

Mediterranean Growth Initiative

The first integrated indicators for the Mediterranean region:
20 countries, 500 million people, 10% of World GDP

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Last Updated January 2016

The Mediterranean Growth Initiative (MGI) is a stakeholder platform supporting institutional and private sector thinking and doing around the Mediterranean.

Information and commentary from a Mediterranean regional lens is missing, despite the fact many of these economies have strong historical links.

The MGI rests on two key pillars: **understanding** the region and its **potential** using data and analysis, and **bringing together** key decision-makers and investors at seminars and conferences.

The MGI report utilises the latest data and in-depth analysis to track and benchmark performance in key strands of political, economic and societal progress, such as migration, trade and governance. It is the first of its kind, aggregating data for the region and for each of the twenty countries along the shores of the Mediterranean sea. The indicators in the report serve as the basis for trustworthy and relevant information for investors and policy makers.

The MGI indicators will be regularly updated to keep policymakers and investors up to date, with real-time analysis and commentary being posted on www.litus.eu throughout the year. The second MGI report capturing developments in 2016 is expected to be published in January 2017.

MGI events will include convening stakeholders and partners within the region, in key financial and policy centers around the world. Focusing minds on the Mediterranean at these events will enhance progress for the people of the region, its investors, policy makers and government leaders.

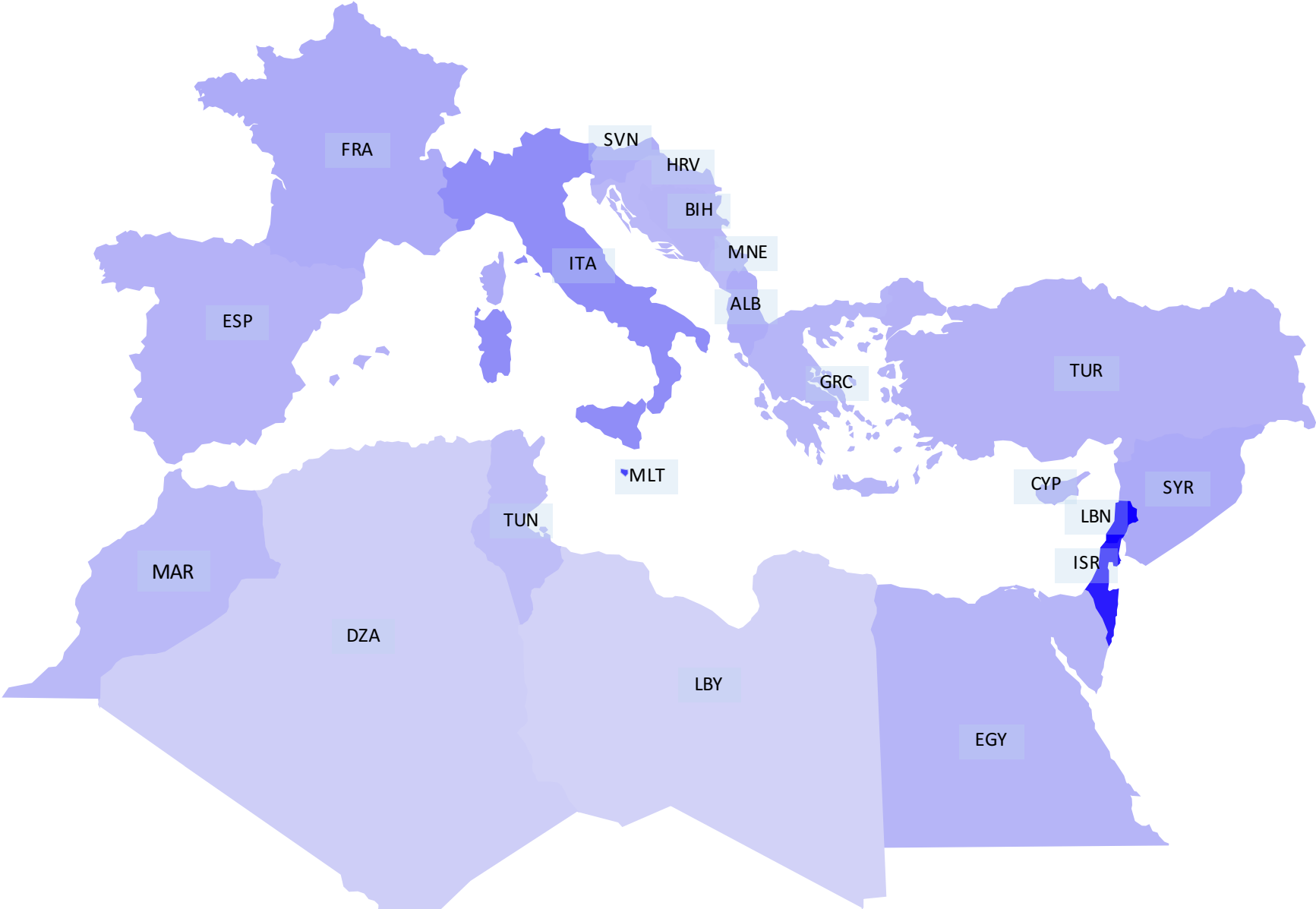
LITUS S.A. is the home of the Mediterranean Growth Initiative. For more information please visit litus.eu

[LITUS](#) is Brussels' first investor and policy advisory for the Mediterranean region. LITUS identifies and sources projects in the countries of the Mediterranean and pairs them with suitable sources of capital from around the world, benefiting from unique on the ground insights and international capital markets experience through its international advisory board and its executive leadership team. LITUS' Mediterranean heritage makes it the most credible advocate for the interests of the private sector and governments of the region to EU and other multilateral institutions.

Alma Economics is a key partner, responsible for data analysis and authoring the MGI report. For more information please visit almaeconomics.com

[Alma Economics](#) combines unparalleled expertise in economics and advanced data analysis with a solid understanding and focus on the real world. Alma provides clear, evidence-based advice and analysis on complex issues covering all aspects of strategy, policy, and operations.

Countries of the Mediterranean



- ALB: **Albania**
- BIH: **Bosnia and Herzegovina**
- CYP: **Cyprus**
- DZA: **Algeria**
- EGY: **Egypt**
- ESP: **Spain**
- FRA: **France**
- GRC: **Greece**
- HRV: **Croatia**
- ISR: **Israel**
- ITA: **Italy**
- LBN: **Lebanon**
- LBY: **Libya**
- MAR: **Morocco**
- MLT: **Malta**
- MNE: **Montenegro**
- SVN: **Slovenia**
- SYR: **Syria**
- TUN: **Tunisia**
- TUR: **Turkey**

The heatmap above reflects the population density of each country

Table of contents_

6 Foreword

An introduction to the Mediterranean Growth Initiative by its founder, Cleopatra Kittii.

7 Executive Summary

Key messages from the report: State of the Med, challenges and opportunities.

13 Region-level indicators and analysis

An analysis of key data at an aggregated region-wide level, and comparison between different countries of the Med.

29 Migration, trade, and remittances

A look at the interconnections between the countries of the Mediterranean, and between Med countries and the rest of the world.

46 Country-level indicators and analysis

Country by country analysis of key indicators, covering economic performance, governance, education, and demography. MGI's traffic lights assessment of each Med country's prospects, overall and in each separate area.

182 Sector focus: energy and transport

A comparative look at the energy and transport sectors across the countries of the Mediterranean.

198 Methodological note and list of indicators

A brief note on our approach to country selection and colour-rating performance and risk; a list of all indicators used in the report, including detailed description, source, and update frequency.

Foreword



The Mediterranean is the cradle of civilization. The countries along its shores share centuries of history, economic prowess and intertwined trading.

The Mediterranean Growth Initiative is an independent private sector initiative. It aims **to reframe the policy debate** on the Mediterranean to approaches based on informed data and critical analysis. Equally, it aims to **reset the bar of economic opportunity** for investors where policy implementation and investment can be twinned with good governance.

This report is the first attempt to compile and analyze integrated indicators for the Mediterranean region. It covers twenty countries, together representing **7% of world population - close to half a billion people - and 10% of world GDP.**

The report documents the large variation in wealth and institutional quality across the Med, and it identifies risks and investment opportunities. It highlights the importance of improved governance in addressing endemic structural issues, and of increased access to better quality education to address inequalities and foster innovation.

My personal deep gratitude goes to Lord Mark Malloch Brown, Dr Nasser Saidi, and Erik Berglof for guiding and mentoring through this impressive and comprehensive report, its ambition and completion. Equally, I recognize the professionalism of Alma Economics and of Martha Ivanovas, for persevering through this mandate to make this report a reality.

My hope is that the Mediterranean Growth Initiative becomes a useful platform to **re-energize thinking and doing**, offering opportunities for policy makers, investors, business leaders and citizens across the twenty countries of the region.

A handwritten signature in black ink that reads "Cleopatra Kitt". The signature is fluid and cursive.

Cleopatra Kitt,
Founder of the [Mediterranean Growth Initiative](#)

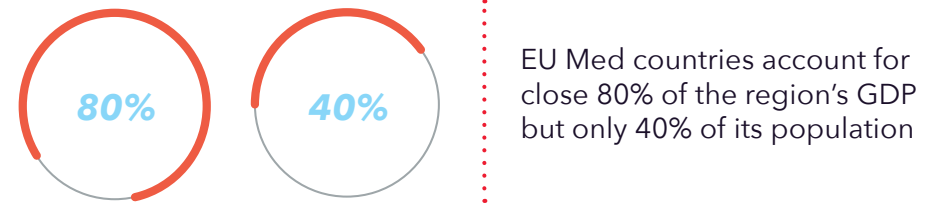
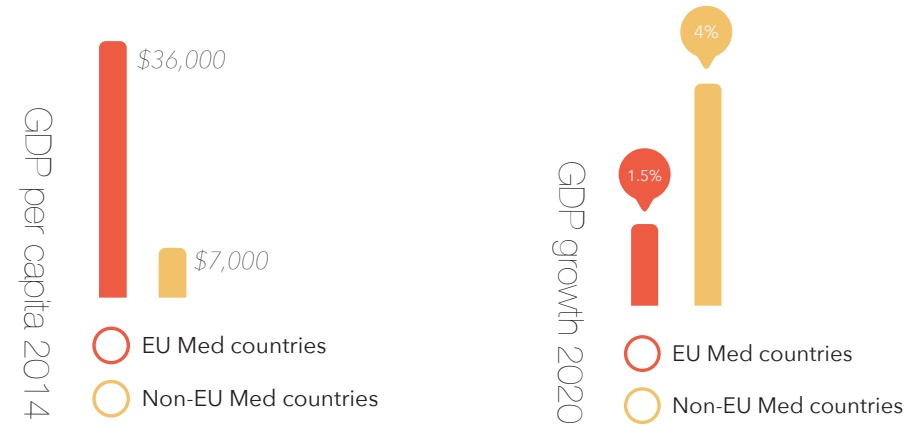
Executive Summary

The Mediterranean sea is bordered by twenty countries, which together account **for 7% of world population and 10% of world GDP.**

The countries of the Mediterranean are diverse, and they complement each other in important ways.

Countries on the Med's European shores are wealthy, with a long democratic tradition and generally well-functioning institutions. Med countries outside of Europe are poorer, with many in a process of political transition and in need of wide-ranging institutional reform.

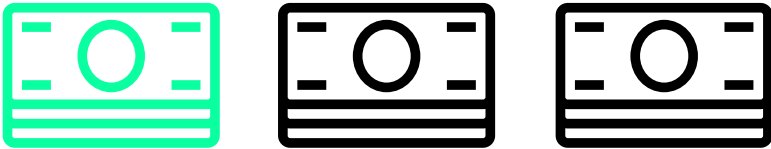
At the same time, European countries face challenges relating to ageing populations, sluggish long-term economic growth and a glut of savings looking for profitable investment opportunities. Med countries outside of Europe generally have young populations, the potential to achieve rapid economic growth, and an abundance of investment opportunities in need of funds and know-how.



Executive Summary_

Substantial scope for more intra-Med trade

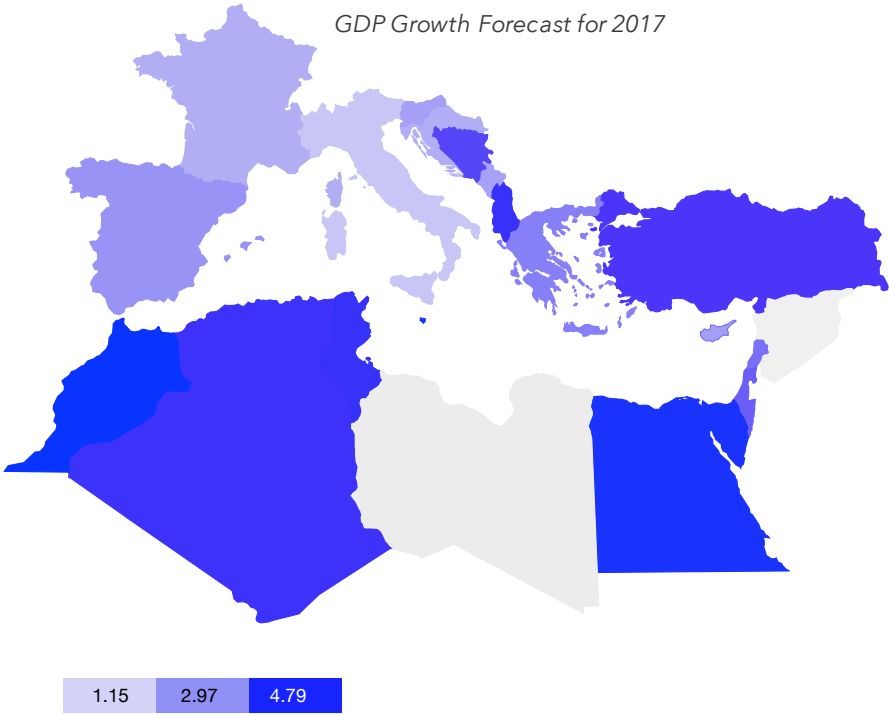
International trade accounts for between 20%-40% of GDP for most Mediterranean countries. Less than a third of total international trade in the region is between Med countries, leaving substantial scope for expansion in intra-Med economic ties in the future.



1/3 of international trade by average Med country is with other Med countries

Economic growth returning

GDP growth in the region is forecast to be above 2% in 2015 and reach just under 3% in 2017. Growth in countries in North Africa and the Levant is forecast to remain above 4% - higher than the global average - while growth among the EU member states in the Med will remain sluggish at around 2%.

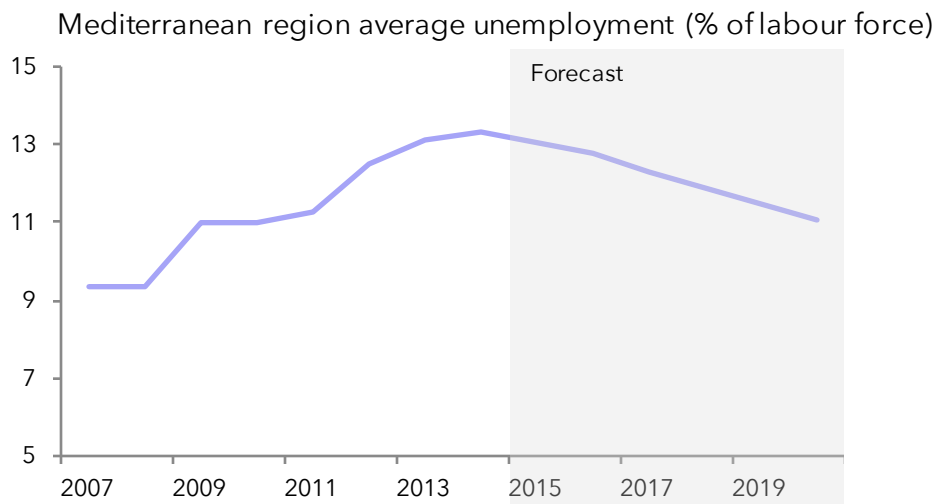


Executive Summary_

Unemployment has peaked

One of the most pressing issues facing the region is unemployment, especially youth unemployment, which has risen in recent years and remains stubbornly high. Young people have been hardest hit in the Eurozone countries of the region. Dissatisfaction with regards to creating jobs for young people is also highlighted by many as having played an important role in the Arab uprisings.

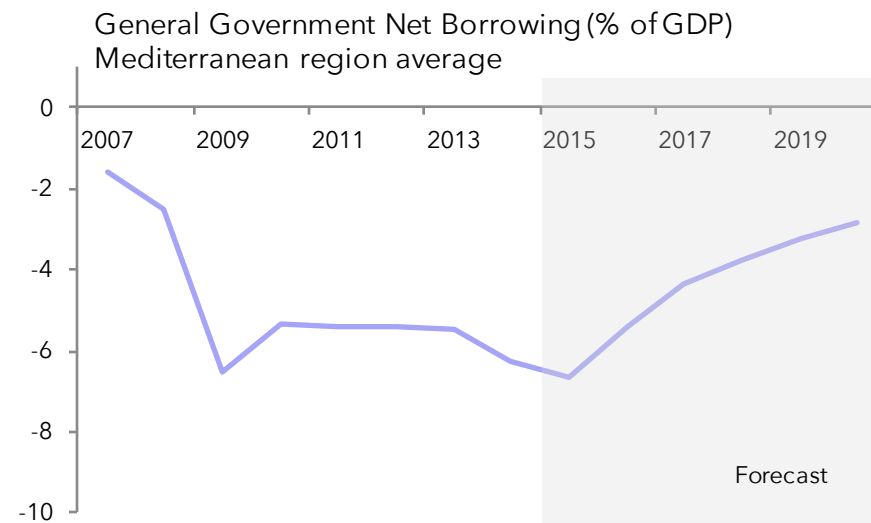
Overall unemployment in the region is forecast to fall in coming years as labour market reforms are implemented, education levels continue to improve, and fiscal consolidation efforts begin to ease off.



Public finances set to improve

Public finances in most countries took a hit in the wake of the global financial crisis, with some countries further impacted by the Eurozone crisis and the Arab uprisings. Across the region, fiscal deficits rose sharply and debt levels increased.

Public debt is expected to peak this year at around 80%, with fiscal deficits forecast to improve in the next few years.

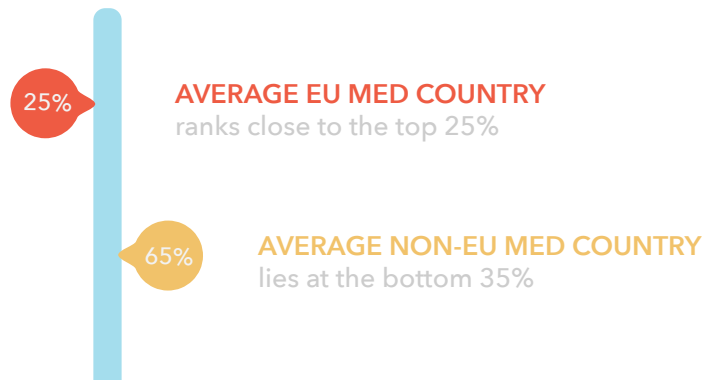


Executive Summary_

Improved governance is key

Political instability and corruption continue to be serious problems for some of the countries in the region, while other countries have seen governance improve in recent years. The instability caused by the Arab uprisings, the war in Syria and Libya and the emergence of Islamic State is likely to continue to be a major concern in coming years, as some countries struggle to build new democracies whilst confronting the threat of sectarian strife and terrorism.

The World Bank governance indicators reflect this stark discrepancy between subregions. The average EU Med country ranks close to the top 25% of countries worldwide, while the average non-EU Med country lies at the bottom 35%.

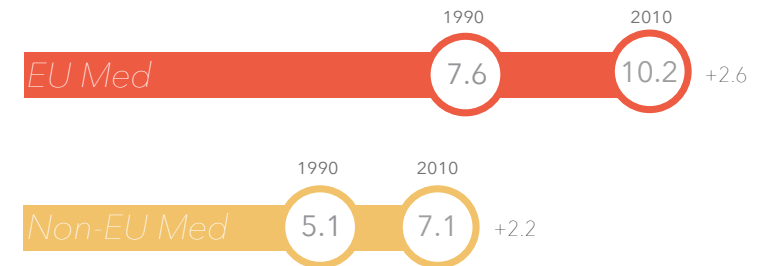


The aspect of governance where the largest gap was observed in 2014 was voice and accountability - an indicator largely synonymous with the degree of democratisation - with EU Med countries in the top 20% worldwide and non-EU Med countries at the bottom 30%.

Education continues to pave the way

The level of education has increased significantly in the last 20 years across the region, as is highlighted by the increase in average years of schooling. Improved education, especially with more people going to university, has helped drive innovation and high tech activity in the region. The level of high tech exports has been on an upward trend for years, and is expected to continue along this path.

Average years of total schooling (ages 15+)



Despite improvements across the board, large discrepancies remain. Citizens of EU Med countries have over ten years of formal education on average, while citizens of non-EU Med countries have attended three years less than that.

In fact, the average years of schooling in non-EU Med countries in 2010 lagged behind average years of schooling in EU Med countries twenty years earlier - in 1990.

Even more worryingly, while both sets of countries have seen improvements in this metric in the past 20 years, the improvement in non-EU Med countries was smaller than that in EU Med countries.

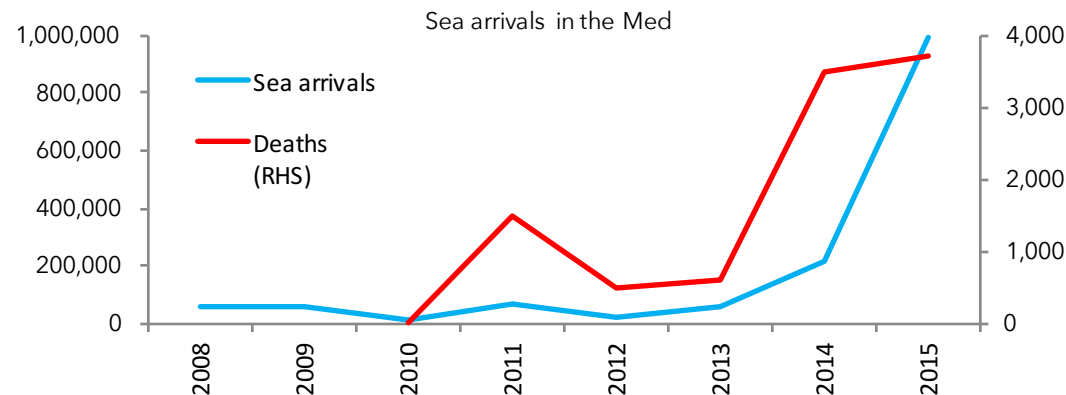
Executive Summary_

Migration: chronic phenomenon, acute crisis

In 2013, the last year for which definitive data is available, there were thirty million migrants living in the Med. Nine million of this total originated from another Med country.

More than 15% of the people living in Croatia, Lebanon, Cyprus, and Israel are immigrants. Immigrants also make up between 10%-15% of the population of France, Spain, and Italy, three of the largest and richest countries in the Mediterranean.

With respect to outward migration, migrants from Albania, Bosnia-Herzegovina, and Montenegro amount to over 40% of the population of their respective parent countries.



As the data above shows, migration is far from being a new phenomenon in the Med. However, the deteriorating situation in Syria and other geopolitical hotspots (notably Afghanistan and Eritrea) has created a crisis that is affecting most countries in the region and shows no signs of abating.

One million migrants crossed the Med in 2015 - 50% originating from Syria and the majority landing in Greece and Italy – with close to 4,000 people perishing while attempting the journey. These vast migrant movements compare to flows of around 50,000 people observed in each year between 2008-2013.

To put the overall increase in migration in perspective, between 2010 and 2013 the number of migrants living in Med countries increased by around 2 million, or around 6% of the stock of migrants in the Med. The total number of refugees from Syria only since the war started is estimated to be around four million, which is equivalent to around 15% of the previous stock of migrants in the Med.

30 million migrants living in Mediterranean countries (UN 2013)



4 million Syrian refugees (total) since war started



Executive Summary_

Selected bright spots

The countries highlighted below show particular promise in the short to medium term:

Albania has made leaps forward in establishing a market economy and maintained positive growth and stability during the global turbulence of recent years. Growth is forecast to remain strong and unemployment to fall. Continued improvements in governance are key in enabling the country to attract sustainable investment and maintain its upward trajectory.

Cyprus has been successful in consolidating its public finances and recapitalising the banking sector, and it is set to see growth pick up and unemployment fall in coming years. Recent months have seen important steps towards reunification, and a successful conclusion to this process would allow Cyprus to unlock its potential and emerge as a key regional hub.

Israel weathered the recent global turmoil and saw a return to growth in 2014 with growth to pick up further this year. Employment growth has been impressive with a sharp fall in unemployment.

