.695
	north–eastern Italy	1.375	2.344	3.840	2.093	2.163
	central Italy	0.834	1.551	2.286	2.796	1.052
	southern Italy	0.097	0.055	0.046	0.146	0.116
	Islands	0.009	0.069	0.000	0.177	0.460
Products of dairy industries	north–western Italy	1.569	1.185	1.446	1.768	1.853
	north–eastern Italy	0.597	1.554	1.061	0.754	0.669
	central Italy	0.468	0.563	1.192	0.695	0.653
	southern Italy	0.527	0.311	0.223	0.515	0.696
	islands	0.000	0.490	0.065	0.263	0.604
Grains, starches and starchy products	north–western Italy	2.166	2.225	2.388	1.702	1.860
	north–eastern Italy	0.589	0.744	0.859	1.067	0.602
	central Italy	0.235	0.165	0.268	0.170	0.236
	southern Italy	0.840	0.442	0.293	0.577	1.207
	islands	1.841	1.858	0.035	0.113	0.508
Bakery and flour products	north–western Italy	1.226	0.867	0.813	0.573	0.400
	north–eastern Italy	0.862	1.130	1.867	2.204	2.337
	central Italy	0.903	0.489	0.259	0.233	0.314
	southern Italy	1.904	2.034	1.277	1.297	1.619
	islands	0.010	0.008	0.097	0.061	0.140
Other food products	north–western Italy	1.147	1.207	1.804	2.281	1.959
	north–eastern Italy	1.252	1.181	0.913	0.613	0.612
	central Italy	0.906	0.660	0.519	0.508	0.725

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Continuation Table 1.

		1997–2000	2001–2004	2005–2008	2009–2012	2013–2016
Other food products	southern Italy	0.714	0.543	0.608	0.612	0.675
	islands	0.500	0.390	0.230	0.310	0.638
Drinks	north–western Italy	2.109	1.302	1.558	1.173	1.217
	north–eastern Italy	0.492	1.037	0.949	1.331	1.144
	central Italy	2.071	1.129	1.082	0.964	1.480
	southern Italy	1.447	0.160	0.261	0.341	0.164
	islands	0.578	1.132	0.312	0.171	0.450

Source: our calculations based on Italian Trade Agency data (ICE 2018)

to MTCs (also, in this case, the value has to be net of $\sum_{i=1}^{n} x_i$).

With regards to the export of processed and preserved meat and other meat products, the specialisation index for Campania, relative to Italy as a whole, assumes values higher than 1 for most years in the period considered (Table 2). If the index in question is calculated with reference to central Italy (Table 3)[2] instead of Italy as a whole, the values return below 1.

Therefore, Campania is certainly much more competitive than many regions and macro-areas, but it does not represent the most competitive region – assuming that each area rationally specialises in production in which it has a competitive advantage – on MTC markets for processed and preserved meat and meat products. In this production sector, it ranks below central Italy.

The same can be said for the export of fish, crustaceans and molluscs which are processed and preserved. From 2005 to 2012, Campania reported a higher index value than the whole of Italy (Table 2). In the years after, the (average) value of the specialisation index was always below 1. Comparing the performance of Campania with the performance of the south, which includes the data relating to the islands, the competitive advantage previously detected vanishes, as does that of 2015 (Table 1).

Campania is the undisputed leader in the export of processed and preserved fruit and vegetables. The specialisation index, calculated with respect

Table 2. Campania specialisation index with respect to Italy by type of product exported to Mediterranean third countries (MTCs); average values*

	1997–2000	2001–2004	2005–2008	2009–2012	2013–2016
Processed and preserved meat and meat products	0.220	1.294	2.885	1.100	1.409
Fish, crustaceans, processed and preserved molluscs	0.565	0.856	2.935	2.207	0.895
Processed and preserved fruits and vegetables	14.456	19.802	16.110	10.976	8.828
Vegetable and animal oils and fats	–	–	–	–	–
Products for animal feeding	–	–	–	–	–
Products of dairy industries	1.024	0.385	0.093	0.748	1.204
Grain.starches and starchy products	–	–	–	–	–
Bakery and flour products	1.769	1.934	0.956	1.308	1.486
Other food products	–	–	–	–	–
Drinks	–	–	–	–	–

*for some product categories, Table 2 does not show the (average) values of the export specialisation index of Campania as they are only for a four-year period, among the five evaluated, above the threshold value of 1

Source: our calculations based on Italian Trade Agency data (ICE 2018)

[2]The values shown in Table 3 are calculated by using the index as in Tables 1–2. However, it should be noted that the area data (the denominator of the index) contain the data for Campania when this does not belong, geographically, to the area considered, such as when comparing the performance of Campania with respect to the northwest and central Italy. On the other hand, when the Campania specialisation index is calculated with respect to southern Italy, including Campania, the data from southern Italy do not include Campania's exports.