Malta is forecast to continue experiencing strong growth as it undertakes large scale infrastructure and energy projects. Unemployment remains low and governance strong.

Morocco has experienced a transformation in recent years and in the medium term it is expected to reap the benefits of newly developed sectors - including modernisation of agriculture - and reaching new markets.

Spain is finally showing signs of improvement and might have turned a corner as large scale reforms pay off and competitiveness is improving.

Other countries to watch out for

Egypt, home to almost one in five Med citizens, has immense untapped potential and some reasons for optimism - but doubts persist as to whether it will be able to overcome serious governance issues and an adverse geopolitical environment.

Slovenia has solid institutions and a dynamic, export-oriented economy, but political uncertainty remains a problem.

Tunisia managed an impressive transition to a more democratic regime following the Arab uprisings, while wide-ranging economic reforms over the past few decades have created a solid platform for growth. At the same time, fundamentalism, the threat of terrorism and adverse geopolitical developments in the region constitute threats for the future.

Turkey has emerged as a diversified economy with impressive growth potential - even though it still struggles with a high degree of fluctuations in performance partly due to its reliance on foreign funds. Geopolitical conditions in the region also present a substantial risk, as do domestic political developments.

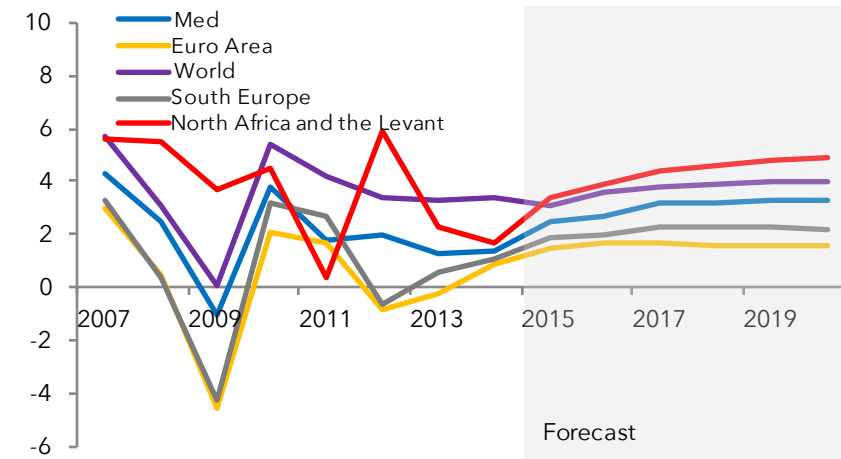
Region-level analysis

Key points

- After enduring the global financial crisis, the subsequent Eurozone crisis and the Arab uprisings, the region is set to see growth pick up in 2016 and 2017.
- Unemployment is forecast to fall over the next few years, having peaked in 2015.
- The overall fiscal position is set to improve in the next few years with a drop in government borrowing.
- The ease of doing business has improved in the majority of Med countries during the past decade, but competitiveness relative to the rest of the world continues to be an issue for many.
- Average years of schooling have grown rapidly in the region in recent years, showing an increasing emphasis on education. In some countries this has supported an increased level of innovation and growth of high tech sectors.
- The population of the region is set to surpass half a billion people in 2020. Overall, the demographics of the region are favourable.

Indicators

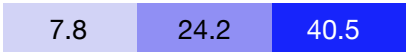
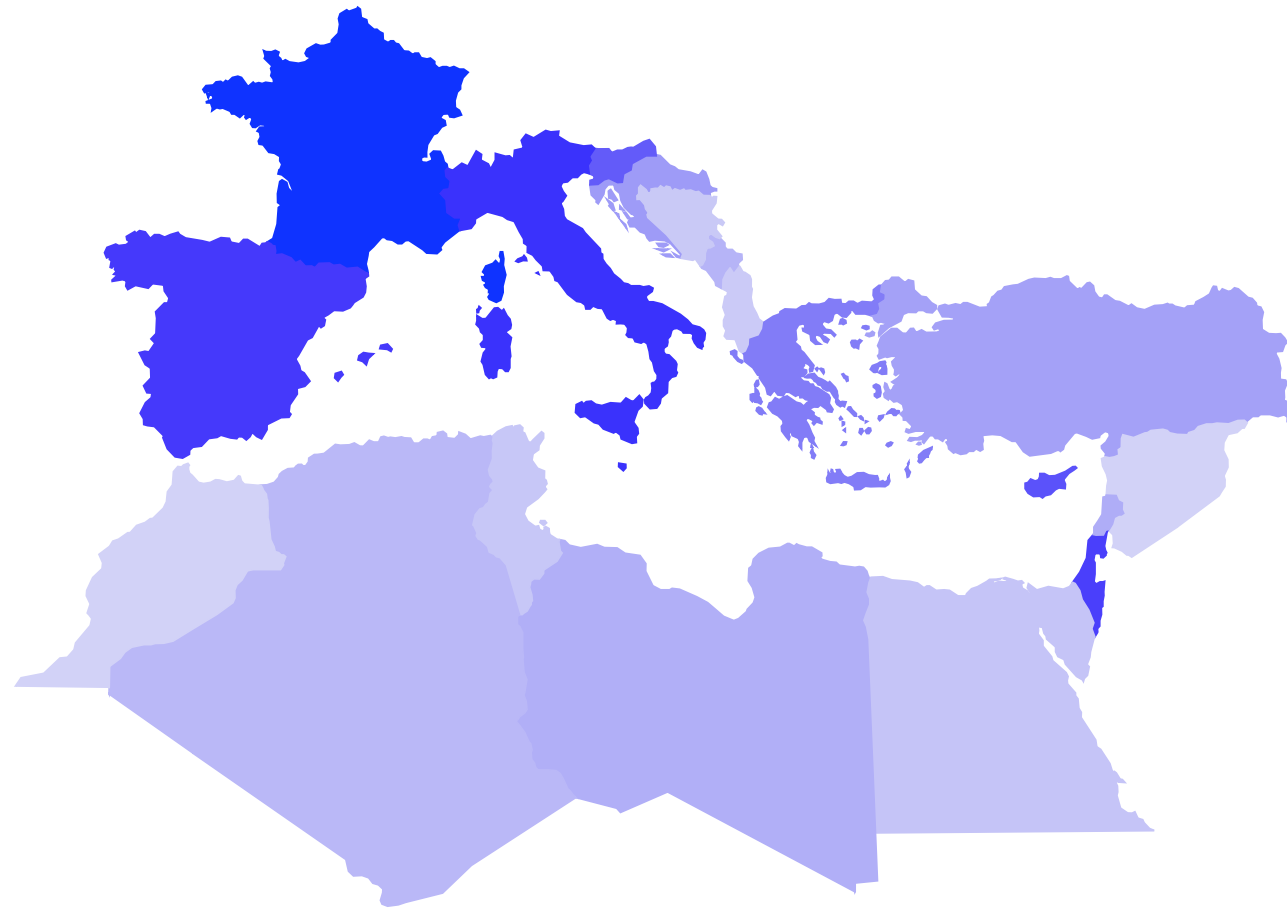
- 15 GDP growth
- 16 GDP per capita
- 17 Inflation
- 18 Unemployment
- 19 General Government net borrowing
- 20 Public debt
- 21 Current account
- 22 Ease of doing business ranking
- 23 Global competitiveness index ranking
- 24 Governance indicators
- 25 High technology exports
- 26 Population-Age dependency ratio
- 27 Average years of total schooling
- 28 Inequality (Gini coefficient)



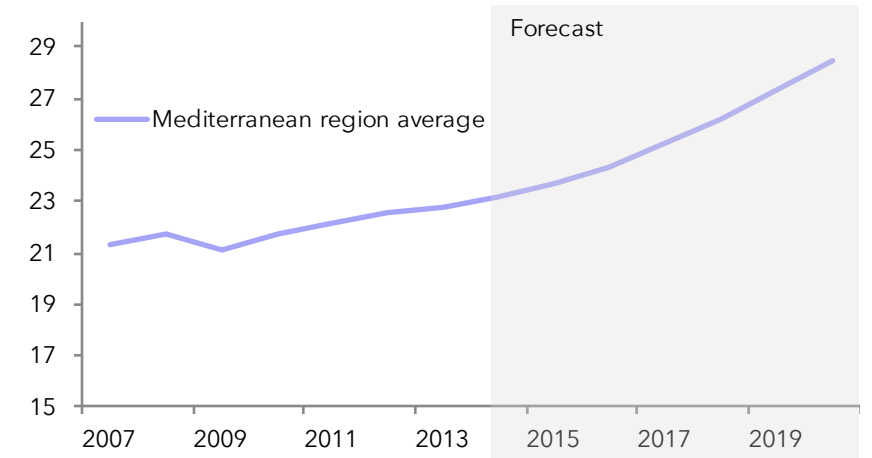
Morocco, Tunisia, Egypt, Albania, and Montenegro are expected to grow strongly in the next few years, with above average growth also expected in Algeria, Turkey, and Bosnia.

Growth in France, Spain, and Italy - which together account for over 70% of total GDP for the region - is expected to be sluggish. GDP growth for Southern European Med countries is expected to average around 2% per annum, while Med countries in North Africa and the Levant are expected to grow by over 4% per annum (surpassing world economic growth) in 2015-2020.

Libya is not shown on the heatmap, as the GDP forecast (which is for growth in excess of 30% in 2017) is heavily dependent on political developments. Libya has suffered heavy losses in economic output in recent years, and if the current unrest is addressed the country will rebound strongly. Our analysis also excludes Syria, as no data is available from 2011 onwards.



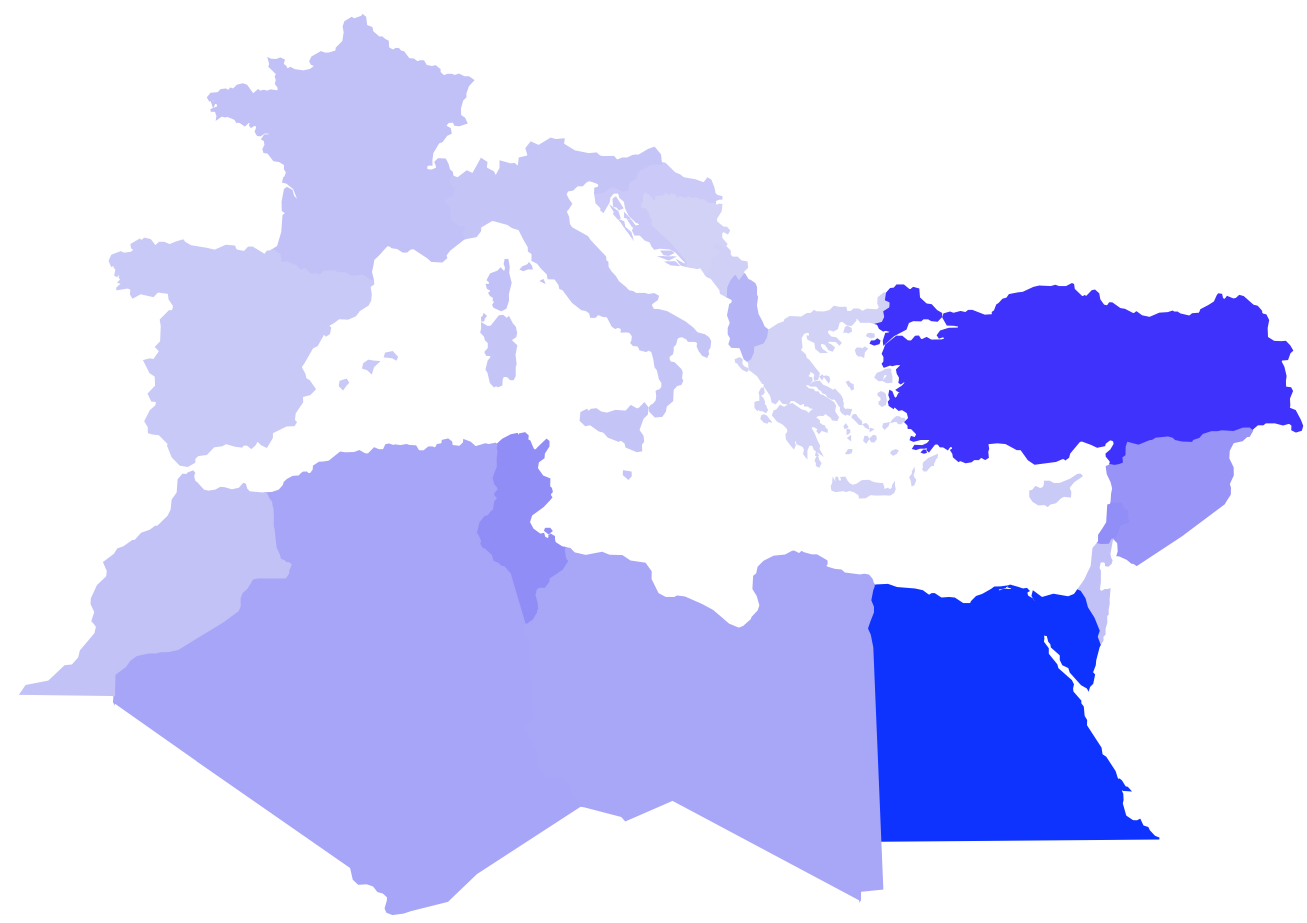
Data for each country are the latest available.
 ALB, TUN: 2010. LBN: 2011. DZA,HRV,MLT,MNT: 2013.
 All other countries: 2014



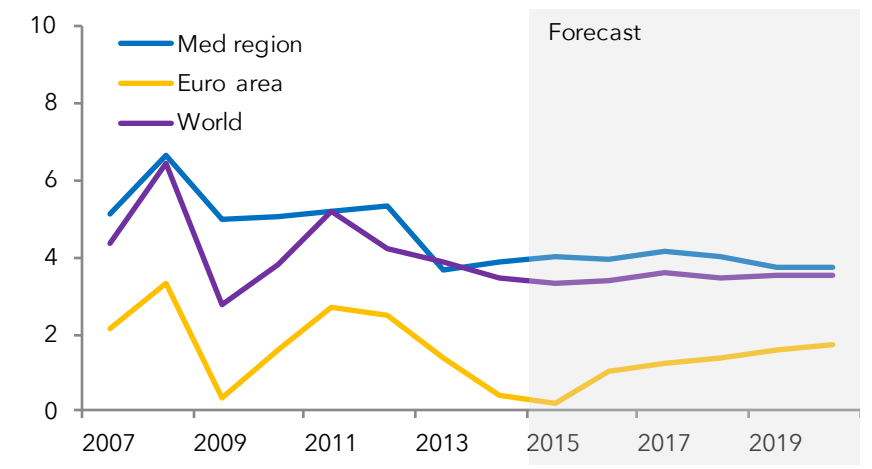
Despite a small dip in 2009, region-wide GDP per capita has continued to grow albeit at a slightly lower rate compared to the pre-2009 period.

A few countries saw living standards fall in this period, including Cyprus, Greece, Libya, Slovenia and Spain. Others, such as Lebanon, Morocco and Turkey saw a sharp increase, with growth topping 20% in the same period.

The level of GDP per capita varies considerably between countries in the region. Morocco had the lowest level in 2014, while France had the highest at around 5 times that of Morocco.



Data for each country are the latest available.
MLT, LBN:2013. All other countries: 2014

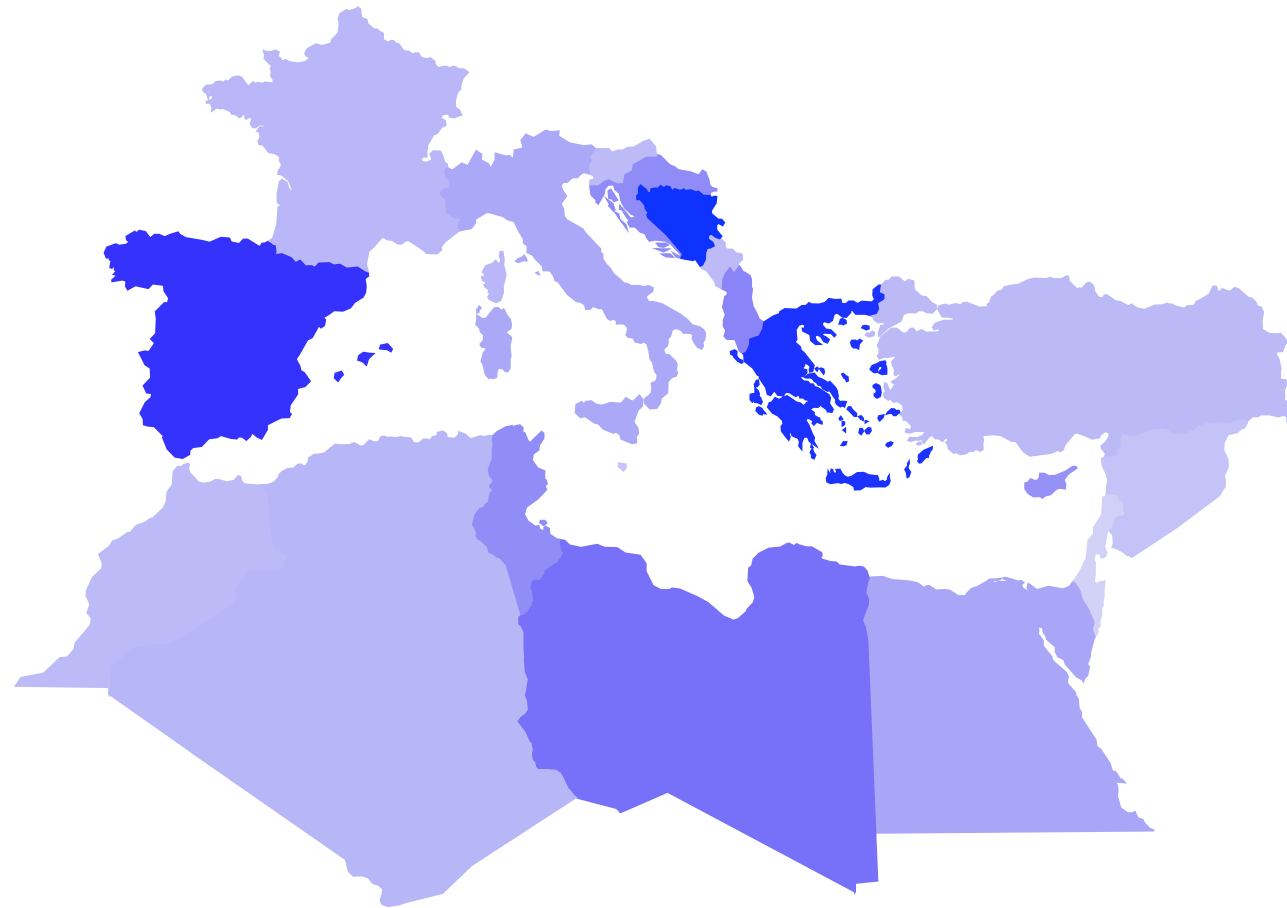


Inflation among Mediterranean countries has been on a downward trend since 2008, and it is projected to stay roughly constant over the next few years. The recent fall partly reflects the drop in global energy and food prices.

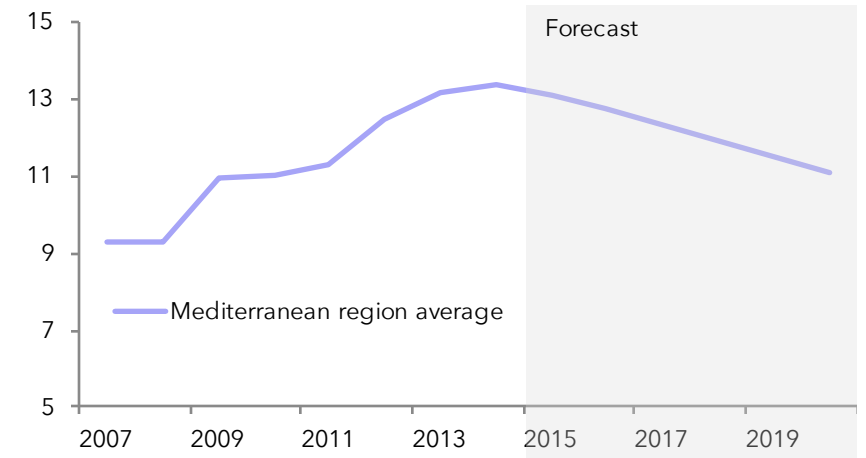
While for most Med countries inflation has ranged from -0.1% to 5%, Turkey and Egypt are important outliers.

Inflation in Egypt has remained high, at 11% in 2014, mainly due to changes in government policy and depreciation of the currency. The forecast for Egypt points to a slow fall in inflation, in line with improvements in the economy and political stability.

In Turkey, inflation was just under 9% in 2014 and is also projected to decrease gradually over the coming years.



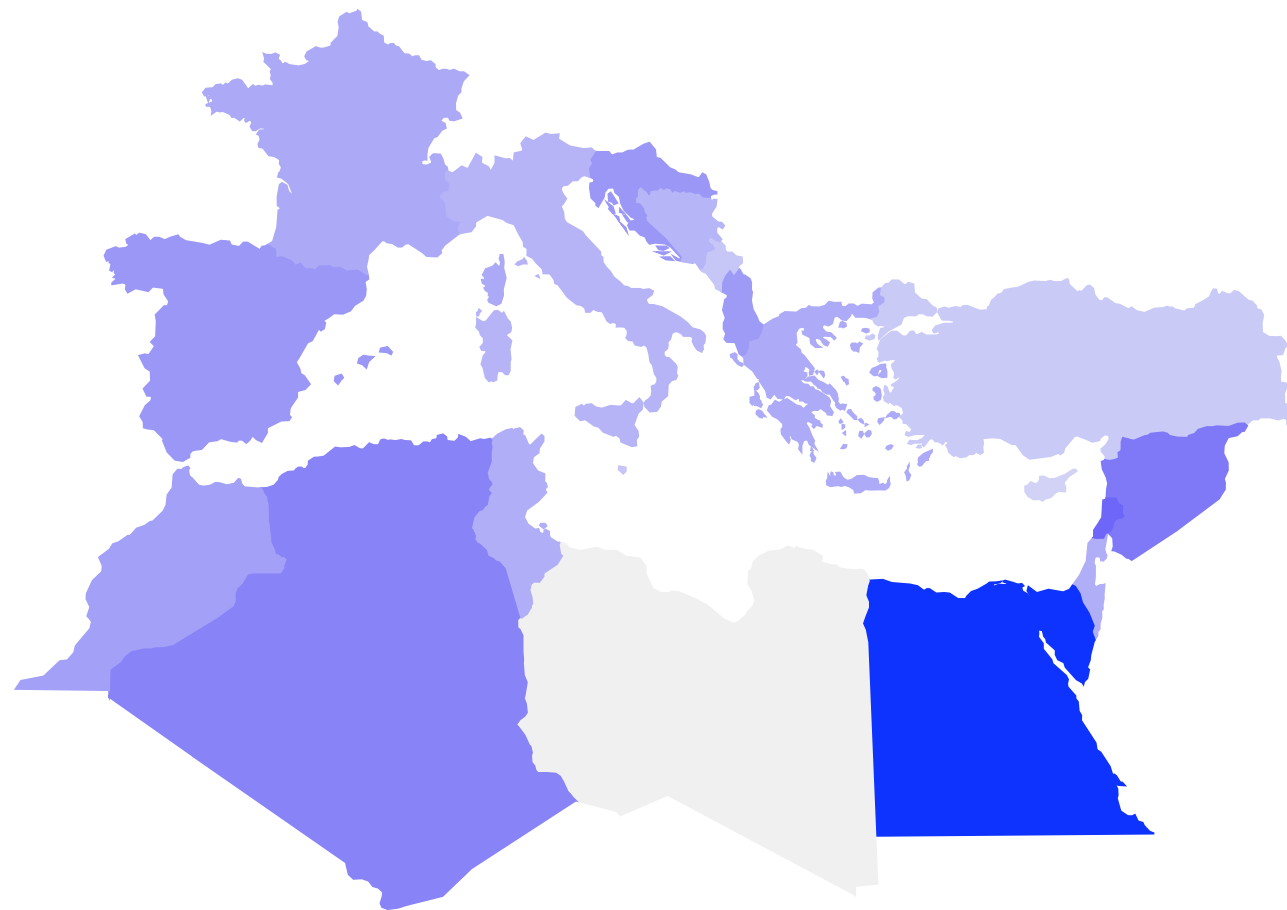
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 EGY: 2015. TUN, LBY: 2012. MLT: 2013.
 All other countries: 2014



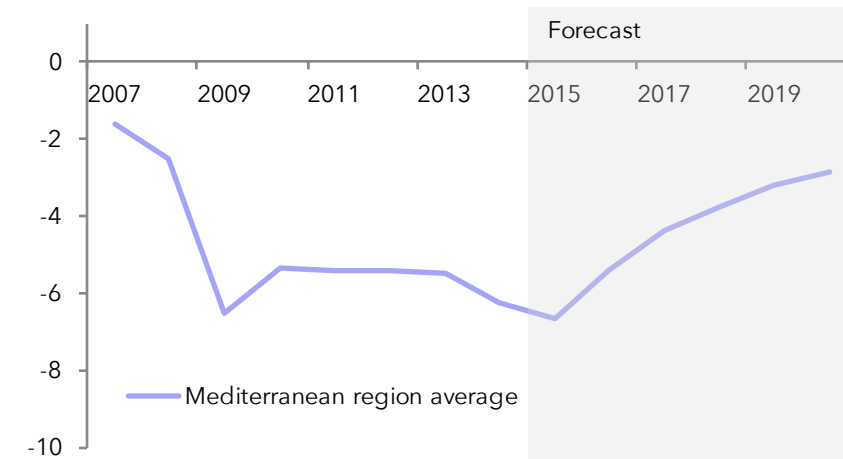
Unemployment among Mediterranean countries is projected to fall substantially during the next few years. However, the rate is expected to remain above its level prior the global financial crisis.

The unemployment rate rose sharply in the wake of the global financial crisis and has since been the most urgent challenge facing the Euro-Mediterranean region, especially for young people. The lowest unemployment rates are found in Malta and Slovenia (6.4% and 9.7% respectively in 2014), while Bosnia and Herzegovina (27.5%), Greece (26.5%) and Spain (24.5%) lead unemployment rates worldwide - thankfully with the situation forecast to improve slightly over the coming years.

Unemployment in North Africa and the Middle East Mediterranean region has been lower than in Greece and Spain, but remains high, particularly among young people. The gender gap is remarkably large as female youth unemployment is almost two times the male rate in some countries, with the gap being notably large in Egypt and Tunisia.



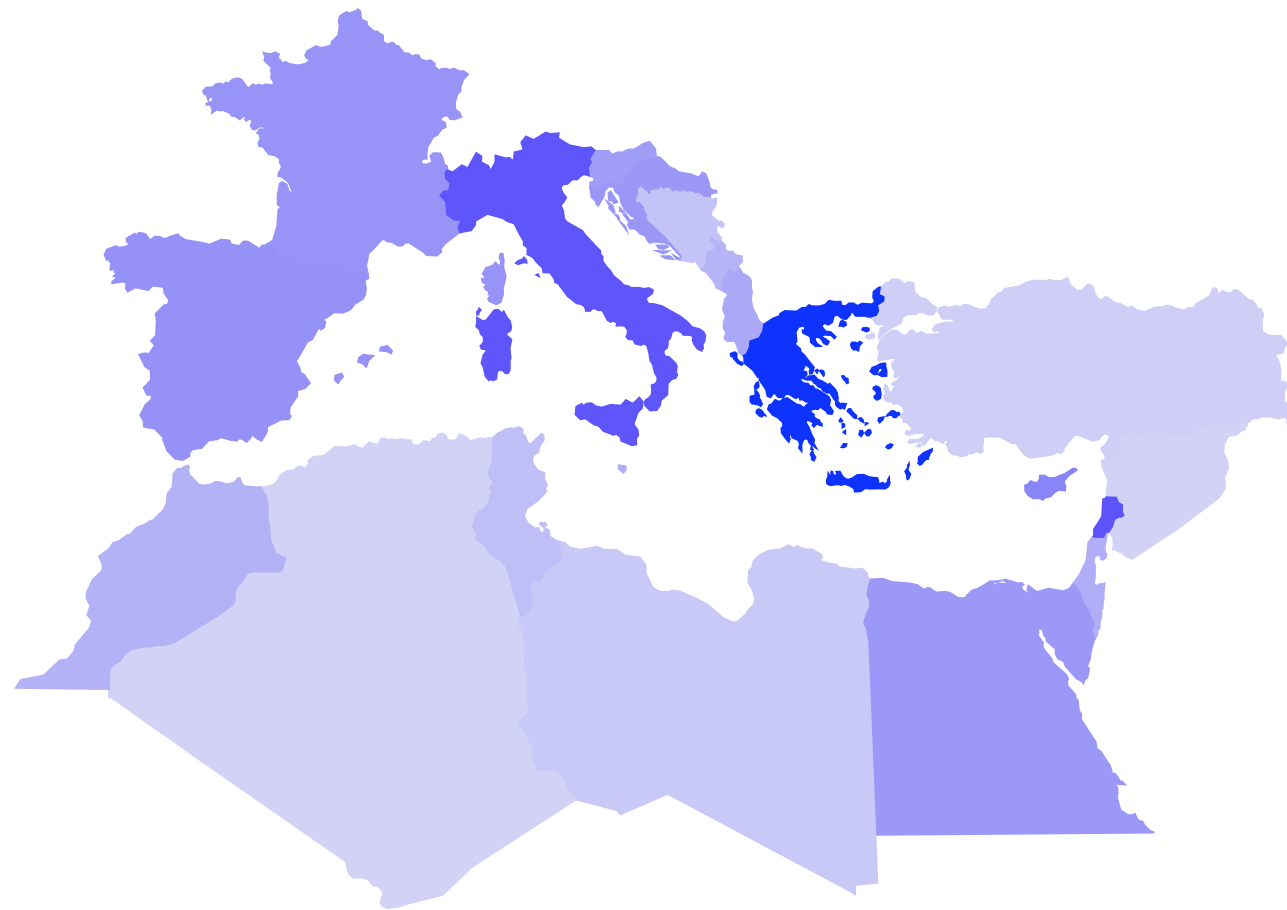
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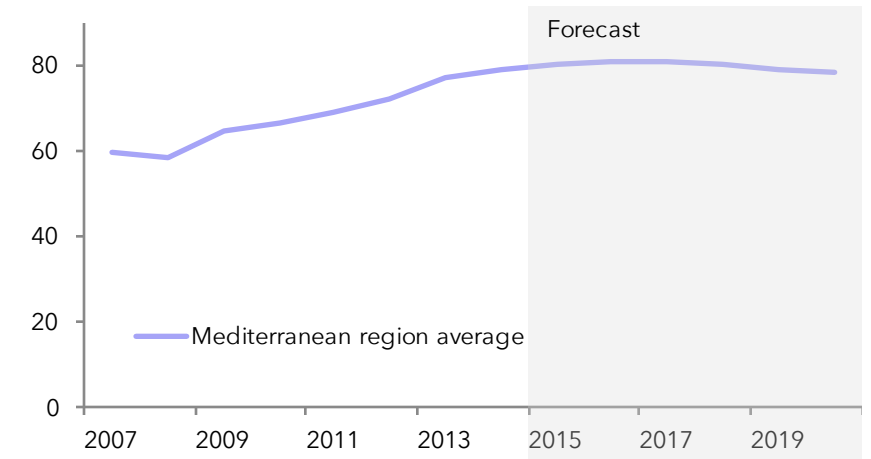
In the aftermath of the global financial crisis most countries saw their public finances worsen: revenues fell and expenditure on social security rose in line with weak growth, while many governments also engaged in direct action to stimulate the economy. This led to a sharp deterioration in net borrowing for the region, moving from just over -1% of GDP to close to -7%.

Italy, Spain, Greece and Cyprus were among the hardest hit countries, with the Eurozone crisis further delaying any meaningful improvements. Deficits are forecast to finally start improving substantially over the next few years, going from over 6% in 2015 to under 3% in 2020 for the region as a whole. However, net borrowing is still expected to remain higher than its pre-crisis level.

The Arab uprisings also had a negative impact on some of the nations of North Africa and the Levant, including Egypt, Syria, Libya and Lebanon.



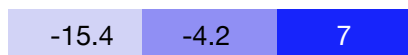
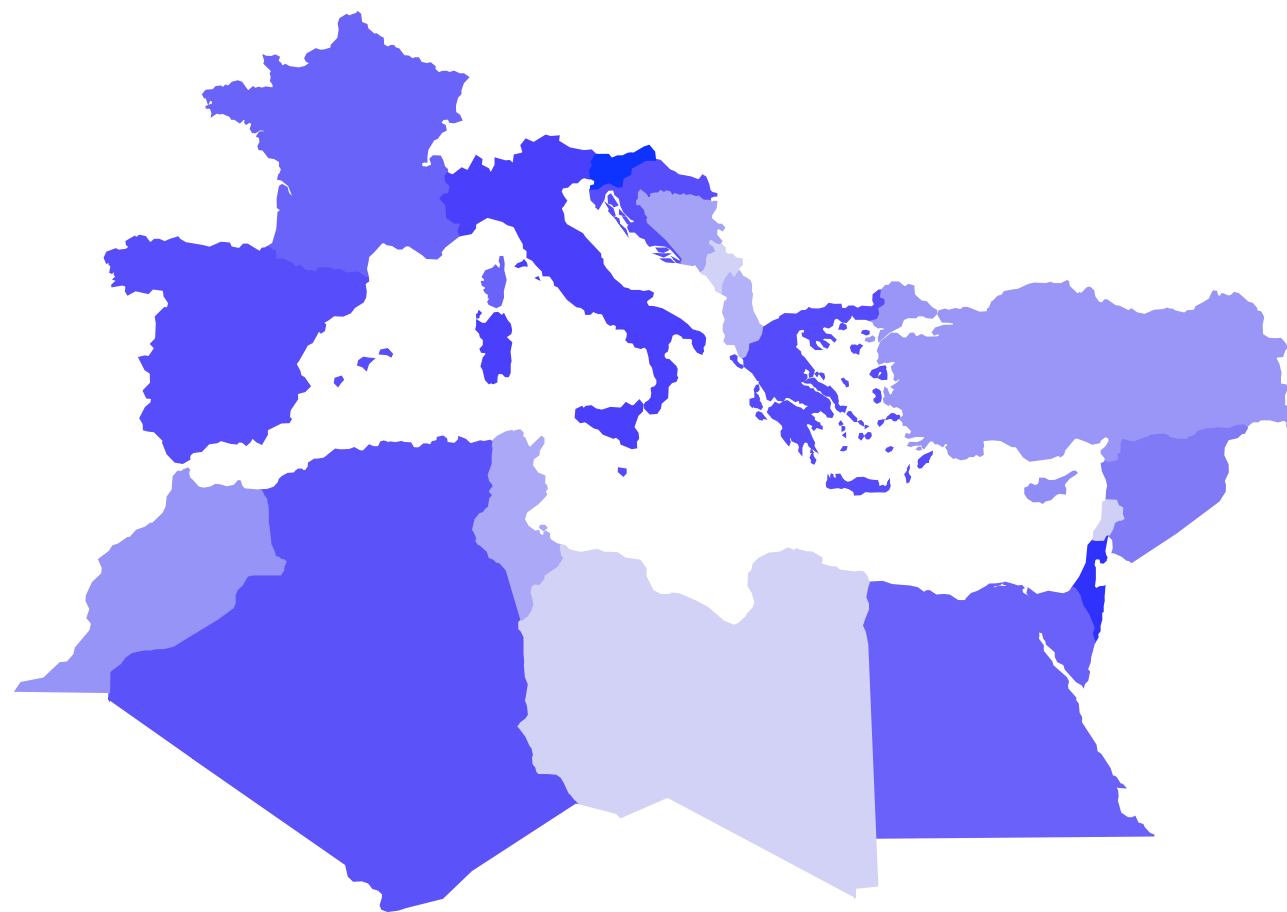
Data for each country are the latest available.
MLT: 2013. All other countries: 2014



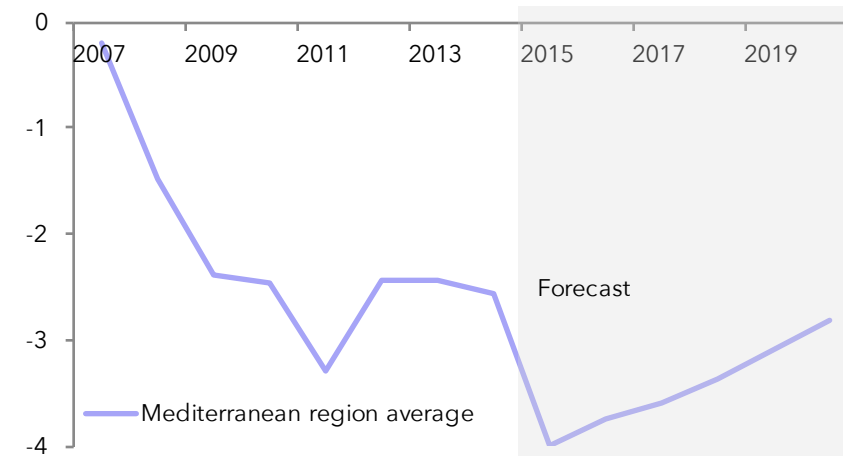
Public debt among the countries in the Mediterranean region rose significantly after 2007, mainly due to the global and European financial crises as well as the Arab uprisings. However, returning economic growth coupled with the fiscal consolidation efforts undertaken in many countries are expected to decrease public debt levels and improve fiscal stability in coming years.

The most indebted country is Greece, with its public debt topping 177% of GDP - although it should be noted that this number is not directly comparable to other countries given the beneficial terms on Greek public debt. Among Euro-Mediterranean countries, Italy is not far behind at 132%, while Cyprus is following at 107%.

In Lebanon, the main economic challenge the government faces is the burden of public debt, as debt-to-GDP ratio reached 133% in 2014. The Lebanese economy has suffered heavy losses in terms of economic output, mainly due to the conflict with Iran and the war in Syria. The lack of growth has put great pressure on public finances.



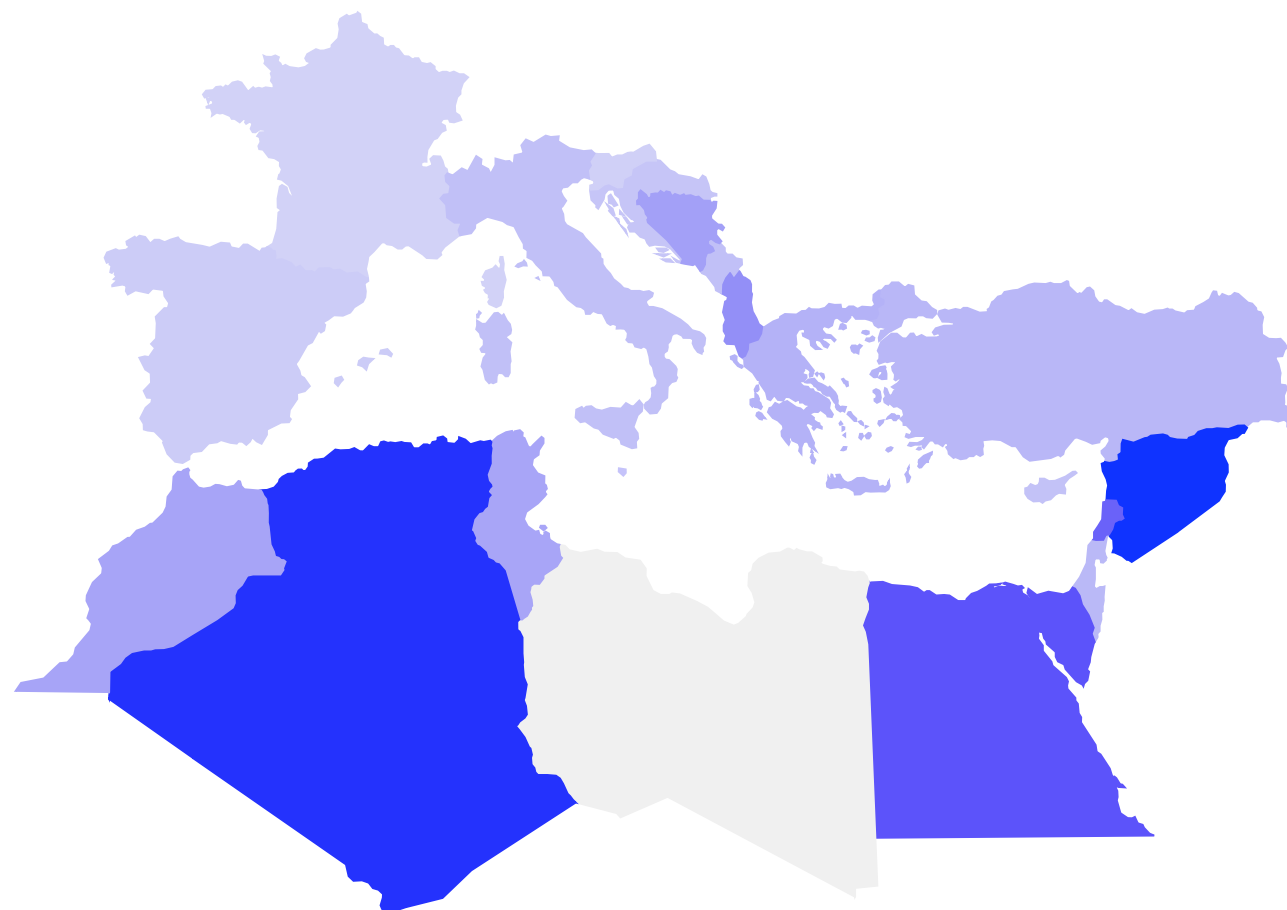
Data for each country are the latest available.
 LBN: 2011. ALB: 2012. DZA, HRV, MLT: 2013
 All other countries: 2014



As the global financial crisis hit, global trade and foreign investment fell alongside global growth. The impact on the current accounts of each country in the region was mixed. There were sharp, and sometimes painful, improvements for some of the deficit countries reliant on foreign funds, such as Croatia, Cyprus, Greece, Montenegro, Slovenia and Spain, while some of the surplus countries - for example the energy exporters - saw surpluses shrinking in line with a fall in demand.

More recently, and following a brief bounce-back, some of the countries affected by the Arab uprisings saw a sharp fall in exports and a deterioration of their current account, partly explaining the worsening of the overall position for the region this year.

The region-level current account is forecast to improve in coming years, with exports picking up and imports by deficit countries expected to be kept in check despite improvements in growth, trade, and foreign investment. That said, the region as a whole is expected to remain in deficit in the medium-term.



27

101

175

Latest available data: 2015 for all countries

	2006	2015	Change	
Albania	119	97	22	▲
Algeria	109	163	54	▼
Bosnia and Herzegovina	94	79	15	▲
Croatia	115	40	75	▲
Cyprus	36	47	11	▼
Egypt	126	131	5	▼
France	36	27	9	▲
Greece	87	60	27	▲
Israel	26	53	27	▼
Italy	43	45	2	▼
Lebanon	74	123	49	▼
Malta	102	80	22	▲
Montenegro	72	46	26	▲
Morocco	102	75	27	▲
Slovenia	42	29	13	▲
Spain	38	33	5	▲
Syria	125	175	50	▼
Tunisia	68	74	6	▼
Turkey	60	55	5	▲

The ease of doing business indicator shows how easy or difficult it is for businesses in 189 economies to apply regulations affecting 11 areas in their life cycle. Croatia made the most significant improvement in terms of business regulatory reform in the period between 2006 and 2015, moving up 75 places, from 115th in 2006 to 40th in 2015. Greece and Morocco both moved up 27 places, from 87th and 102nd to 60th and 75th respectively.

By contrast, Algeria had the most remarkable drop in the same period, falling 54 places, from 109th in 2006 to 163rd in 2015. Social and political transition due to the war are the main reasons for the rapid drop in Syria, while Libya is not shown on the heatmap at all - the country was excluded from the 2006 analysis and ranked 188th out of 189 countries in 2015.



	2006	2015	Change	
Albania	100	93	7	▲
Algeria	82	87	5	▼
Bosnia and Herzegovina	88	111	23	▼
Croatia	64	77	13	▼
Cyprus	41	65	24	▼
Egypt	52	116	64	▼
France	12	22	10	▼
Greece	47	81	34	▼
Israel	23	27	4	▼
Italy	38	43	5	▼
Malta	44	48	4	▼
Montenegro	85	70	15	▲
Morocco	76	72	4	▲
Slovenia	30	59	29	▼
Spain	28	33	5	▼
Tunisia	37	92	55	▼
Turkey	71	51	20	▲

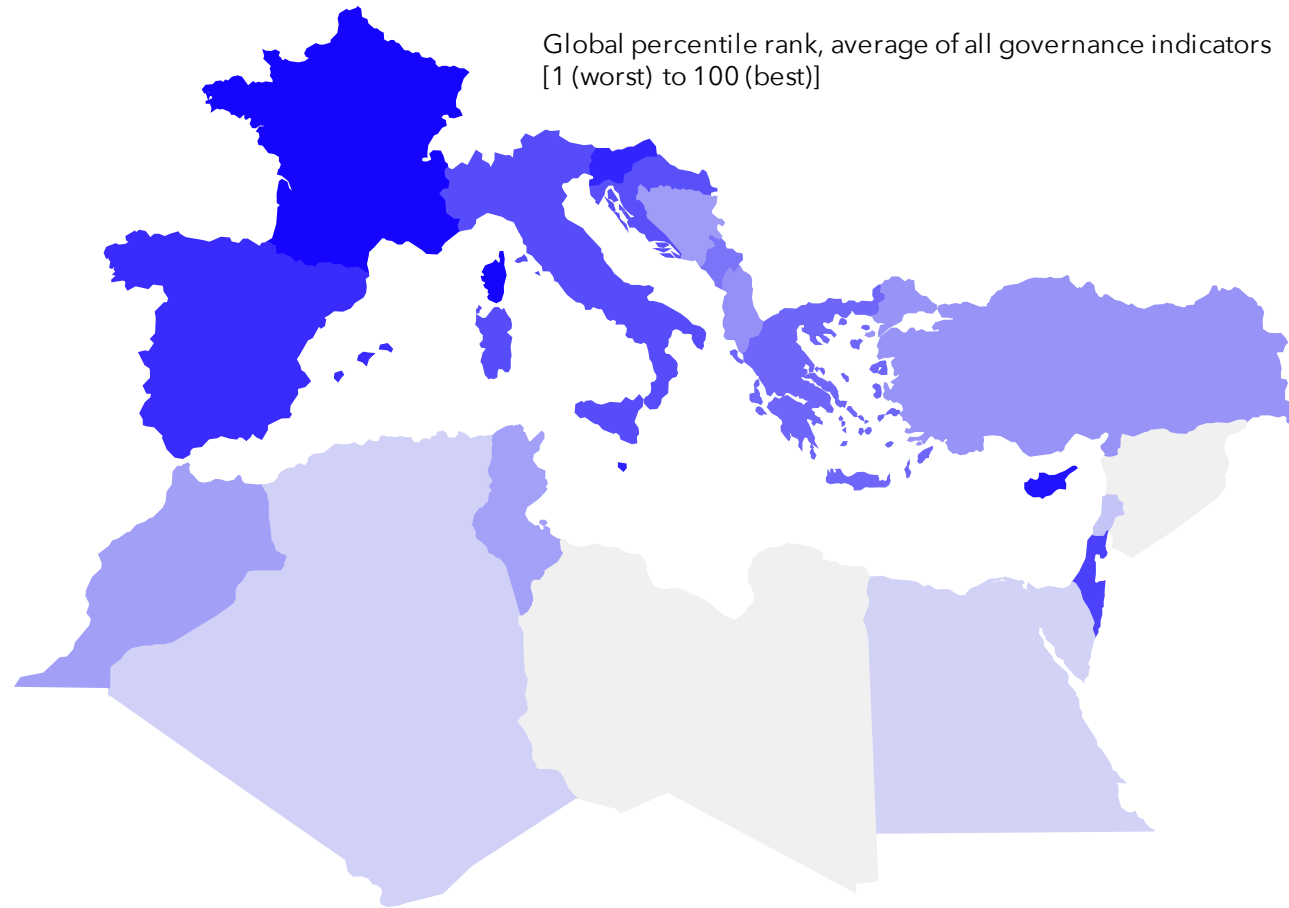


Latest available data: 2015 for all countries

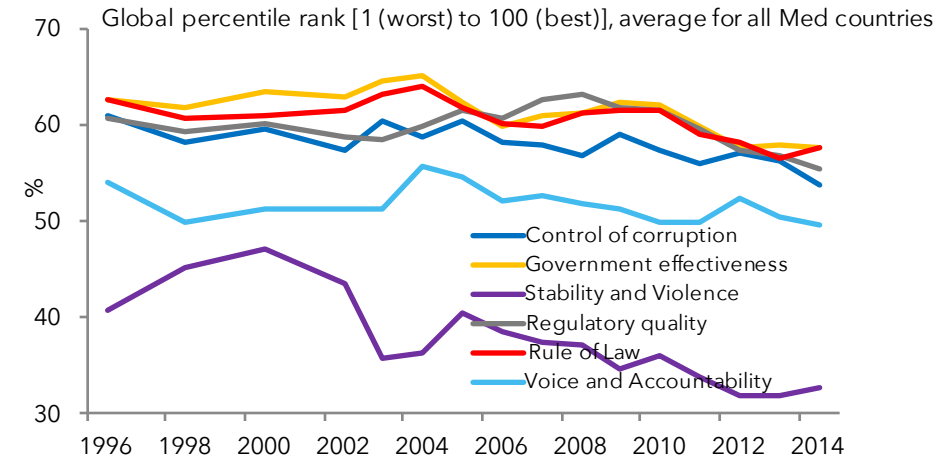
The Global Competitiveness Index ranking, produced by the World Economic Forum, 'assesses the competitiveness landscape of different economies, providing insight into the drivers of their productivity and prosperity'.