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Table 3. Campania specialisation index with respect to best practice by type of product exported to Mediterranean third countries (MTCs); average values*

	1997–2000	2001–2004	2005–2008	2009–2012	2013–2016
Processed and preserved meat and meat products (a)	0.110	0.234	0.588	0.291	0.301
Fish, crustaceans, processed and preserved molluscs (b)	0.147	0.176	0.355	0.253	0.176
Processed and preserved fruits and vegetables (b)	3.455	11.541	4.423	2.526	2.459
Vegetables and animal oils and fats	–	–	–	–	–
Products for animal feeding	–	–	–	–	–
Products of the dairy industries (c)	0.781	0.332	0.088	0.570	0.896
Grain.starches and starchy products	–	–	–	–	–
Bakery and flour products (b)	1.173	1.219	0.830	1.548	1.199
Other food products	–	–	–	–	–
Drinks	–	–	–	–	–

*a – compared to central Italy; b – with respect to the sum of the values of southern Italy and of the Italian islands, eliminating the data relating to Campania; c – compared to north-western Italy

Source: our calculations based on Italian Trade Agency data (ICE 2018)

Table 4. Campania's export of processed and stored fruit and vegetables to European market

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Export (thousand EUR)	359 627	426 486	418 180	388 598	417 279	478 419	503 827	464 957	447 769	474 120
Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Export (thousand EUR)	560 399	663 910	706 467	679 649	602 809	645 062	709 283	769 320	792 997	782 807

Source: our calculations based on Italian Trade Agency data (ICE 2018)

to Italy, is always much higher than 1 and does not change even if estimated with reference to the south.

As far as dairy products are concerned, index values greater than 1 were recorded in the periods 1997–2000 and 2013–2016. The 2013–2016 period is encouraging because it is recent, but this should not mislead us: if calculated with respect to north-western Italy, the same indicator returns values lower than one. For bakery and flour products, in the challenge of competitiveness on MTC markets, Campania plays on the same level as north-eastern Italy. For the remaining types of products exported to MTCs, the relative specialisation index shows values that exclude some forms of competitive advantage of Campania compared to other Italian macro-areas in the trade of agri-food products.

In conclusion, Campania, compared to other Italian regions and macro-areas, has a competitive advantage, resulting from relative specialisation, in exports of processed and preserved fruit and vegetables and of bakery and flour products to MTC markets.

Moreover, data described in Table 4 show that the performance recorded by Campania, with reference to the MTCs' production of processed and preserved fruit and vegetables, does not entail the repositioning of the same region on the main export markets.

Ultimately, the data highlight how Campania, relative to the production of processed and preserved fruits and vegetables, has been able to fully exploit the gradual opening of the MTCs' markets, positioning itself strongly on them and, at the same time, has proved to be capable of improving trade on the main outlet markets, such as EU's.

CONCLUSIONS AND POLICY IMPLICATIONS

Results from the economic literature and the empirical analysis showed growing strategic importance of trade development between Campania and MTCs. In particular, the analysis of patterns of Italian and Campania's exports of food and drink products to MTCs showed which products from Campania, compared to other Italian regions, managed to exploit the opportunities derived from the gradual opening of MTC markets, especially Algeria, Egypt, Jordan, Israel, Lebanon, Morocco, Syria, Tunisia and Turkey.

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As emerged from the analysis of export flows and the indicator that we created to measure Campania's competitive advantage towards MTC countries, the region clearly showed a competitive advantage in the export of processed and preserved fruit and vegetables and bakery and flour products to MTCs. Full implementation of the FTA is forecast to slash members' trade costs by an average of 14.3%, with developing countries having the most to gain, according to a 2015 study carried out by WTO economists. Implementing the FTA is also expected to help new firms export for the first time. Moreover, once the FTA has been fully implemented, developing countries are predicted to increase the number of new products exported by as much as 20%, while less developed countries (LDCs) likely to see an increase of up to 35%, according to the WTO study. Given that the FTA is also likely to reduce the time needed to import goods to Italy by over a day and a half and the time needed to export goods from Italy by almost two days, representing a reduction of 47 and 91%, respectively, from the current average, the strategic potential for Italy is considerable. Therefore, the potential for trade and competitiveness of the agri-food sector in Italy and Campania will depend greatly on the effectiveness of policies designed to develop the trade liberalisation process and on the measures chosen to support the competition of the Italian food sector.

Therefore, it is important to outline a model of commercial integration to achieve sustainable development (Pearce and Barbier 2000). The EU and national policymakers are trying to launch a rural Euro-Mediterranean policy in a wider perspective of sustainable development, in line with the objectives of "Europe 2020".

Despite the fact that Campania is one of the southern Mediterranean countries with similar climatic conditions and similar productions as those in southern Mediterranean MTCs, this region seems to benefit from this commercial opening differently from what emerges from previous studies that saw risks on the opening towards Mediterranean third countries. Today, consumers expect their food to be healthy and safe, produced and processed with greater respect for the environment and animal welfare, with a traditional origin, with traceability and with high quality level of food products.

This is in line with the program for agriculture and rural development (ENPARD), which is part of the EU's commitment to growth and neighbourhood stability, as presented at the recent conferences held in 2013 in Bali and in 2015 in Nairobi (WTO 2013, 2015), focusing on the importance of agriculture for food security, sustainable development, job creation in rural areas as well as on its importance as a useful tool for increasing competitiveness on the world markets. It fits with the challenges the southern Mediterranean neighbours are facing (European Commission 2014b).

Cooperation in a multidimensional perspective is becoming a useful driver for agriculture (Scarpato 2013) that gives the possibility of achieving a form of sustainable development and that makes agriculture the driving force for the competitiveness of the Italian economic system, but above all of Campania, in the foreign market. Therefore, strategic plans that favour greater cooperation between all the actors of the agri-food supply chain and political measures that promote technological, organisational, and market innovations could raise the quality of the products and reinforce the local agriculture, the innovation and the participation of stakeholders to sustainable development.

Further research could be oriented to study the strong gap that exists between the two coasts of the Mediterranean regarding the elements of the no-price competition and how consumer demand is evolving in these countries.

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