Most Med countries have experienced a drop in the ranking since 2006, with Egypt reporting the biggest fall - 64 places.

Only four Med countries have improved their ranking, with Turkey having made considerable advances over the past decade.



Latest available data: 2014 for all countries

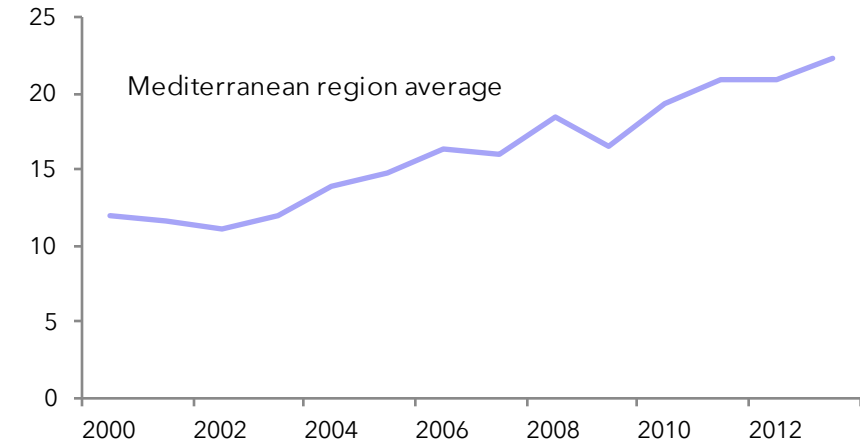
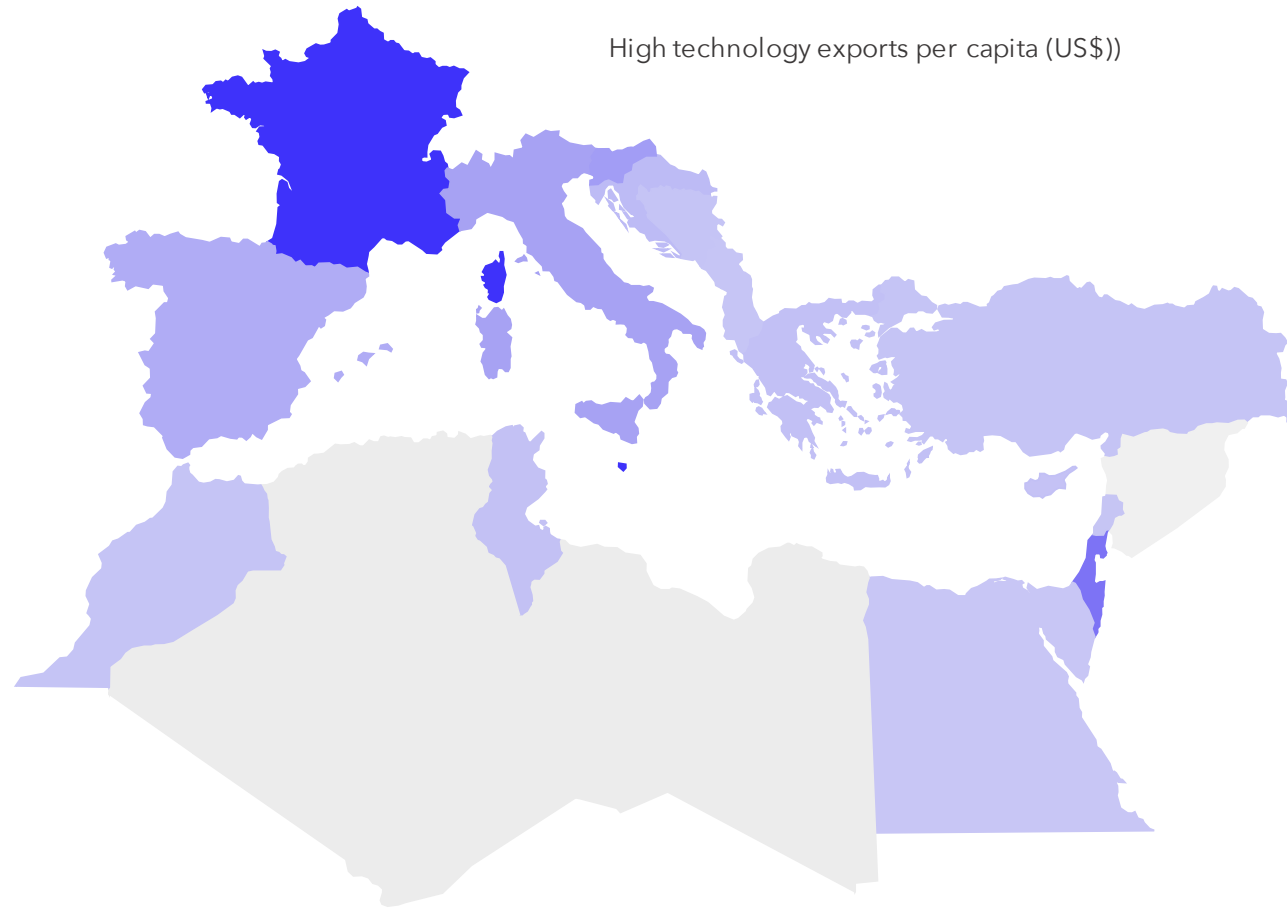


Most governance indicators have remained relatively stable since 1996, with a slight drop in recent years.

The majority of Mediterranean countries continue to face problems controlling corruption, with the region's overall position worsening since 2002. The level of political stability remains low and appears to have rapidly declined in recent years, reflecting the impact of the global recession and the Arab uprisings.

Malta, France, Spain and Italy rank highest compared to other Mediterranean countries, occupying positions in the top 20% globally, while Med countries in North Africa and Balkans tend to rank at the bottom 40%.

Libya and Syria are not shown on the heatmap, with both countries ranking in the bottom 10% worldwide.



Revenues from high technology exports in the Mediterranean has increased since 2002.

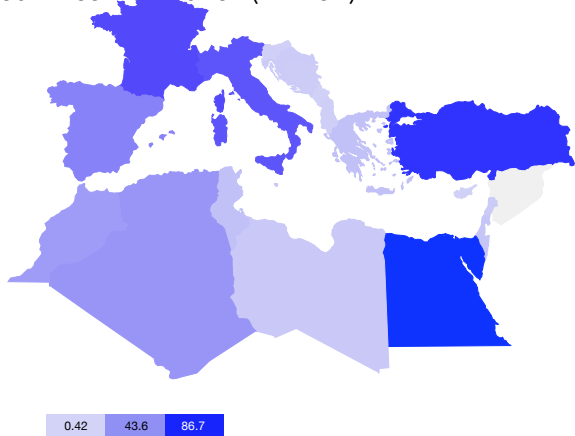
The heatmap shows high technology exports per capita, with Malta leading the region with \$2,353, while France and Israel are following with \$1,768 and \$1,175 respectively. Algeria and Egypt are at the bottom of the list with under \$0.10 of high tech exports per capita.

No data is available for Syria and Libya.



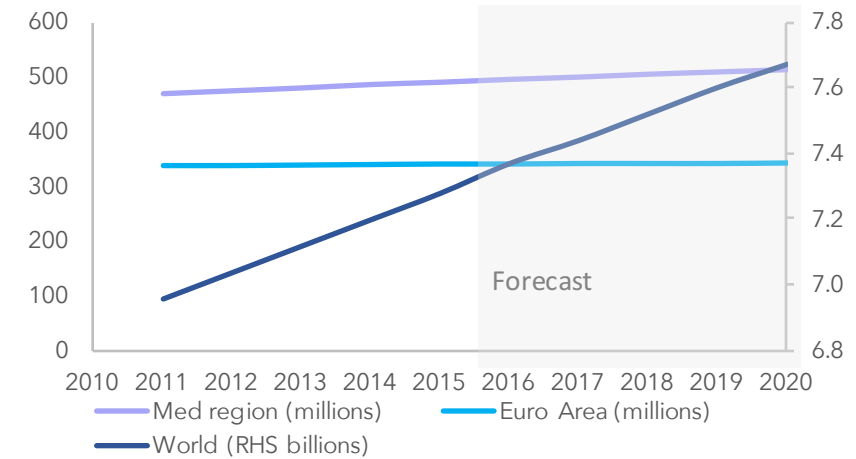
Latest available data: 2014 for all countries

Med countries- Population (million)

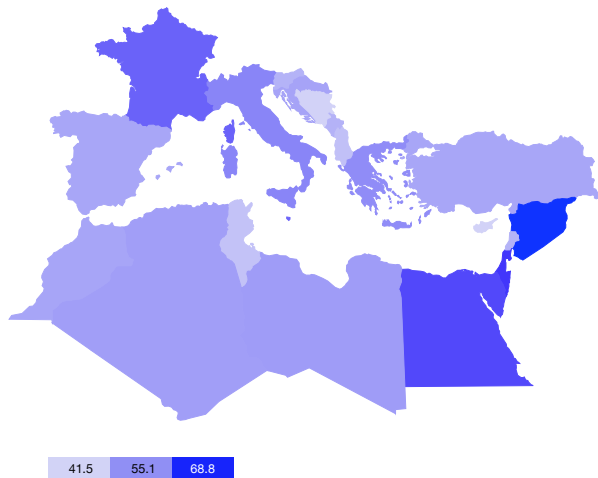


The total population of the region was around 490 million in 2014, or 6.8% of total world population. The population is forecast to grow by around 1% a year, reaching 512 million in 2020.

Population



Med countries- Age dependency ratio (% of working-age population)

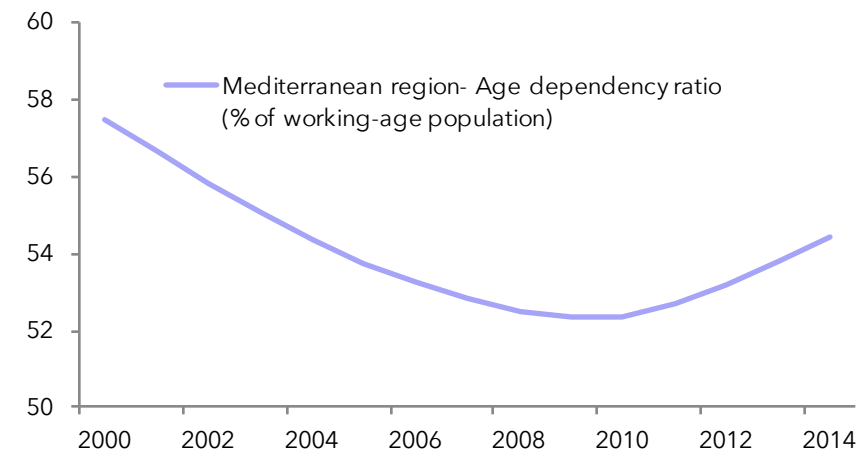


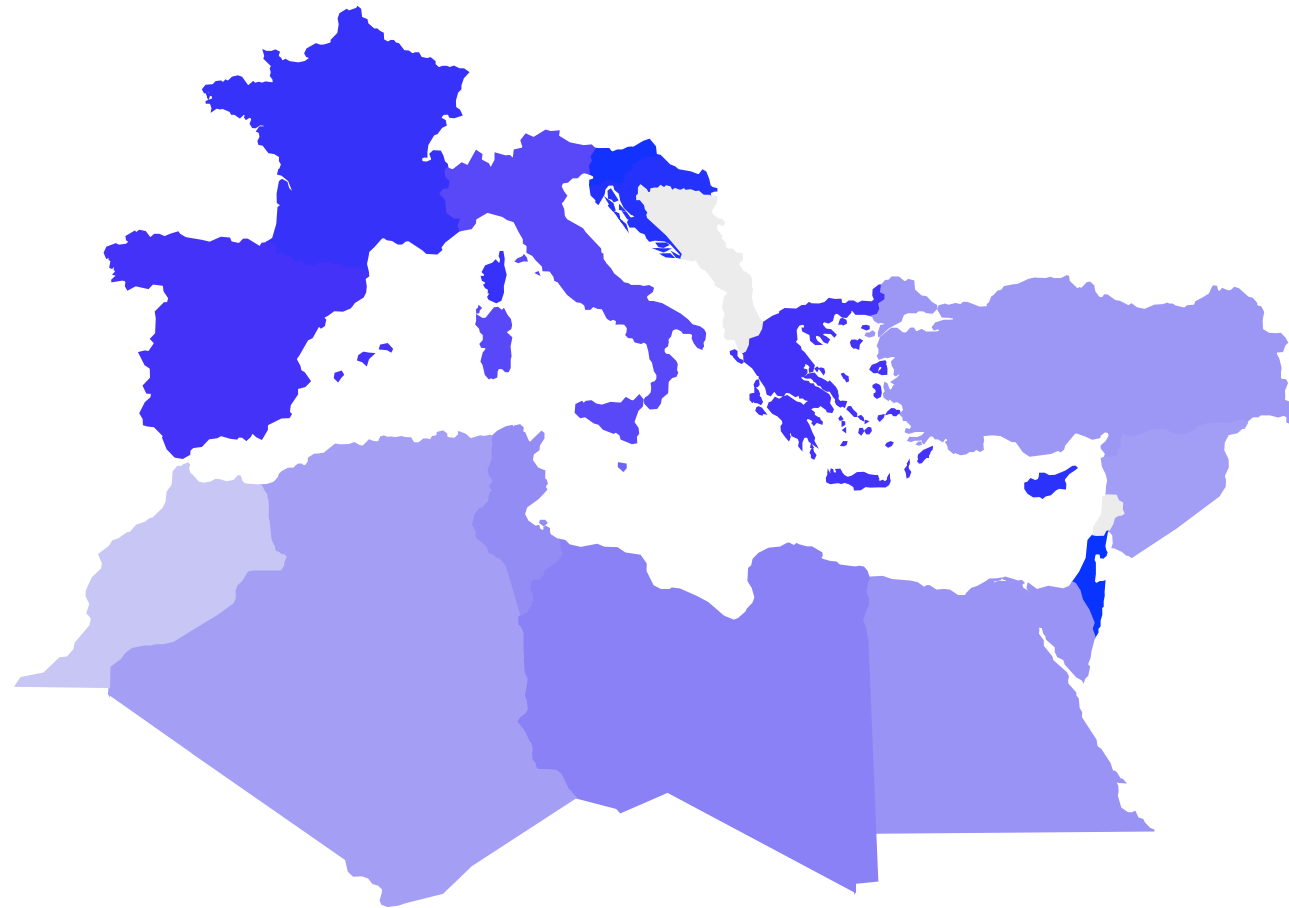
Age dependency fell between 2000 and 2010, but since then it appears to be on the rise again.

Syria and Israel have the highest age dependency ratio amongst Mediterranean countries at 69% and 63% respectively, while the age dependency ratio in Egypt also constitutes a challenge at 61%.

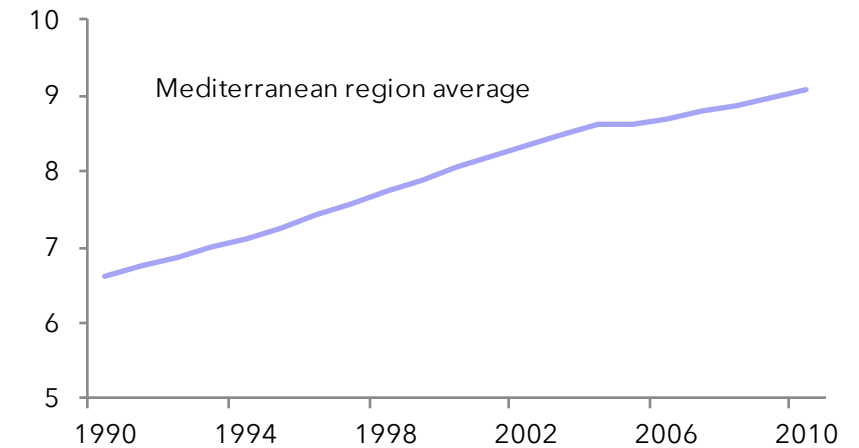
The highest age dependency ratios among EU Mediterranean countries are recorded in France and Italy, at 59% and 56% respectively.

It is important to note that the headline dependency ratio statistic conceals important differences between countries. The high dependency ratio in European countries such as France and Italy is mostly due to an increasing number of old age pensioners, while high dependency ratios in North Africa and the Levant are largely driven by a sizeable population of children. For example, in Italy only 14% of the population was under 15 years old in 2014, while in Syria the corresponding figure was 37%.



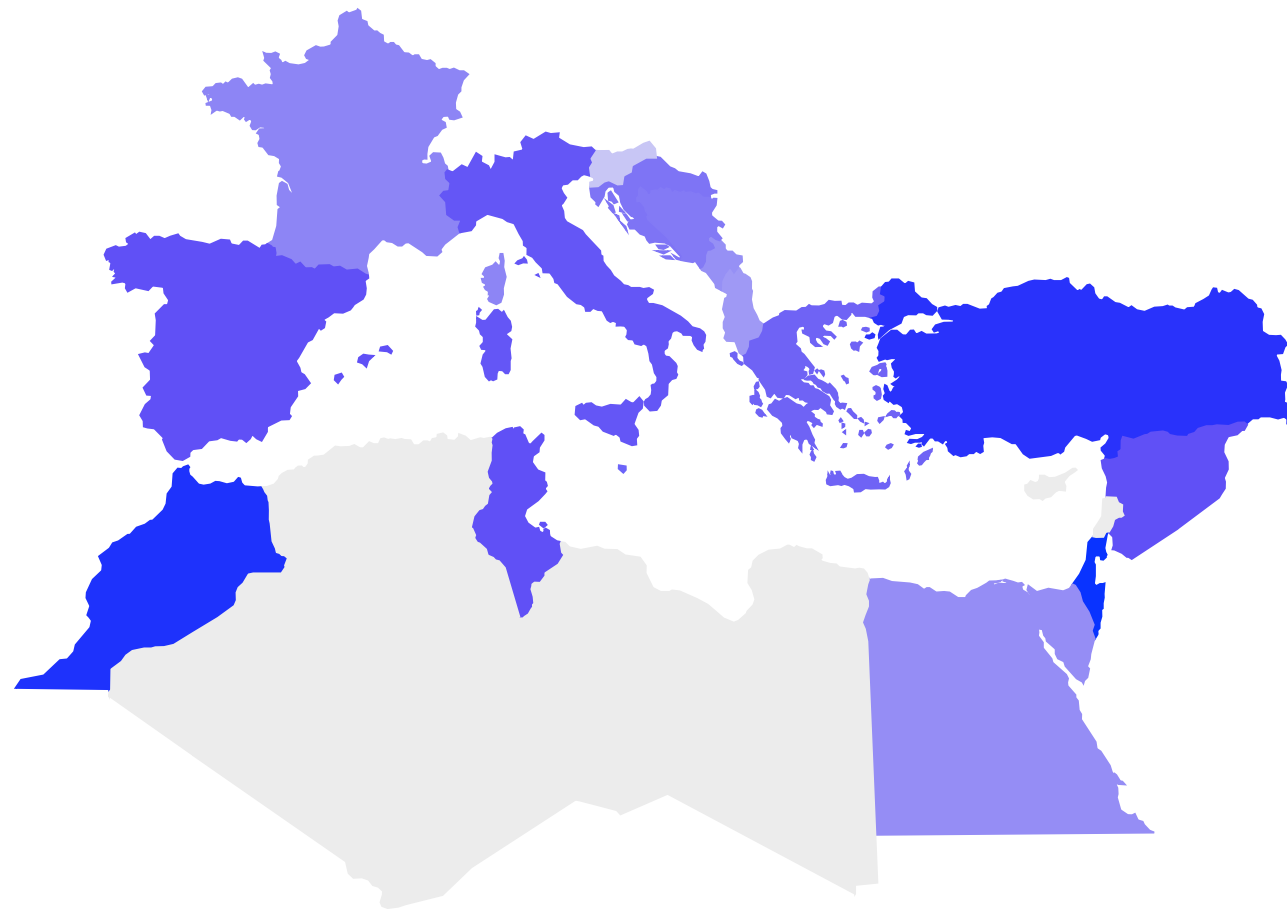


Latest available data: 2010 for all countries



Average years of schooling have risen sharply in the past two decades across the Med, highlighting an increasing focus on education.

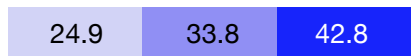
Med countries in North Africa and the Levant lag significantly in comparison to most European countries.



The Gini coefficient is a popular measure of inequality, and it is estimated based on the proportion of income enjoyed by each part of the income distribution in each country. A Gini coefficient of zero denotes perfect income equality - i.e. every single person in the economy earning exactly the same. The theoretical maximum value the coefficient can take is 1 (or 100%), which would denote that all income in the economy accrues to a single individual.

Israel exhibits the largest income inequality in the region with a Gini coefficient value of 42.8%. Morocco and Turkey follow with a value of around 40%. The country exhibiting the least income inequality is Slovenia with 25%, with Albania being next with 29.6%.

To put the numbers in context, the highest Gini coefficients tend to be recorded by African countries, with South Africa reaching 65% in 2012. The U.S.A. - a relatively unequal society - and Norway - one of the most equal societies in the world - recorded a Gini coefficient of 41.1% and 26.8% respectively in 2010.



Data for each country are the latest available.
 SYR: 2003. FRA: 2005. BIH, MAR: 2007. EGY, HRV: 2008
 GRC, ISR, ITA, ESP, TUN: 2010. MNE, SVN, TUR: 2011
 ALB: 2012 . No data is available for CYP, DZA, LEB, LBY
 and MLT covering any of the past 15 years.

Migration, trade flows and remittances

Migration (2013 data)

NB: 2013 is the latest year for which we have comprehensive official data. Some of the numbers below are likely to have changed significantly since 2013 due to the Syrian crisis and associated population movements.

- 30 million people living in the Med are classified as immigrants, while the global number of migrants whose parent country is in the Med is 25 million.
- Of the above, close to 9 million people are intra-Med migrants: citizens of one Med country who migrated to another.
- Most immigrants in the Med live in France (7.5m), Spain (6.5m), and Italy (5.7m). In terms of outward migration, Egyptians (3.5m) form the largest group, followed by Turks (3.1m), Italians (3m), and Moroccans (2.9m).
- Migrants from Albania, Bosnia-Herzegovina, and Montenegro amount to over 40% of the population of their respective parent countries, while more than 15% of the population of Croatia, Lebanon, Cyprus, and Israel are immigrants.

Migration: the current crisis

NB: Figures relating to recent migration, especially from Syria, are estimates and subject to revision.

- There has been a sharp increase in the number of migrants attempting to cross the Mediterranean to reach Europe.
- In 2015, the amount of sea arrivals reached 990,000, almost five times the number of crossings during the whole of 2014. Almost 3,700 people are estimated to have lost their lives attempting the crossing in 2015, with 3,500 deaths in 2014.
- More than 860,000 migrants have claimed asylum in the EU in 2015 (up to September). Germany has received the highest number of new asylum applications, with more than 260,000 by the end of September 2015.

International trade

- In 2013, total trade between Med countries amounted to around half a

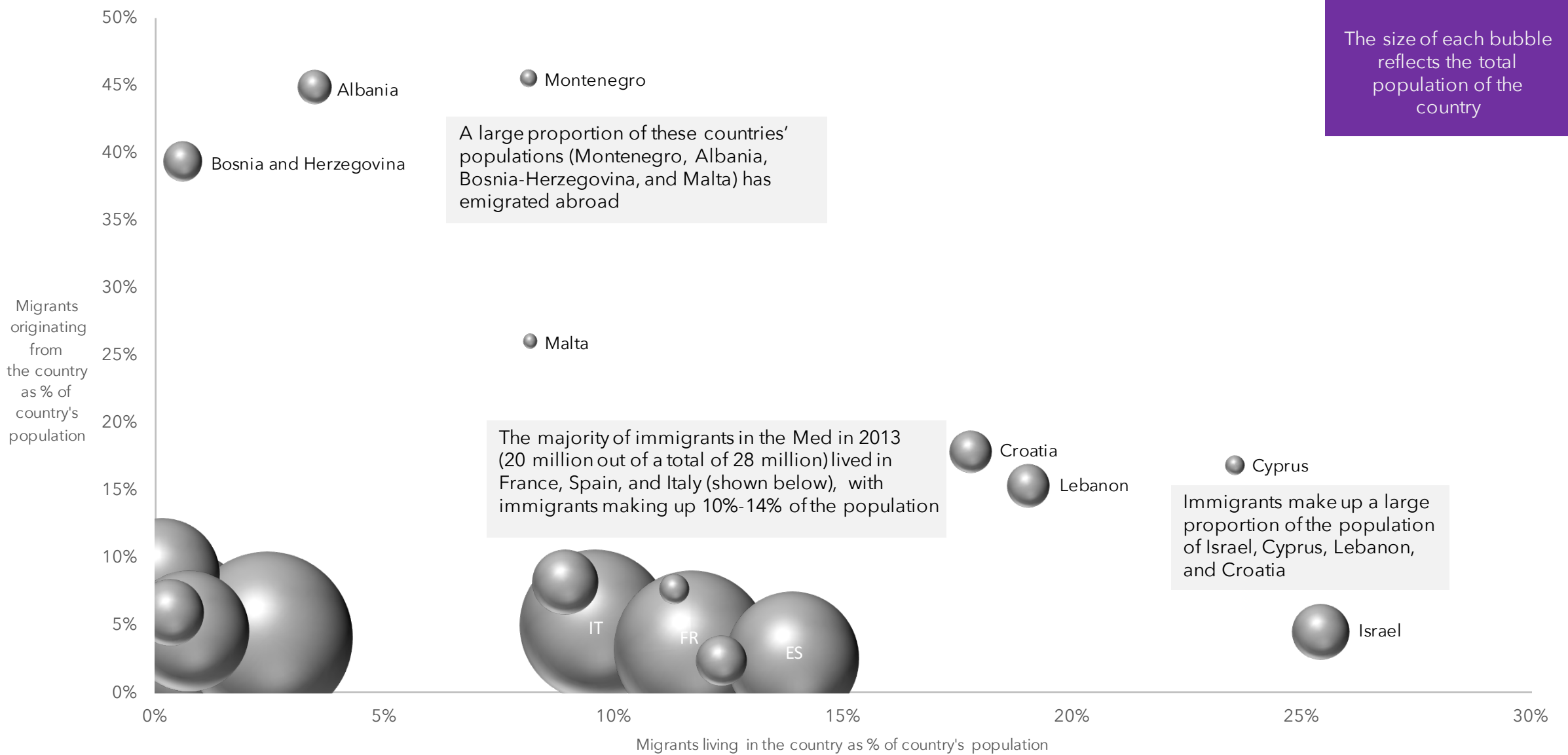
trillion US\$. Imports by Med countries from the rest of the world in 2013 were \$1.7 trillion.

- For most Med countries, imports and exports equal 20%-40% of their GDP. Malta, Slovenia and Lebanon are the most open economies in the Med, with imports and exports accounting for a relatively larger share of their respective economies.

Remittances

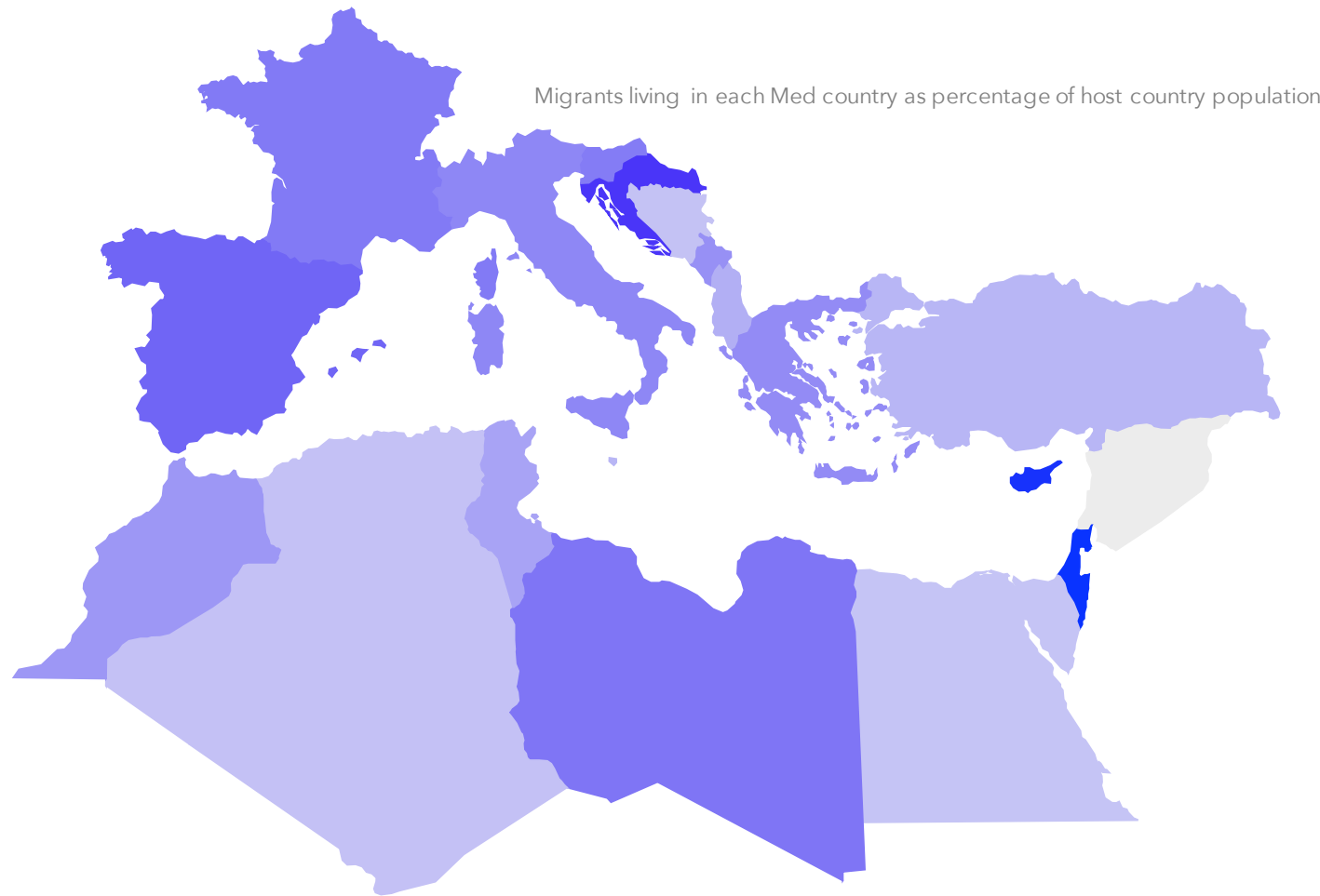
- The Mediterranean as a whole received a net inflow of remittances amounting to US\$40 billion in 2013.
- Egypt (\$17.5bn), France (\$9.9bn) and Morocco (\$6.8bn) led the way in terms of net inflows. At the other end of the spectrum, Israel (\$4.2bn) and Italy (\$2.6bn) had the largest outflows.
- Montenegro had the highest net inflow of international remittances per capita and Malta the largest net outflow per capita.

Migrants living in/ originating from Med countries (2013)



Host country	Country of origin																				Total Med	EU Med	World
	ALB	BIH	CYP	DZA	EGY	ESP	FRA	GRC	HRV	ISR	ITA	LBN	LBY	MAR	MLT	MNE	SVN	SYR	TUN	TUR			
ALB	0	29	0	0	0	0	0	0	13	0	0	0	0	0	0	6	1	0	0	0	50	15	97
BIH	0	0	0	0	0	0	0	0	8	0	0	0	0	0	0	3	1	0	0	0	11	9	23
CYP	0	0	0	0	6	0	1	28	0	0	1	3	0	0	0	0	0	4	0	1	45	30	207
DZA	0	0	0	0	0	0	1	1	0	0	1	2	5	1	0	0	0	6	1	1	19	3	270
EGY	0	0	0	1	0	0	2	1	0	0	3	5	9	2	0	0	0	11	1	1	37	6	297
ESP	2	2	0	60	4	0	216	4	2	3	98	3	0	746	0	0	1	5	3	4	1,153	322	6,467
FRA	7	14	1	1,407	30	299	0	13	10	9	361	46	2	911	0	1	3	16	382	260	3,773	687	7,439
GRC	575	1	11	0	11	0	1	0	0	0	3	3	0	1	0	1	0	8	1	6	625	17	988
HRV	0	499	0	0	0	0	1	0	0	0	3	0	0	0	0	39	48	0	0	0	591	52	757
ISR	0	0	0	46	21	2	43	3	0	0	5	6	18	166	0	0	0	10	24	28	373	53	2,047
ITA	450	10	1	25	103	31	147	21	22	5	0	7	39	425	2	4	4	6	116	21	1,435	226	5,721
LBN	0	0	0	0	103	0	0	0	0	1	0	0	0	0	0	0	0	21	0	0	125	0	850
LBY	0	0	0	4	21	1	5	3	0	0	7	11	0	5	0	0	0	27	3	2	88	15	756
MAR	0	0	0	18	0	0	5	0	0	0	2	1	2	0	0	0	0	2	0	0	28	7	51
MLT	0	0	0	0	1	0	0	0	0	0	2	0	1	0	0	0	0	0	0	0	5	2	34
MNE	20	10	0	0	0	0	0	0	4	0	0	0	0	0	0	0	0	0	0	0	35	5	51
SVN	0	99	0	0	0	0	1	0	49	0	3	0	0	0	0	3	0	0	0	0	156	55	233
SYR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,394
TUN	0	0	0	12	0	0	3	0	0	0	1	0	2	6	0	0	0	0	0	0	25	5	37
TUR	5	4	15	1	1	2	24	88	0	4	4	2	5	1	0	55	0	8	1	0	218	133	1,865
Total Med	1,059	667	29	1,574	302	336	451	161	109	22	495	89	82	2,264	3	111	58	124	532	324			
EU Med	1,034	624	14	1,492	156	331	368	66	83	17	471	63	42	2,083	3	48	56	39	502	292			
World	1,250	1,525	148	1,716	3,469	1,171	2,062	904	758	356	2,964	683	142	2,855	110	283	158	681	644	3,109			

Number of intra-Med migrants: 8.7 million - Number of migrants in Med countries: 29.5 million - Number of migrants from Med countries: 24.9 million



Number of migrants living in each Med country (2013)

Country	World	EU-Med	Non EU-Med
France	7,439,086	687,480	3,085,835
Spain	6,466,605	321,741	831,121
Italy	5,721,457	226,173	1,208,523
Israel	2,046,873	52,957	319,876
Turkey	1,864,889	133,347	85,024
Greece	988,245	17,320	607,567
Lebanon	849,721	127	125,261
Croatia	756,980	52,388	538,416
Libya	755,974	14,767	73,104
Egypt	297,448	6,312	30,755
Algeria	270,407	3,345	15,623
Slovenia	233,293	54,538	101,927
Cyprus	207,313	29,896	15,188
Albania	96,798	14,598	35,328
Morocco	50,771	7,041	21,444
Montenegro	50,708	4,964	29,809
Tunisia	36,526	4,689	20,086
Malta	34,455	2,228	3,161
Bosnia and Herzegovina	23,197	8,870	2,620

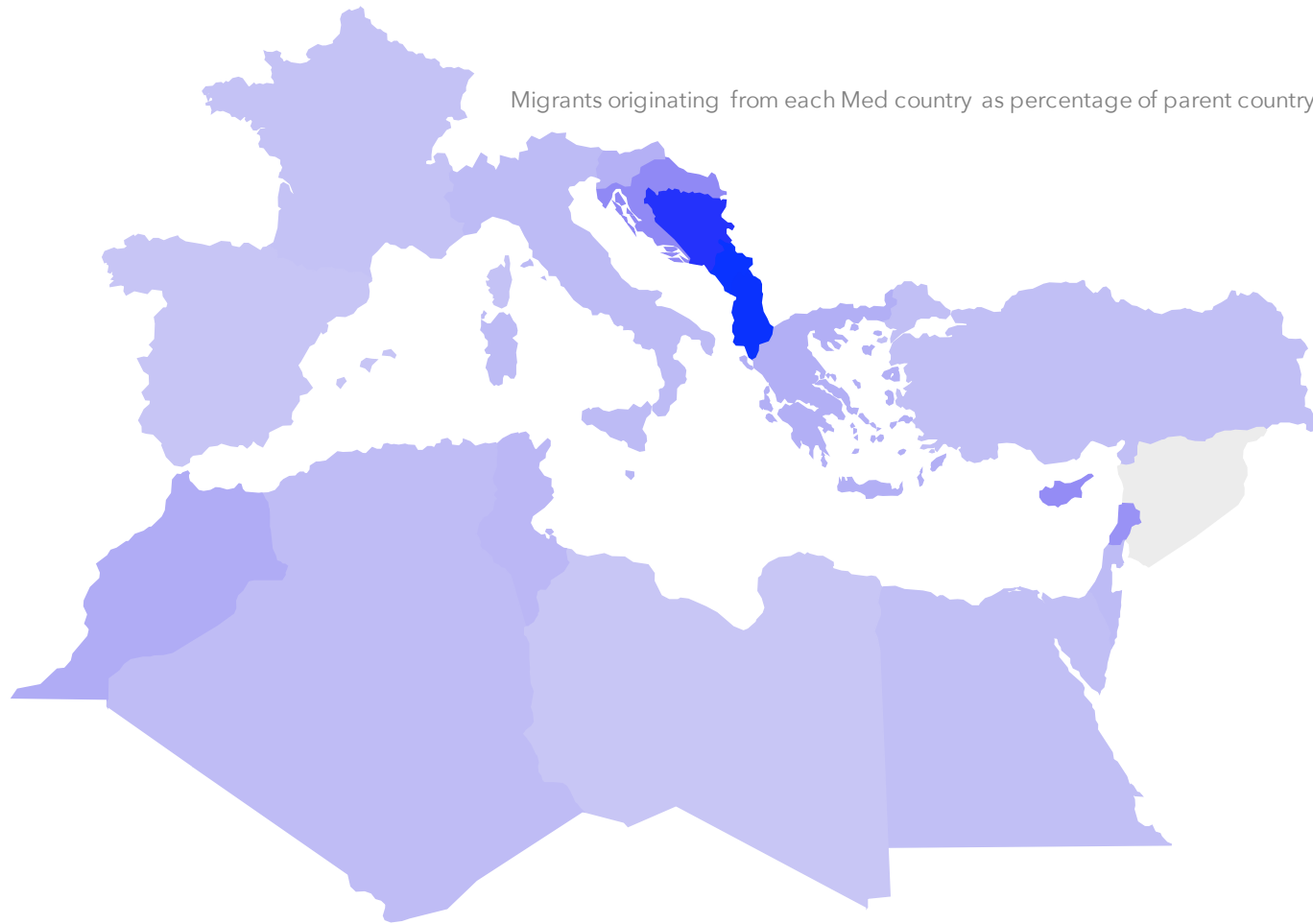
0.2

12.8

25.4

Latest available data: 2013 for all countries

Migrants originating from each Med country as percentage of parent country population



2.3

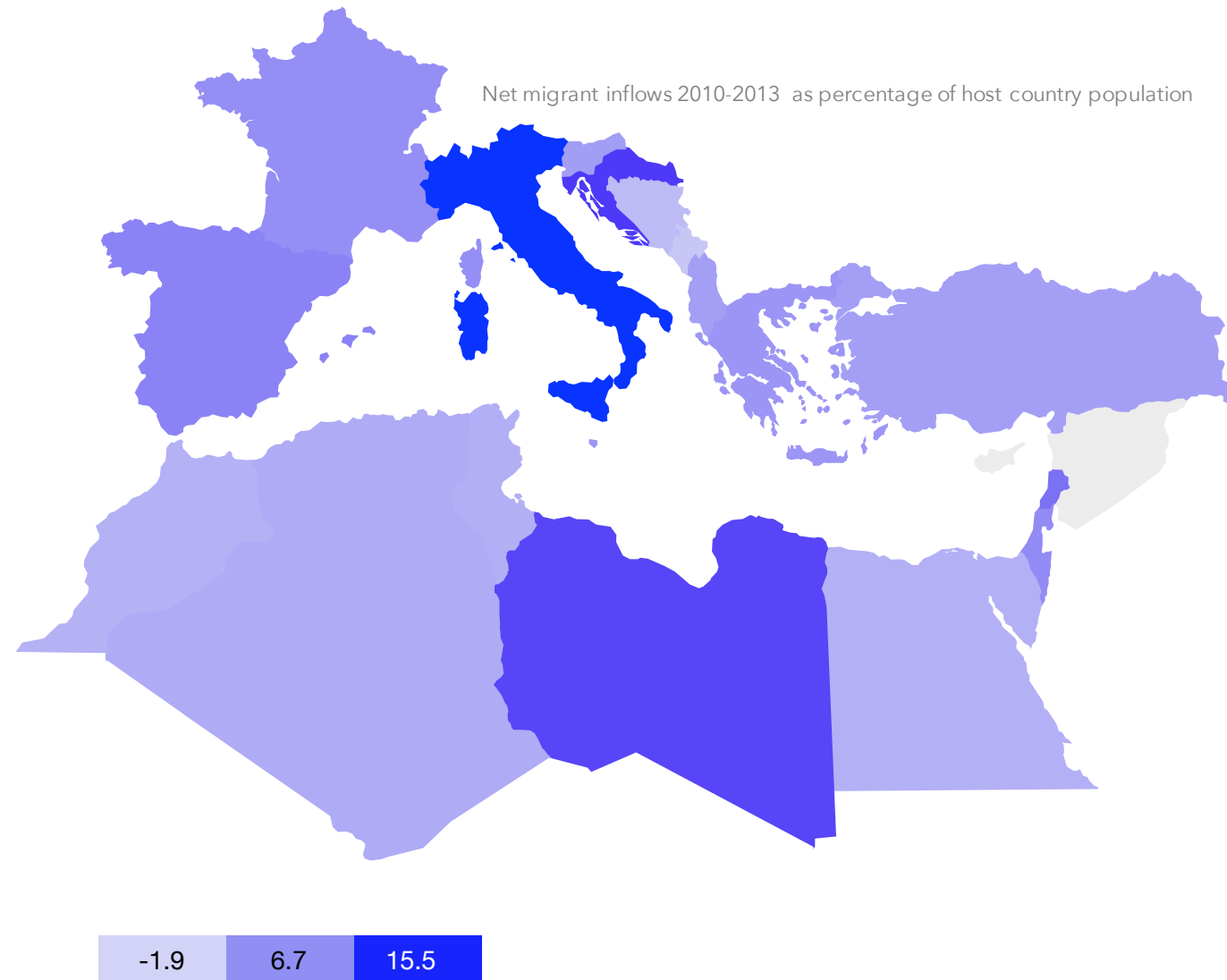
23.9

45.5

Latest available data: 2013 for all countries

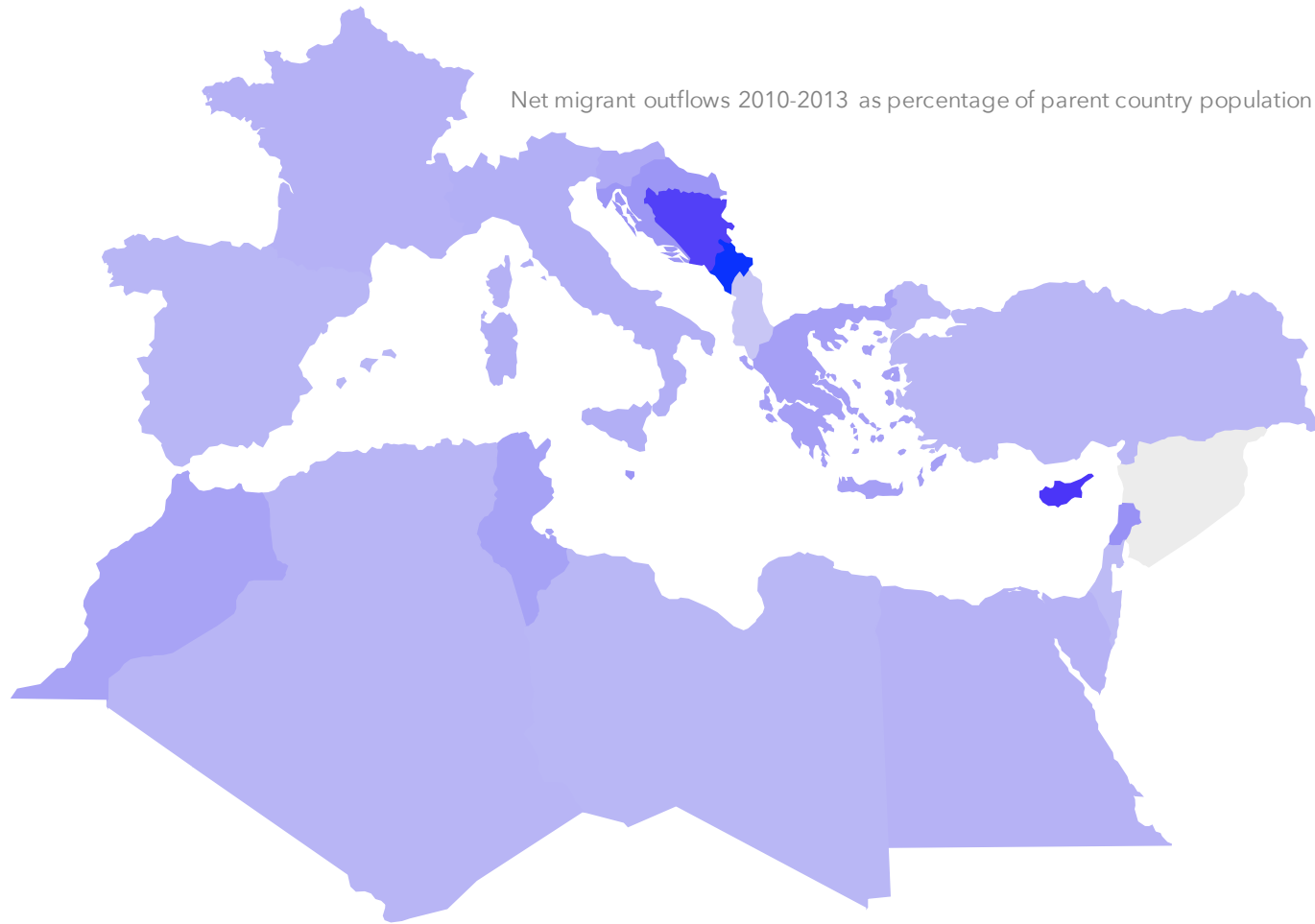
Number of migrants originating from each Med country (2013)

Country	World	EU-Med	Non EU-Med
Egypt	3,469,449	155,571	146,290
Turkey	3,108,971	291,575	32,881
Italy	2,963,875	471,230	24,186
Morocco	2,854,502	2,083,291	180,998
France	2,061,829	368,206	82,844
Algeria	1,716,202	1,492,134	81,847
Bosnia and Herzegovina	1,524,583	624,388	42,929
Albania	1,250,192	1,033,638	25,112
Spain	1,170,717	330,902	4,885
Greece	903,714	65,930	95,561
Croatia	757,903	83,228	25,580
Lebanon	683,061	62,595	26,565
Syrian Arab Republic	680,959	38,555	85,365
Tunisia	643,612	502,241	29,685
Israel	356,445	17,224	4,584
Montenegro	283,180	48,056	63,250
Slovenia	158,076	55,907	2,452
Cyprus	148,102	13,620	15,443
Libya	142,192	42,470	39,424
Malta	109,541	2,741	66



Country	World	EU-Med	Non EU-Med
Italy	922,756	38,175	110,754
France	242,605	22,421	100,638
Spain	232,322	6,859	32,504
Turkey	151,435	10,829	6,904
Libya	56,830	1,110	5,496
Cyprus	53,060	7,652	3,889
Croatia	42,263	2,925	30,060
Greece	33,461	587	20,573
Israel	32,594	844	5,094
Lebanon	29,066	4	4,284
Algeria	25,443	315	1,469
Egypt	16,734	355	1,731
Albania	5,658	853	2,065
Malta	5,084	329	466
Slovenia	4,391	368	1,530
Tunisia	2,943	-155	428
Morocco	658	91	278
Montenegro	-1,229	-121	-723
Bosnia and Herzegovina	-3,186	-1,218	-361

Net migrant outflows 2010-2013 as percentage of parent country population



Country	World	EU-Med	Non EU-Med
Egypt	173,217	25,001	5,603
Italy	152,671	19,694	1,541
Morocco	151,780	127,360	3,142
France	133,131	24,617	5,056
Turkey	99,062	12,894	762
Bosnia and Herzegovina	70,225	31,532	2,062
Spain	66,576	15,054	407
Greece	59,473	11,201	14,612
Algeria	58,896	53,029	1,088
Tunisia	54,202	45,234	865
Lebanon	34,544	3,751	1,685
Syrian Arab Republic	29,947	3,031	5,464
Croatia	29,898	4,224	-311
Montenegro	17,029	2,975	8,893
Cyprus	16,911	574	2,503
Israel	16,045	1,211	674
Malta	11,758	388	10
Libya	7,488	6,814	2,987
Slovenia	7,384	3,564	-82
Albania	-3,489	-12,418	344

There has been a sharp increase in migrants attempting to cross the Mediterranean, in boats and vessels of varying quality, in desperation to reach Europe. These are mostly Syrians fleeing war (49%), while almost 21% are Afghans, 8% are from Iraq and 4% are Eritreans.

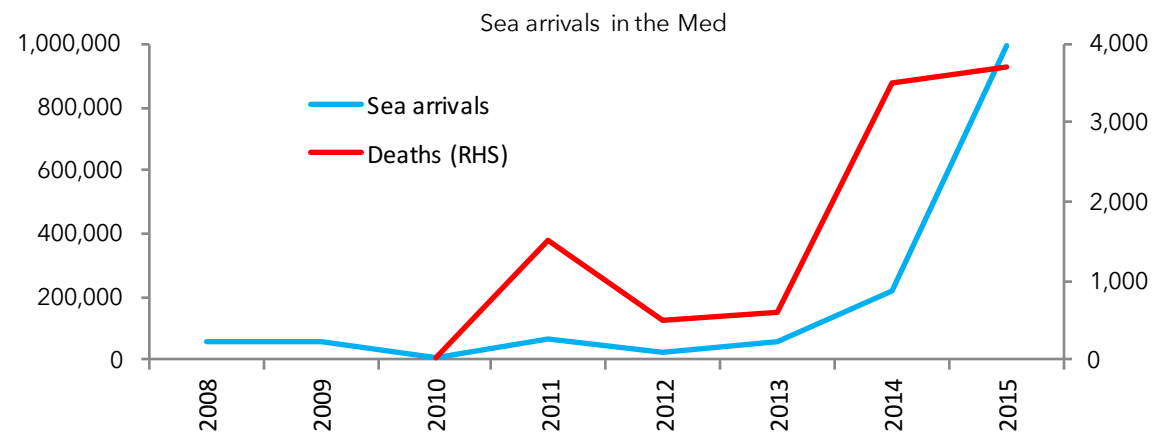
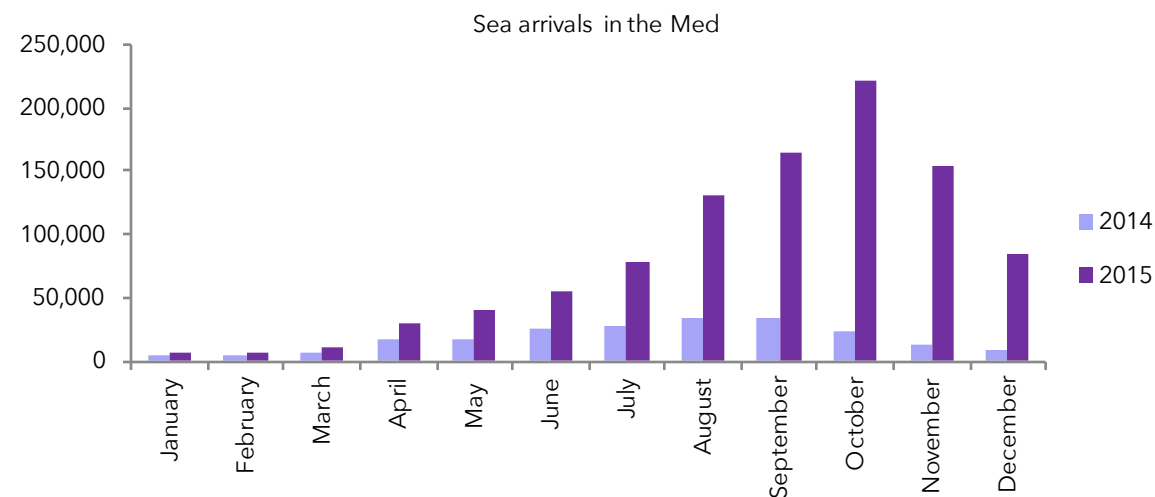
In 2015, the number of sea arrivals was almost five times the number of 2014, increasing from 215,000 to around 990,000. Arrivals in 2014 were more than triple 2013 levels.

It is estimated that around 3,700 people died in 2015 attempting the crossing, with the loss of life in 2014 estimated at 3,500 people.

Most of the migrants arrive in Greece (circa 70%), or Italy (circa 30%) with most moving on to other countries - Germany being the most popular destination in Europe.

Around 58% of those attempting to cross the Mediterranean to Europe are male and 25% are children.

Despite the very large number of Syrians attempting to cross the Mediterranean to reach Europe, the largest share of Syrian refugees are currently hosted in Turkey (2m; 2.5% of its population), Jordan (1.4m; just under 20% of its population), and Lebanon (1.2m; over 20% of its population).



Many EU countries that are part of the Schengen free movement area have re-established border controls to be able to process the flow of migrants. Hungary has resorted to building a fence along its border and is threatening to arrest any illegal migrants.

The EU agreed a resettlement plan on 24th September 2015 with mandatory quotas for 25 Member States*. The plan provides for the relocation of 120,000 migrants currently in Greece, Italy and other affected EU Member States** to other EU countries - mainly Germany, France and Spain. This is in addition to a previously agreed plan for around 40,000 migrants to be resettled by quota, bringing the total to 160,000.

The first relocation transfers have taken place since October, with the bulk of all relocations to be completed over the next two years.

In addition, given the huge strain on host countries outside Europe, the European Council decided to inject €1 billion into the UN humanitarian response in countries dealing with the Syrian refugee crisis, including Lebanon, Jordan and Turkey.

* Ireland announced they will be participating in relocation efforts by taking 4,000 refugees, while Denmark is also ready to take 1,000 in the context of the agreement on the relocation of the 120,000 refugees. The United Kingdom has opted out of any plans for a quota system but, according to Home Office figures, 1,000 Syrian refugees have been resettled under the Vulnerable Persons Relocation scheme. Switzerland and Norway - both Schengen associated countries - have declared their readiness to participate but numbers yet to be agreed.

** The initial plan specified that 66,000 migrants would be relocated from Greece and Italy and 54,000 from Hungary, but following Hungary's wish not to be included in the emergency relocation scheme the Council agreed that the 54,000 who would have been relocated from Hungary will be proportionately relocated after one year from Greece, Italy, and other Member States.

EU -Schengen resettlement plan

Country of destination	Country of current origin		Total	Share
	Italy	Greece		
Austria	462	1,491	1,953	2.96%
Belgium	579	1,869	2,448	3.70%
Bulgaria	201	651	852	1.29%
Croatia	134	434	568	0.86%
Cyprus	35	112	147	0.22%
Czech Republic	376	1,215	1,591	2.41%
Estonia	47	152	199	0.30%
Finland	304	982	1,286	1.95%
France	3,064	9,898	12,962	19.61%
Germany	4,027	13,009	17,036	25.78%
Hungary	306	988	1,294	1.96%
Latvia	66	215	281	0.43%
Lithuania	98	318	416	0.63%
Luxembourg	56	181	237	0.36%
Malta	17	54	71	0.11%
Netherlands	922	2,978	3,900	5.90%
Poland	1,201	3,881	5,082	7.69%
Portugal	388	1,254	1,642	2.48%
Romania	585	1,890	2,475	3.74%
Slovakia	190	612	802	1.21%
Slovenia	80	257	337	0.51%
Spain	1,896	6,127	8,113	12.28%
Sweden	567	1,830	2,397	3.63%
Total	15,601	50,398	66,089	

EC expects this table to be amended to take into account the participation of Norway and Switzerland

There was a remarkable increase in the number of people claiming asylum in the EU up to September 2015 compared to the whole of 2014, from 623,000 to more than 860,000.

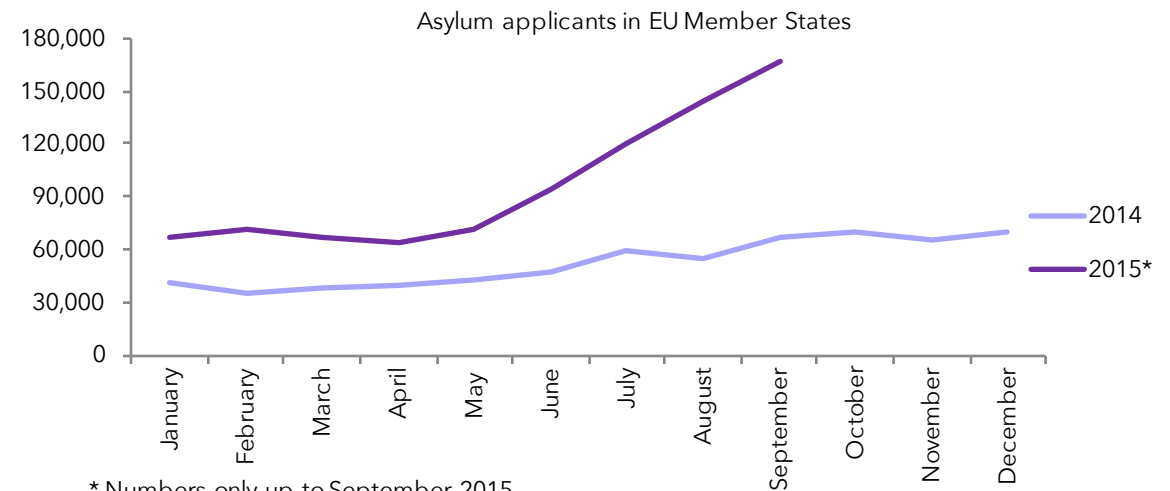
Germany has received the highest number of new asylum applications*, receiving more than 260,000** by the end of September 2015. Hungary ranks second with almost 173,000 applications, as more migrants have tried to make the journey overland through Greece and the Western Balkans.

At the end of September 2015, more than 800,000 applications for asylum protection in the EU Member States were still under consideration by the responsible national authorities. Last year, at the end of September 2014, there were fewer than 435,000.

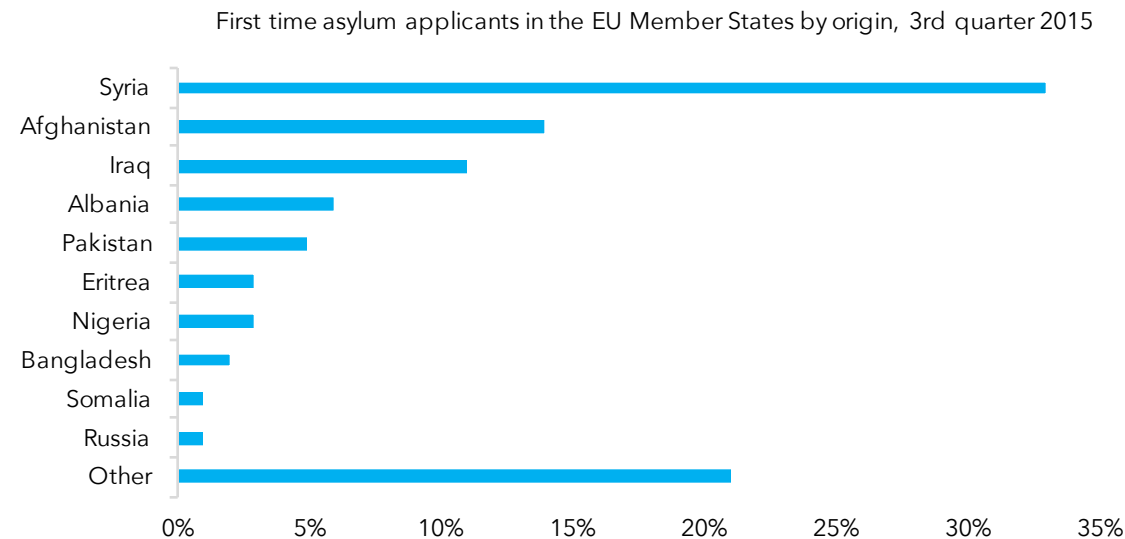
During the third quarter of 2015, Syria was the most prevalent country of citizenship for first time asylum applicants in EU Member States, accounting for 33% of the total number of first time applicants. Of the 137,900 Syrians who applied for the first time for asylum in the EU in the third quarter 2015, almost two-thirds were registered in two Member States: Hungary (53,100) and Germany (35,800). In total, Syrians represented the main origin of asylum seekers in eleven EU Member States.

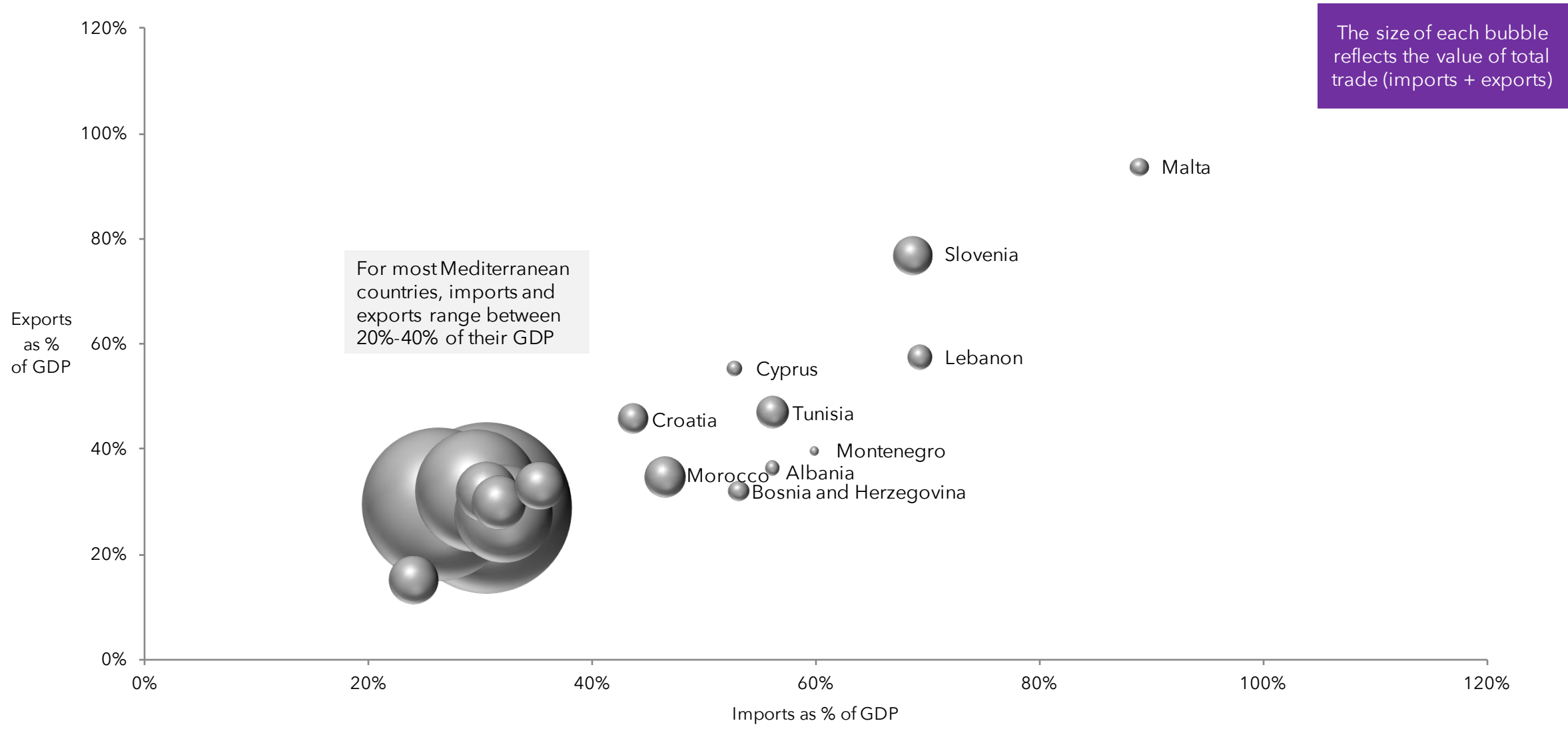
* First time asylum applicant means a person having submitted an application for international protection or having been included in such application as a family member, for the first time. A person can be recorded as first time applicant only if he or she had never applied for international protection in the reporting country in the past, irrespective of the fact that he or she is found to have applied in another Member State of the European Union.

** Applications include a large number from the Balkan states who are not counted in the sea arrivals.



* Numbers only up to September 2015



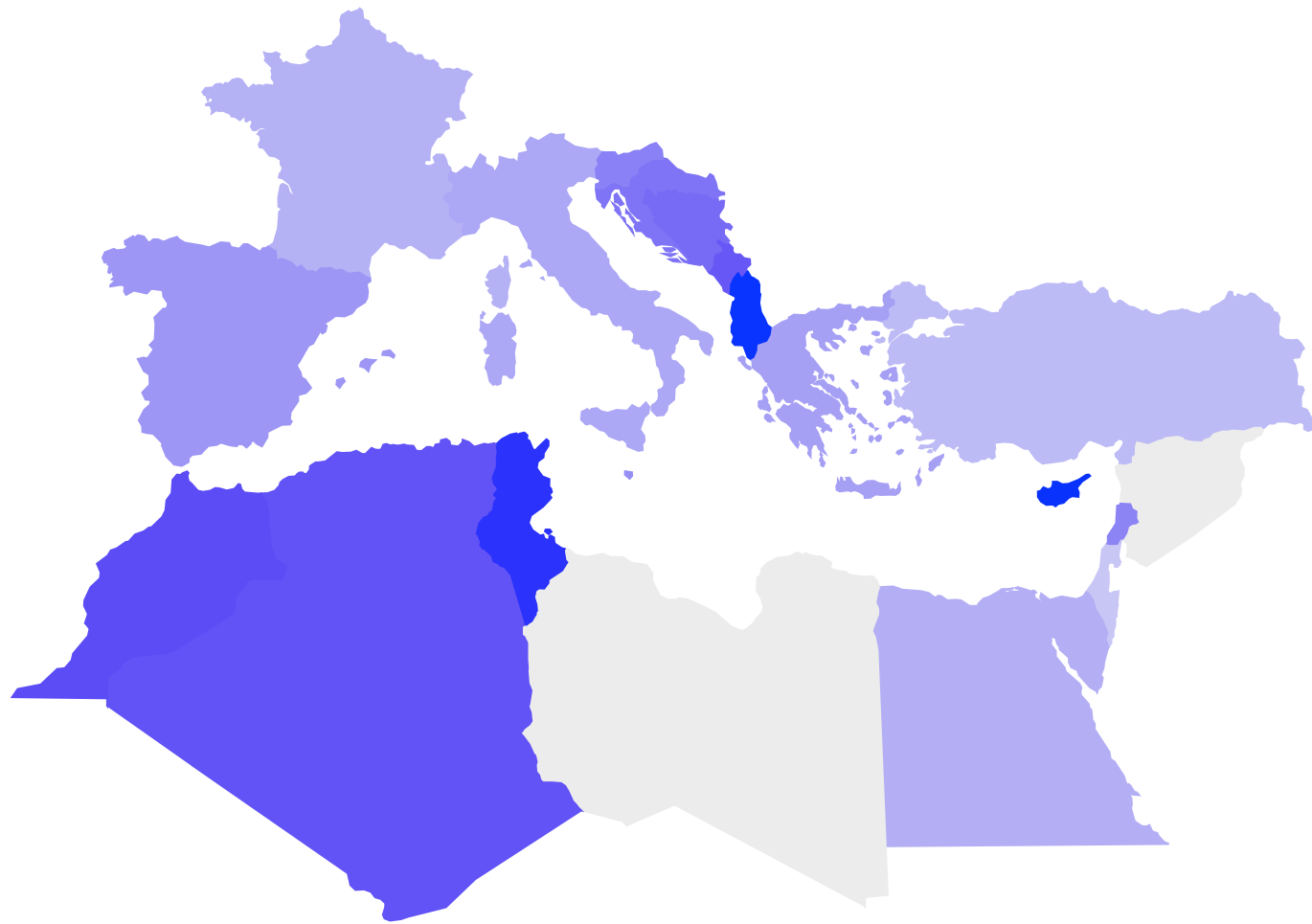


Importer (↓)	Exporter (→)																		Med	EU-Med	WLD
	ALB	BIH	CYP	DZA	EGY	ESP	FRA	GRC	HRV	ISR	ITA	LBN	MAR	MLT	MNE	SVN	TUN	TUR			
ALB		31	2	8	25	76	127	433	55	9	1.615	0	4	3	17	35	5	311	2.757	2.346	4.881
BIH	3		2	10	11	97	199	111	1.328	6	1.006	0	3	1	25	512	3	334	3.651	3.256	10.295
CYP	0	5		0	41	276	401	1.489	11	865	448	16	1	7	0	6	1	6	3.574	2.638	6.418
DZA	1	4	33		487	5.084	6.258	529	24		5.653	108	218	69		315	489	2.077	21.350	17.965	54.910
EGY	1	16	306	411		1.509	2.129	706	79	93	3.549	114	70	312	0	42	66	2.626	12.030	8.631	66.666
ESP	227	44	22	12.185	1.179		36.209	1.129	58	1.015	19.389	37	4.631	88	1	327	743	4.884	82.167	57.222	332.267
FRA	115	100	43	5.633	1.589	40.939		822	161	1.508	48.155	50	4.416	212	4	1.616	4.967	7.977	118.307	91.948	671.254
GRC	86	20	504	462	767	1.784	2.853		114	255	4.670	33	24	152	75	179	15	1.472	13.464	10.256	61.148
HRV	4	773	10	4	7	305	468	88		21	2.878	0	18	23	6	2.513	9	305	7.433	6.285	21.932
ISR	0	2	463		50	1.381	1.548	201	22		2.693		6	17	0	167	0	2.354	8.907	6.494	71.995
ITA	1.087	737	75	8.328	2.486	21.717	40.513	3.025	1.711	1.255		56	871	291	37	3.354	3.051	7.311	95.907	70.686	479.336
LBN	1	3	55	25	645	376	1.535	608	32		1.790		72	2	0	12	25	1.134	6.316	4.410	21.234
MAR	1	8	0	1.284	493	6.120	5.849	116	65		2.413	27		2	0	31	222	1.387	18.019	14.596	45.186
MLT	0	1	9	61	17	223	375	179	100	291	1.861	2	7		1	6	9	349	3.492	2.753	7.525
MNE	34	168	1	1	1	48	23	199	129	1	156	0	2	0		85	1	44	894	643	2.349
SVN	2	474	6	30	53	579	1.252	193	1.356	36	4.488	3	19	17	29		41	421	8.997	7.890	29.375
TUN	2	26	2	1.185	236	1.118	4.437	119	64	0	3.522	11	96	201		16		821	11.856	9.478	24.266
TUR	82	124	1	714	1.629	6.418	8.080	4.207	193	2.418	12.885	188	572	75	12	304	289		38.256	32.228	251.661
Med	1.647	2.505	1.531	30.334	9.691	87.974	112.130	13.721	5.447	7.765	115.555	646	11.027	1.466	189	9.487	9.933	33.504			
EU-Med	1.521	2.154	669	26.702	6.139	65.823	82.072	6.924	3.510	5.247	81.890	198	9.987	789	152	8.002	8.836	22.726			
WLD	2.332	5.687	2.134	65.998	28.779	310.964	567.988	36.262	12.742	66.781	518.095	3.937	21.965	5.206	494	28.629	17.060	151.803			

Total intra-Med Trade US\$ 457.4 million – Imports by Med countries from the rest of the world: US\$ 1.7 trillion - Exports by Med countries to the rest of the world: US\$1.4 trillion

Importer (↓)	Exporter (→)																		Med	EU-Med	WLD
	ALB	BIH	CYP	DZA	EGY	ESP	FRA	GRC	HRV	ISR	ITA	LBN	MAR	MLT	MNE	SVN	TUN	TUR			
ALB		11	1	3	9	27	46	155	20	3	579	0	2	1	6	13	2	112	989	842	1,751
BIH	1		1	3	3	25	51	29	342	2	259	0	1	0	6	132	1	86	941	840	2,655
CYP	0	6		0	47	313	455	1,690	12	982	509	18	1	8	0	7	1	7	4,057	2,994	7,285
DZA	0	0	1		13	134	165	14	1	0	149	3	6	2	0	8	13	55	563	474	1,449
EGY	0	0	4	5		18	25	8	1	1	42	1	1	4	0	0	1	31	142	102	787
ESP	5	1	0	262	25		777	24	1	22	416	1	99	2	0	7	16	105	1,764	1,228	7,131
FRA	2	2	1	88	25	643		13	3	24	757	1	69	3	0	25	78	125	1,859	1,445	10,546
GRC	8	2	46	42	69	161	258		10	23	422	3	2	14	7	16	1	133	1,217	927	5,527
HRV	1	182	2	1	2	72	110	21		5	676	0	4	5	1	591	2	72	1,746	1,477	5,153
ISR	0	0	58	0	6	171	192	25	3		334	0	1	2	0	21	0	292	1,106	806	8,937
ITA	18	12	1	140	42	364	679	51	29	21		1	15	5	1	56	51	122	1,607	1,184	8,031
LBN	0	1	12	6	144	84	344	136	7	0	401		16	0	0	3	6	254	1,414	987	4,754
MAR	0	0	0	39	15	186	178	4	2	0	73	1		0	0	1	7	42	548	444	1,375
MLT	1	2	21	146	41	529	891	425	237	690	4,421	6	17		2	14	23	828	8,295	6,538	17,875
MNE	55	269	2	2	1	78	37	319	208	1	251	0	2	0		137	2	71	1,435	1,031	3,770
SVN	1	230	3	15	26	281	608	94	658	17	2,180	1	9	8	14		20	205	4,370	3,832	14,267
TUN	0	2	0	109	22	103	408	11	6	0	323	1	9	18	0	2		75	1,089	871	2,229
TUR	1	2	1	9	21	84	106	55	3	32	169	2	8	1	0	4	4		503	424	3,309

Importer (↓)	Exporter (→)																	
	ALB	BIH	CYP	DZA	EGY	ESP	FRA	GRC	HRV	ISR	ITA	LBN	MAR	MLT	MNE	SVN	TUN	TUR
ALB		8	3	0	0	2	2	39	13	1	27	0	0	8	28	17	0	4
BIH	1		3	0	0	2	3	10	312	1	17	0	0	2	39	249	0	4
CYP	0	1		0	0	6	6	135	3	107	8	4	0	16	0	3	0	0
DZA	0	1	38		6	109	98	48	6	0	95	24	7	163	0	153	45	27
EGY	0	4	347	11		32	33	64	19	12	59	25	2	740	1	20	6	35
ESP	81	11	25	321	14		569	102	14	126	325	8	141	208	2	159	68	64
FRA	41	26	49	149	19	879		74	38	187	807	11	134	504	6	785	456	105
GRC	31	5	572	12	9	38	45		27	32	78	7	1	360	120	87	1	19
HRV	1	199	12	0	0	7	7	8		3	48	0	1	53	10	1.221	1	4
ISR	0	1	526	0	1	30	24	18	5		45	0	0	41	0	81	0	31
ITA	390	190	85	220	29	466	636	273	402	156		13	27	690	59	1.629	280	96
LBN	0	1	62	1	8	8	24	55	7	0	30		2	4	0	6	2	15
MAR	0	2	1	34	6	131	92	10	15	0	40	6		4	0	15	20	18
MLT	0	0	10	2	0	5	6	16	23	36	31	1	0		2	3	1	5
MNE	12	43	1	0	0	1	0	18	30	0	3	0	0	0		41	0	1
SVN	1	122	7	1	1	12	20	17	319	4	75	1	1	41	46		4	6
TUN	1	7	2	31	3	24	70	11	15	0	59	3	3	476	0	8		11
TUR	30	32	1	19	19	138	127	380	45	300	216	42	17	178	18	148	27	
Med	591	646	1.737	800	114	1.888	1.762	1.240	1.280	964	1.936	145	336	3.482	303	4.608	912	441
EU-Med	546	555	759	705	72	1.413	1.289	626	825	651	1.372	44	304	1.873	244	3.886	812	299
WLD	836	1.467	2.423	1.741	340	6.674	8.923	3.278	2.994	8.290	8.680	881	669	12.366	794	13.904	1.567	1.996

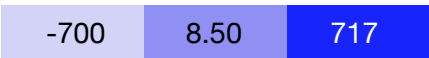
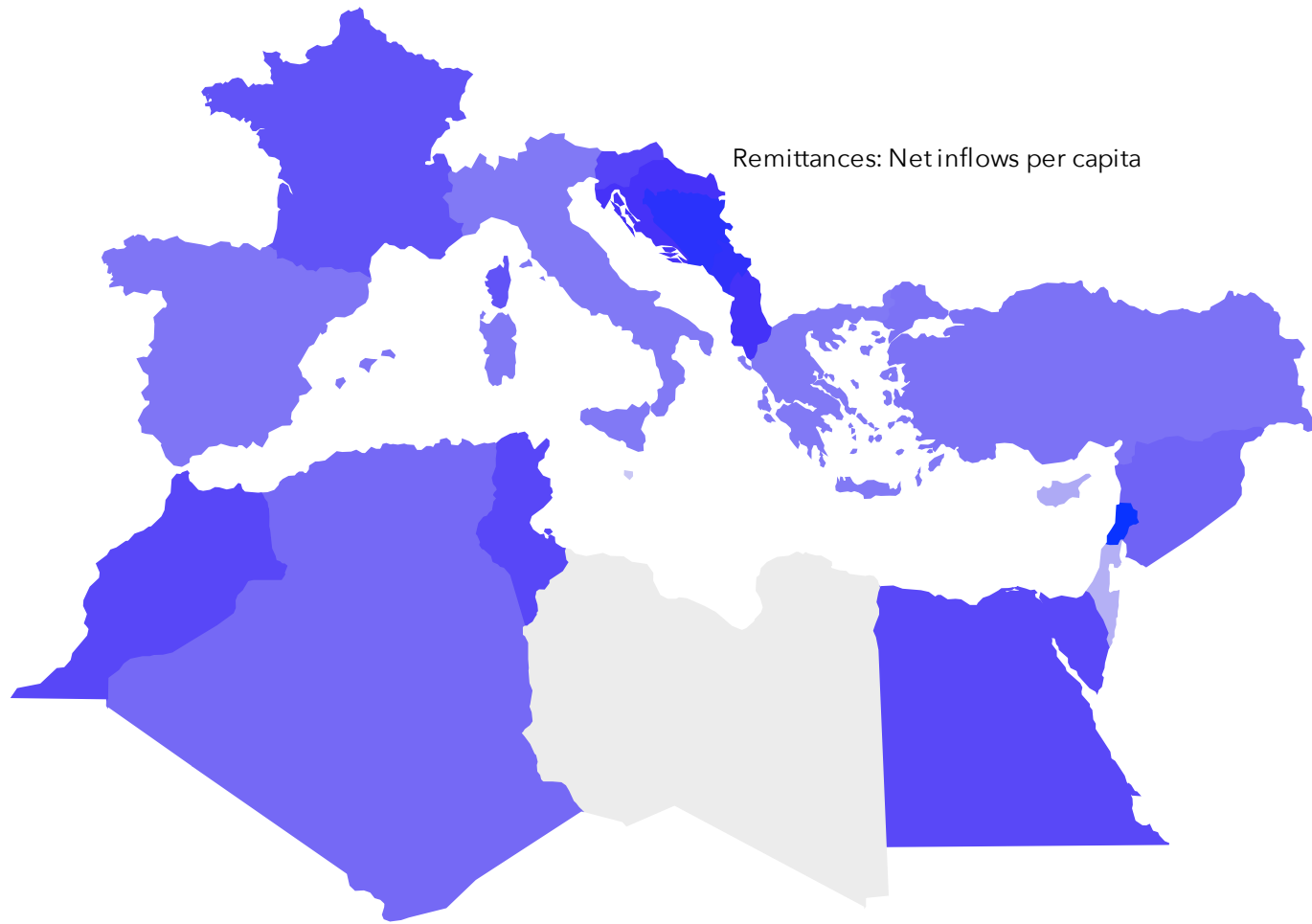


Albania and Cyprus are the countries with the largest share of imports originating from other Med countries (55%). Tunisia follows closely behind, importing around 49% from other Med countries - mostly France and Italy.

Israel has the smallest share of imports originating from other Med countries (12%) followed by Turkey (15%).



Latest available data: 2013 for all countries



Latest available data: 2013 for all countries

Remittances in US\$ million (2013)

Country	Inflows	Outflows	Net Inflows
Albania	1,094	191	903
Algeria	2,000	39	1,961
Bosnia and Herzegovina	1,929	48	1,881
Croatia	1,497	159	1,338
Cyprus	83	501	-418
Egypt	17,833	293	17,540
France	23,336	13,418	9,918
Greece	805	1,291	-486
Israel	765	5,025	-4,260
Italy	7,471	10,075	-2,604
Lebanon	7,864	4,659	3,205
Malta	351	1,206	-855
Montenegro	423	65	358
Morocco	6,882	63	6,819
Slovenia	593	130	463
Spain	9,584	10,291	-707
Syria	1,623		1,623
Tunisia	2,291	20	2,271
Turkey	1,135	330	805
TOTAL	87,557	47,804	39,755

Country-level analysis

Key indicators:**Economy**

GDP Growth
 CPI Inflation
 Unemployment
 Public debt
 Ease of Doing Business ranking
 Global Competitiveness Index ranking
 Sentiment
 Government net borrowing
 Current account
 Interest rates
 Stock Market
 Real exchange rate

Governance

Political stability and absence of violence/terrorism
 Government effectiveness
 Regulatory quality
 Rule of law
 Control of corruption
 Voice and accountability

Technology

Charges for the use of intellectual property, receipts

High-technology exports
 Patent applications, residents

People

Labour force participation rate, female (% of female population ages 15+)
 Population ages 0-14 (% of total)
 Average years of total schooling, age 30-34, total
 Average years of total schooling, age 15+, total
 Enrolment in tertiary education per 100,000 inhabitants, both sexes

Countries covered in detail

49 Albania
 56 Algeria
 63 Bosnia-Herzegovina
 70 Croatia
 77 Cyprus
 84 Egypt
 91 France
 98 Greece
 105 Israel
 112 Italy
 119 Lebanon
 126 Libya
 133 Malta
 140 Montenegro
 147 Morocco
 154 Slovenia
 161 Spain
 168 Tunisia
 175 Turkey

-  Good performance
- Low risk
-  Average performance
- Moderate risk
-  Inadequate performance
- High risk



Albania **Overview**

While currently experiencing a growth slow-down, Albania has good fundamentals and excellent growth prospects

Economy. Albania is a middle-income country that has made leaps forward in establishing a market economy over the last two decades. Albania has been able to maintain positive growth rates and financial stability during the turbulence of the global economy in recent years.

Despite large shifts in employment towards non-agricultural services in the last two decades, agriculture remains the most important sector for employment, accounting for around half of all jobs and 20% of GDP.

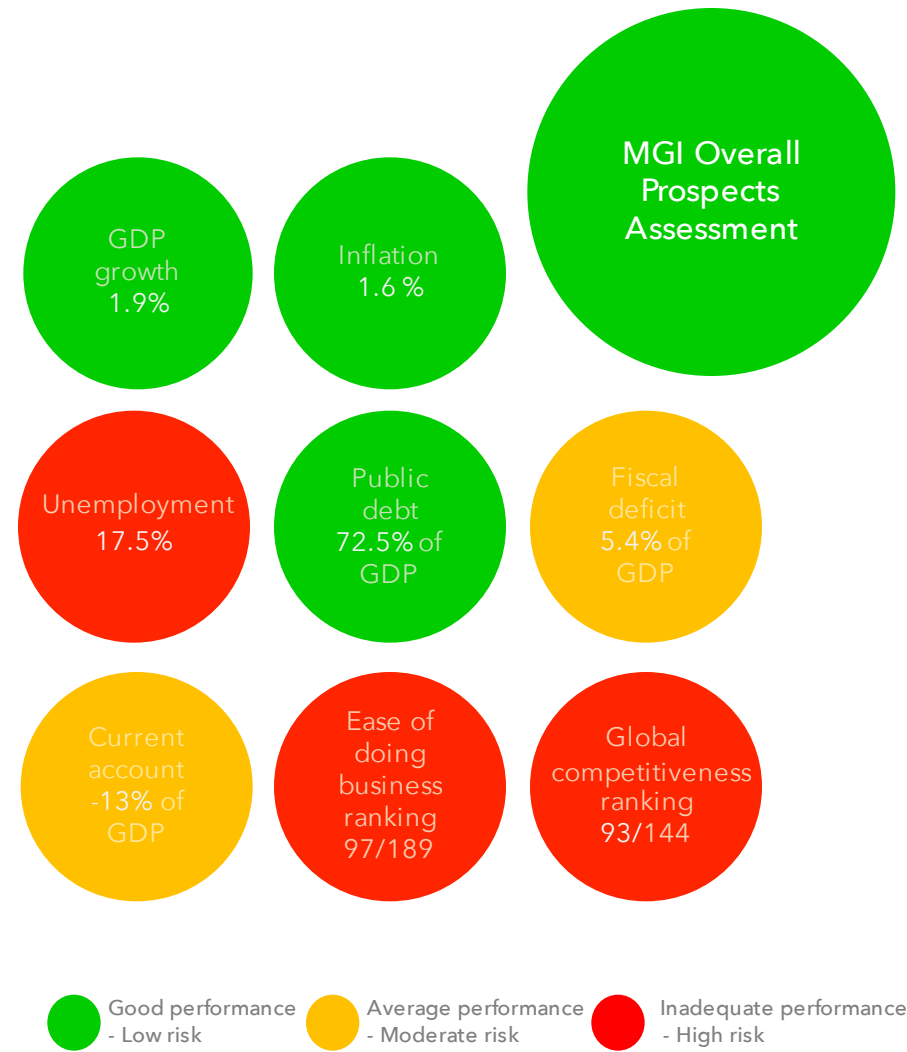
Prior to 2008, Albania was one of the fastest-growing economies in Europe, averaging GDP growth rates of 6%. Following the global financial crisis the economic growth rate halved and macroeconomic imbalances emerged.

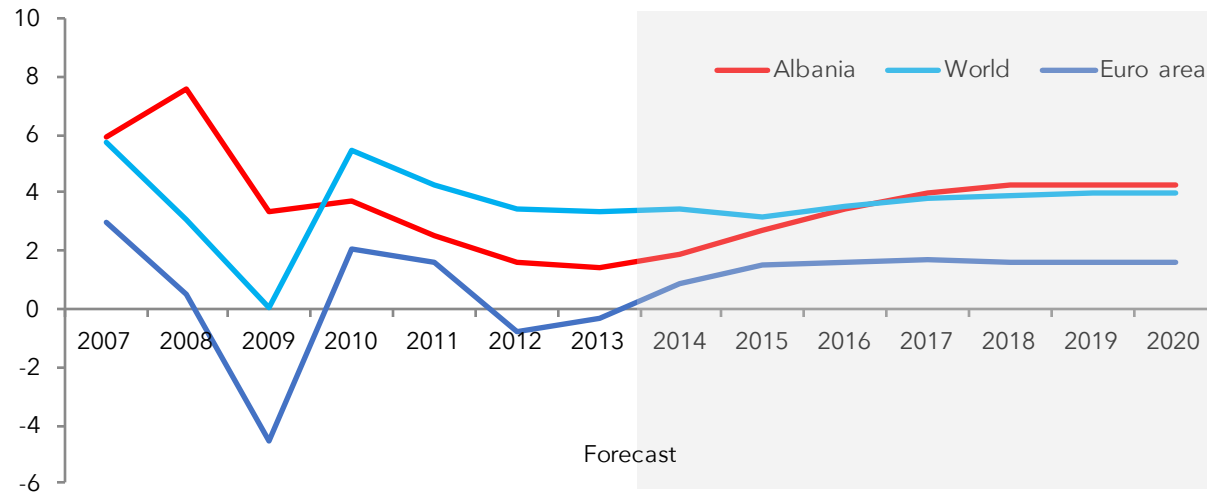
Economic growth is expected to gradually recover to 4% in 2017 supported by growing domestic demand, improved conditions for financing, and higher growth among trading partners. Unemployment is set to fall and inflation to return to the target level of 3%.

Governance. Albania's performance on political stability and violence is significantly above Mediterranean averages. However, it trails in government effectiveness, rule of law and corruption, and this could act as an impediment to future growth. Albania became an EU candidate country in 2014 and it is aiming to start accession talks this year.

Demography and education. The age dependency ratio in Albania is on a strong, continuing downward trend. Albania has made significant strides with regards to the average level of schooling of its population with an impressive increase in enrollment to tertiary education, but significant challenges remain in terms of education quality.

Innovation and technology. Albania records very low scores for indicators relating to innovation and technology.



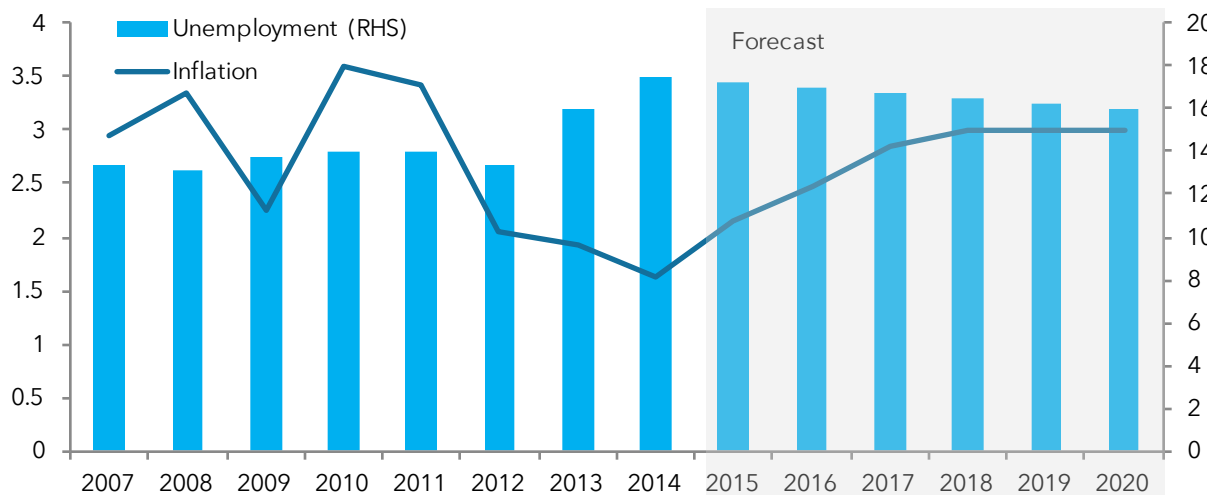


1. Economic growth

Following rapid growth in 2007 and 2008, economic growth slowed in the wake of the global financial crisis. GDP is expected to have picked up in 2014 and is set to reach 4% in 2017.

An expected recent increase in growth has been driven by stronger domestic demand and helped by a loose monetary stance, while external demand remains weak.

Frequency of update: Quarterly

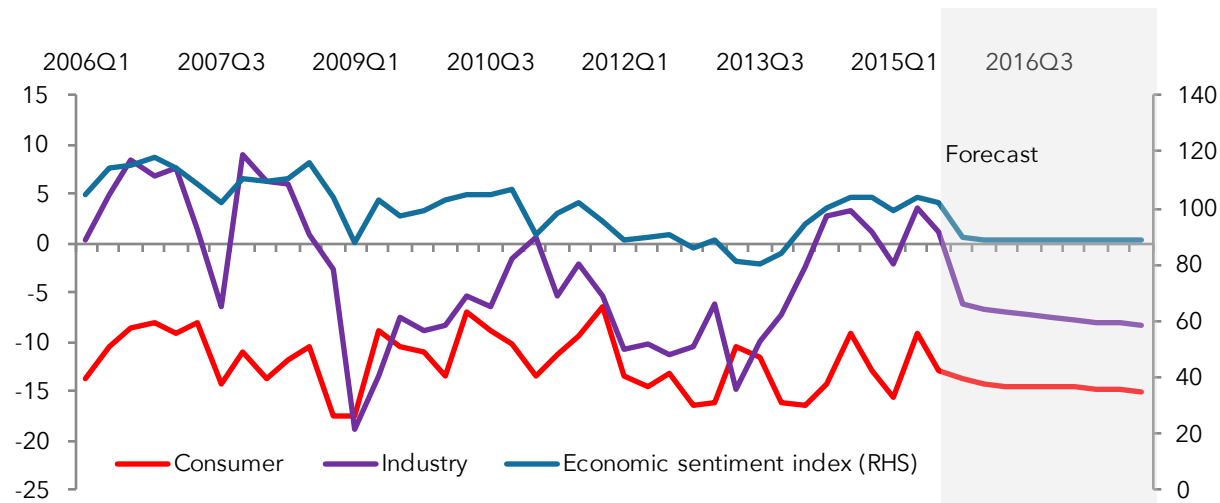


2. Unemployment and inflation

Unemployment remains stubbornly high in Albania, linked to a number of factors such as the high degree of subsistence farming and long-term unemployment, but is forecast to gradually improve in the next few years in line with improved economic growth.

With high unemployment and the economy still operating below capacity, inflation pressures remain low. The inflation rate is expected to pick up as growth increases and reach the Central Bank's target of 3% in 2017.

Frequency of update: Monthly



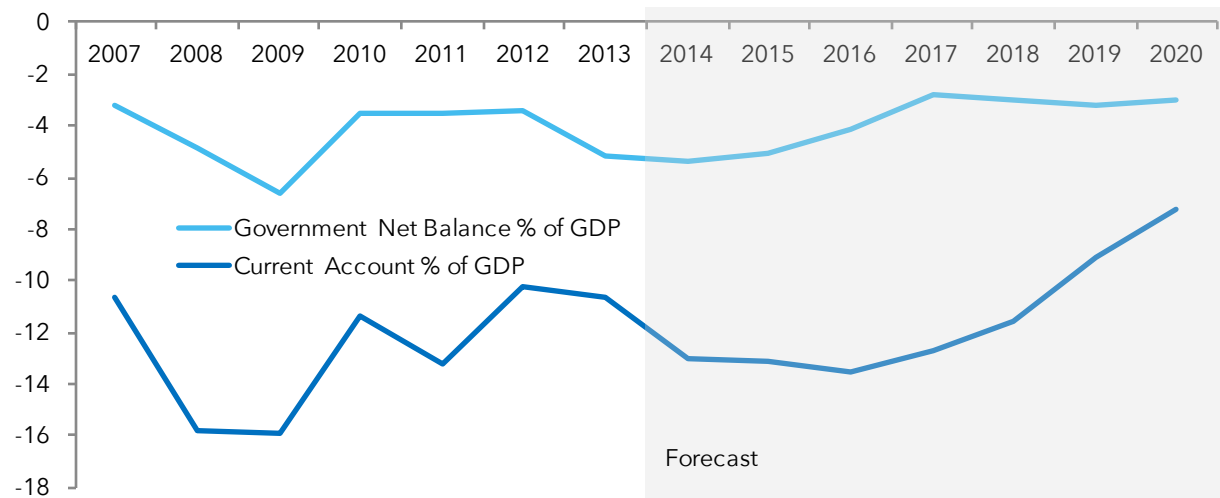
3. Consumer and business sentiment

The Economic sentiment index was negatively affected by lower consumer confidence and fell by 2.7 points from the previous quarter.

Consumer confidence fell by 3.9 points in 2015 Q3, mainly driven by the deterioration of the consumer expectations for the overall economic situation in Albania.

Industry sentiment, after growing by 5.4 percentage points in 2015 Q2, fell by 2.5 percentage points in Q3. This fall (although still above average) was linked to a worsening economy and firms' overall position.

Frequency of update: Quarterly

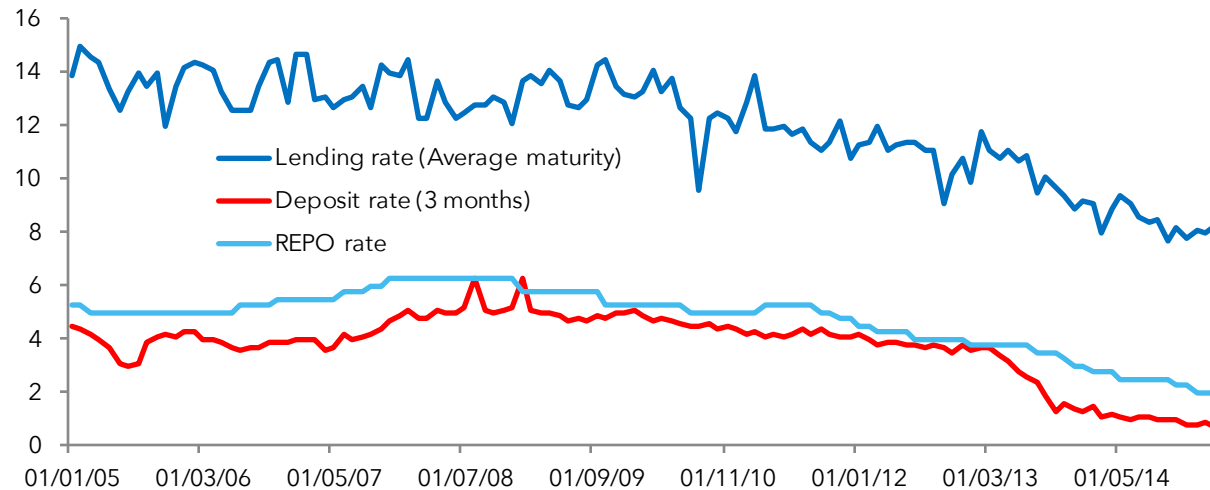


4. Government finances and external balance

The government in Albania is consolidating its finances. The IMF forecast the deficit to reach just over 2% of GDP in 2020.

The current account deficit remains high and has increased in recent quarters, and it is forecast to widen further. This has been driven by stronger imports linked to stronger domestic demand and weaker exports.

Frequency of update: Monthly and Quarterly



5. Interest rates

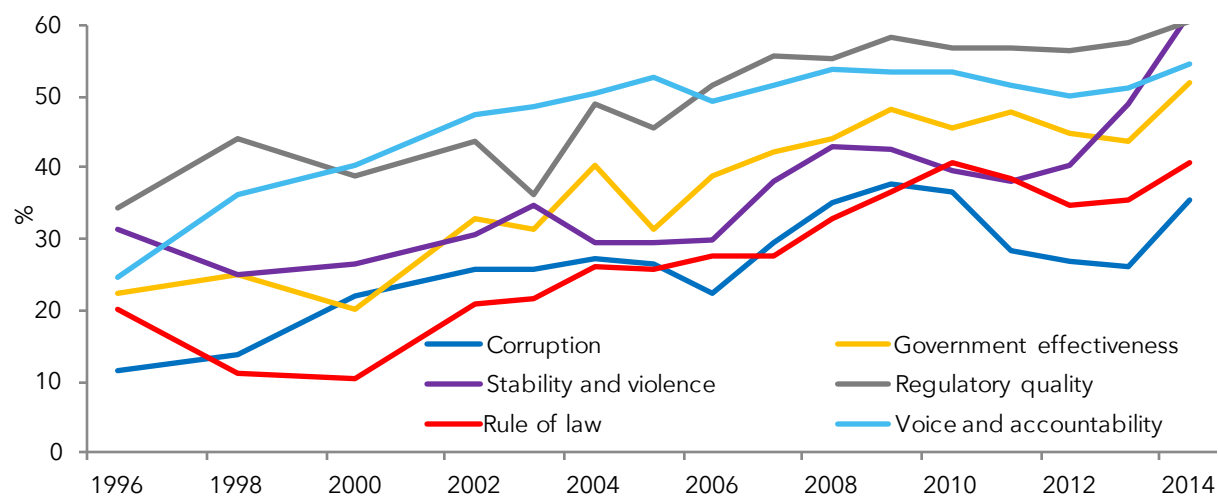
The Central Bank lowered interest rates from 2.25% to 2% in January 2015. This move was reflected in money market and deposit rates, while lending rates moved slightly upwards reflecting the worsening financial positions of businesses.

The Central Bank is expected to keep monetary policy accommodative for some time making an interest rate rise in the immediate future unlikely.

Frequency of update: Monthly

6. Stock prices

Albania only has a nascent stock exchange (<http://www.tse.com.al/>).

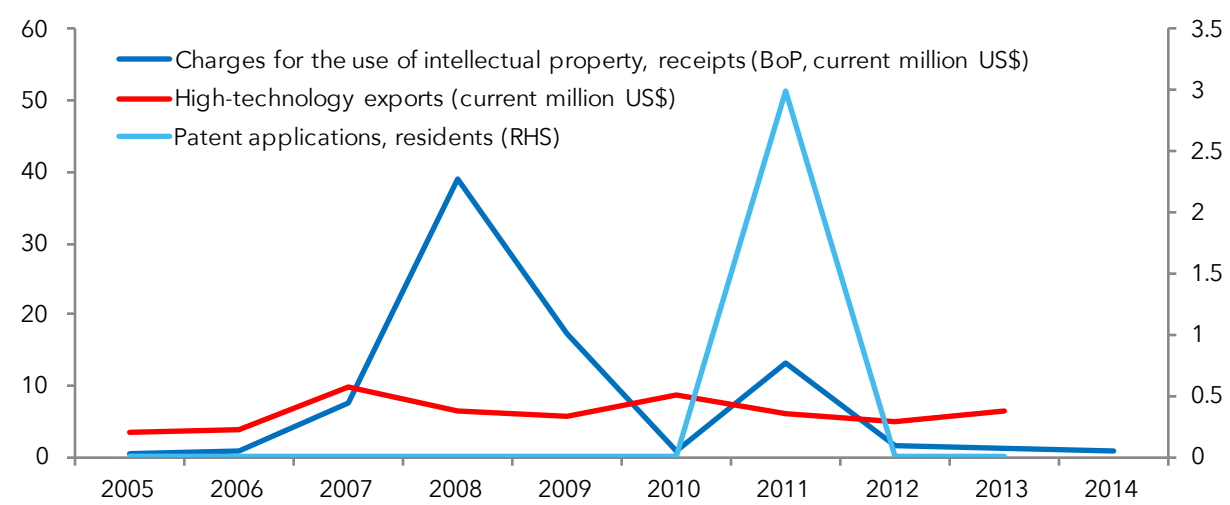


7. Governance

Albania made rapid improvement in terms of most indicators from 1996 to 2005, following the 1997 UN peacekeeping intervention.

Since 2005, Albania has been largely maintaining its ranking for voice and accountability. Since 2008, corruption and rule of law rankings have shown a marked downturn, while there has been a significant improvement in political stability and violence in the past two years.

Frequency of update: Annually

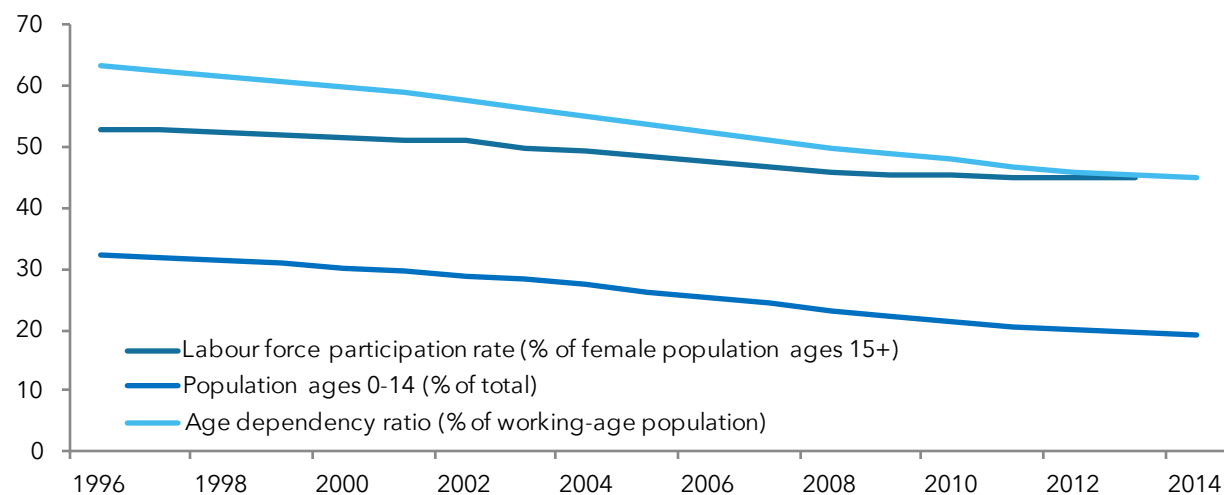


8. Innovation and technology

Albania scores very low in measures relating to innovation and technology. Receipts from IP charges are less than \$5 million a year, down from a high of \$40 million in 2008.

There are virtually no patent applications by residents.

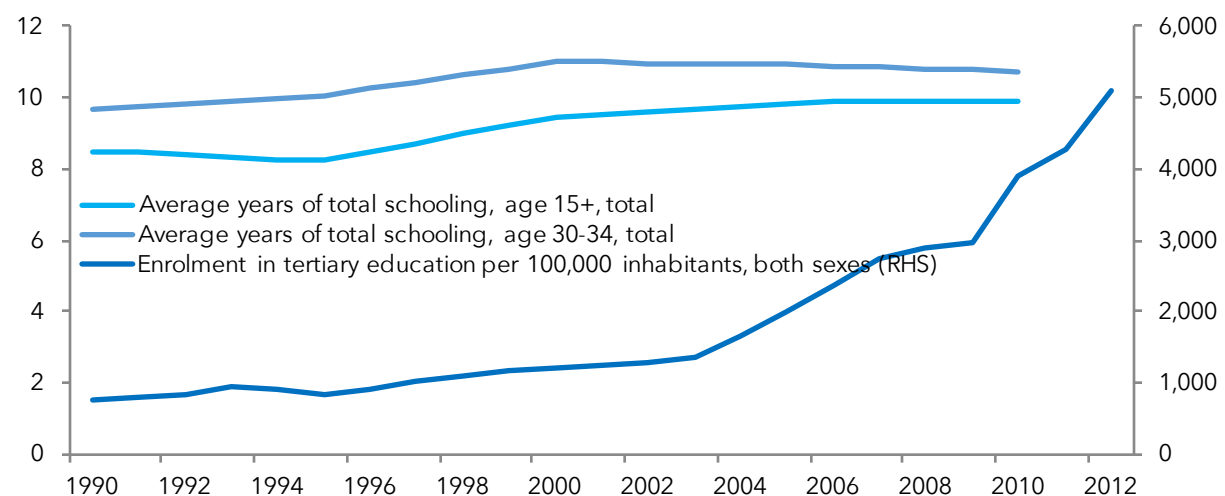
Frequency of update: Annually



9. Demography and labour force participation

The age dependency ratio in Albania is on a strong, continuing downward trend, having gone from being higher than 60% to 45% in 2014. This trend is driven largely by lower birth rates and a continuous drop in the share of the population made up of 0-14 year olds.

Frequency of update: Annually



10. Education

Since 1996, average years of schooling in Albania have increased significantly, while enrolment in tertiary education has risen five-fold (albeit from a low base) with no sign of slowing down.

Judging from the standardised PISA 2012 tests, however, the quality of education appears to be low, with Albania ranking 57th out of 65 countries for mathematics, and 62nd out of 65 countries for science and reading.

Frequency of update: Annual (enrolment in tertiary education), 3 years (PISA data), 5 years (average years of schooling)

Algeria **Overview**

Impressive growth potential, but heavy state involvement in the economy and reliance on hydrocarbons are problems to be tackled

Economy. Algeria’s economy has impressive growth potential, however to fully realise this it needs a shift towards more private-sector led growth and to diversify its economy. It is currently dominated by the state and is heavily regulated, while it remains highly dependent on hydrocarbons which account for around 60% of government revenue, 30% of GDP and over 95% of total exports. Algeria has the 10th largest reserves of natural gas in the world and the 16th largest of oil.

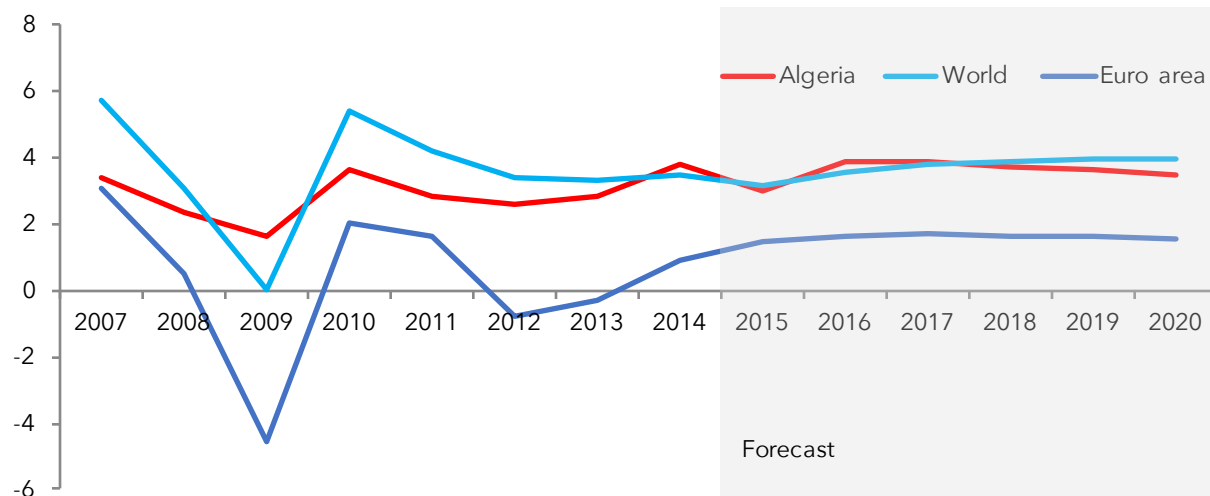
GDP growth was 3.8% in 2014, up from 2.8% in 2013. The pick-up was due to recovery of the hydrocarbon sector, the value added of which grew for the first time in eight years. Excluding oil and gas GDP growth was 5.5%. The economy is expected to slow down in 2015, influenced by the large drop in oil prices.

Governance. Amid political upheaval in other Arab countries, the Algerian government has managed to maintain stability partly by introducing public sector reforms and increasing public expenditure. After peaking in 2005, most governance indicators have declined or levelled off and remain relatively weak.

Demography and education. Algeria is a young nation with a low dependency ratio. Primary school enrolment rates have improved and average years of schooling have risen in recent years. Literacy rates among young people are now over 90%. Levels of higher education are improving but still remain low in a global context.

Innovation and technology. In line with limited engagement in higher education among the population, levels of innovation and revenue from high tech exports remain low in Algeria.



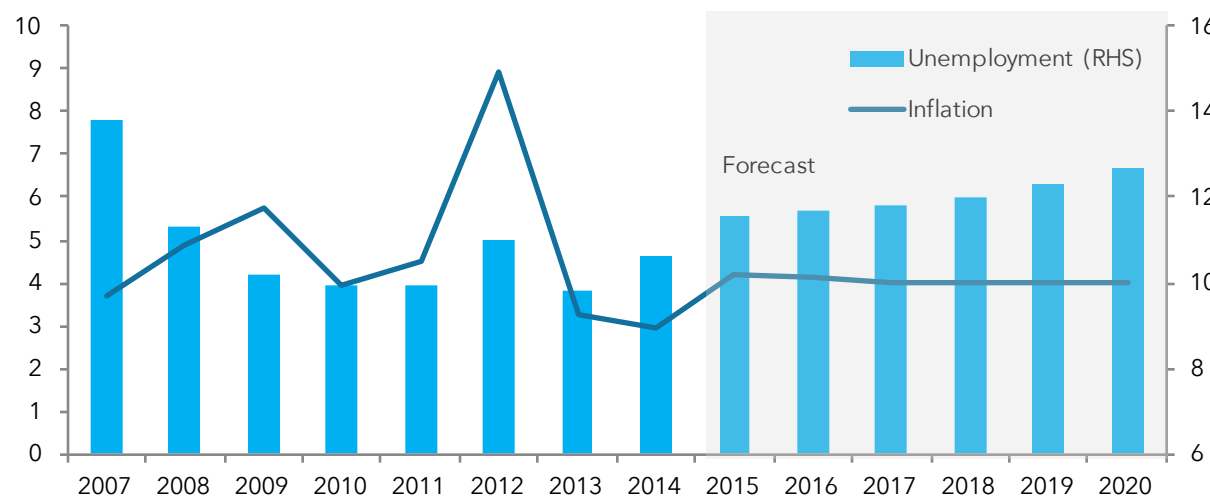


1. Economic growth

The Algerian economy grew by 3.8% in 2014 with a pick up in growth mainly driven by the hydrocarbon sector, which increased for the first time in 8 years due to an improvement in domestic consumption. Growth in other sectors of the economy however slowed to 5.5%, from 7.1% in 2013, partly due to a bad wheat harvest and a slow down in industrial activity.

GDP is expected to slow slightly in 2015, influenced by the sharp fall in oil prices.

Frequency of update: Quarterly



2. Unemployment and inflation

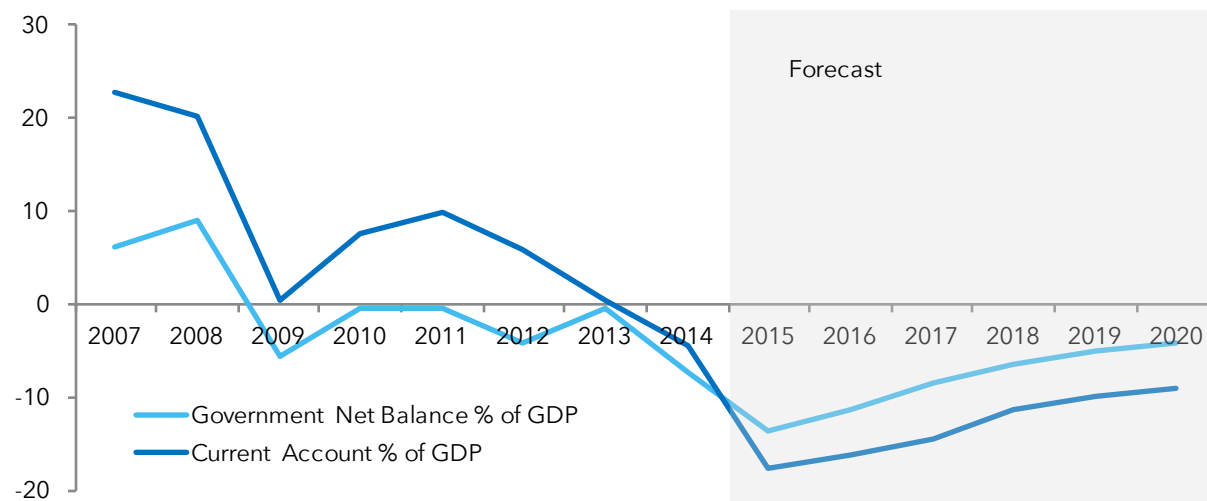
After dropping below 10% in 2013, partly due to a government policy aiming to create jobs, unemployment reached 10.6% in 2014 and is expected to increase in 2015 and remain high for the next 5 years. The rate remains especially high among women and young people.

Following a sharp increase in 2011 inflation fell in 2013 and reached 3% in 2014, due to monetary policy, fiscal consolidation and government measures to control and improve distribution channels for consumer goods. It is expected to run at around 4% from 2015 onwards.

Frequency of update: Monthly

3. Consumer and business sentiment

There are no sentiment indicators available for Algeria.

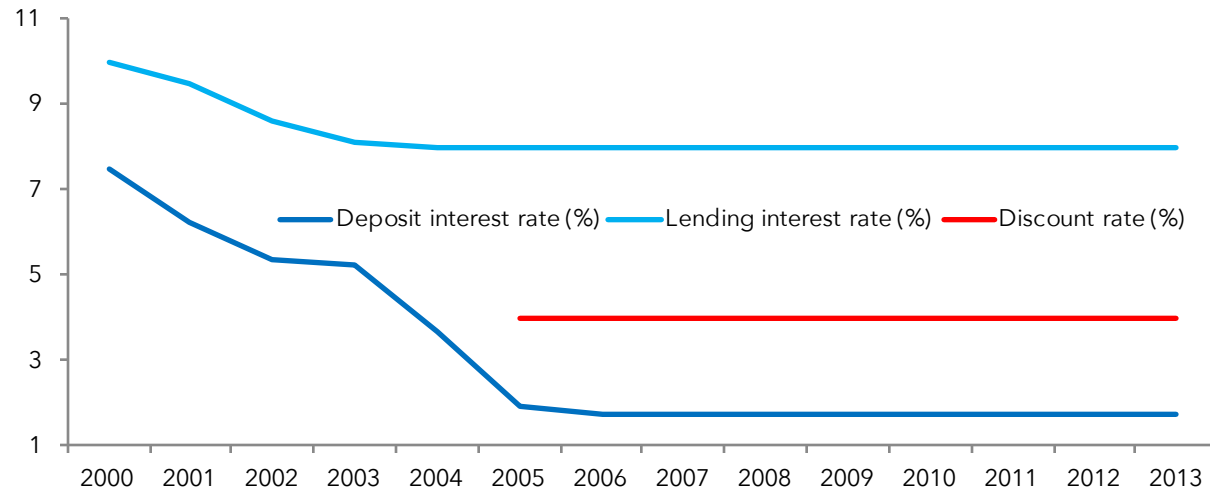


4. Government finances and external balance

After years in positive territory, the current account dropped below zero in 2014 mainly due to lower hydrocarbon exports and stronger imports. It is expected to remain in deficit for the next 5 years.

The fiscal position has also deteriorated due to the fiscal stimulus introduced in 2011 (partly reversed in 2013) and lower revenue from the hydrocarbon sector. It is expected to weaken further in 2015 before improving in 2016.

Frequency of update: Monthly and Quarterly



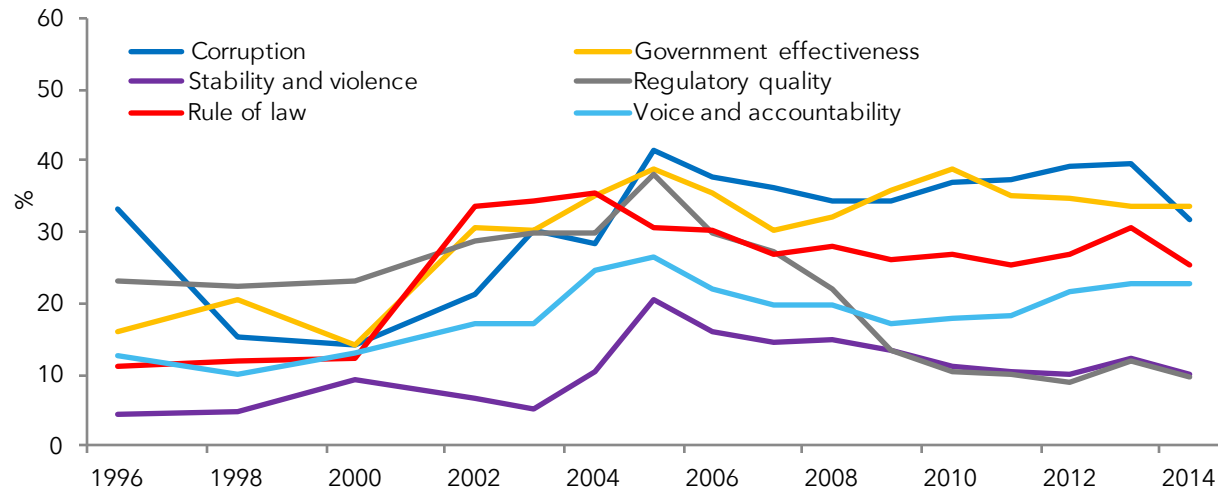
5. Interest rates

Interest rates in Algeria are at relatively low levels, although the spread between lending and deposit rates remains high, reflecting the relative lack of effective competition in the banking sector.

Frequency of update: Annually

6. Stock prices

Algeria only has a nascent stock exchange (<http://www.sgbv.dz>).

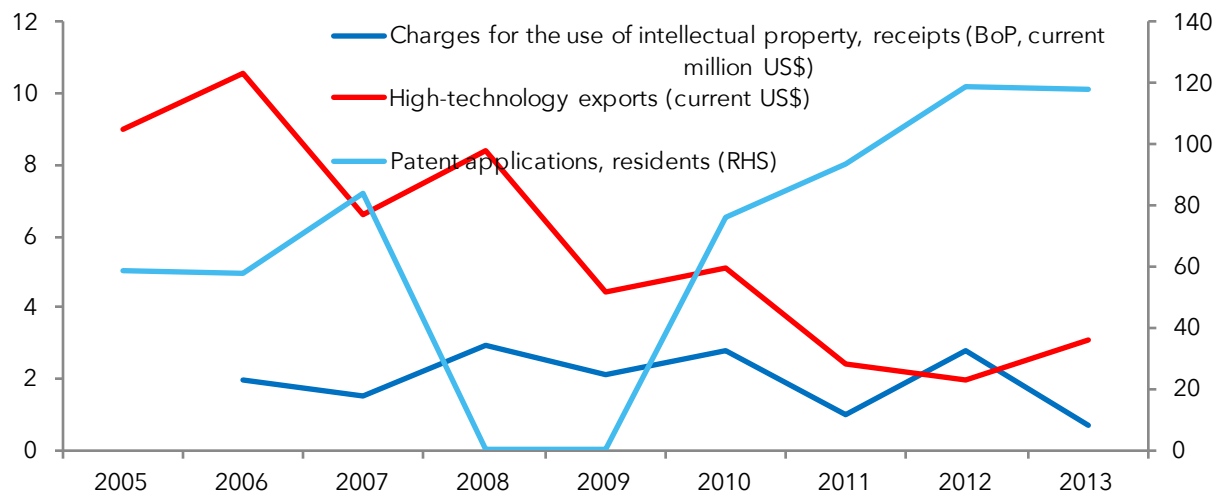


7. Governance

Having peaked in around 2005, most rankings have either levelled off or declined.

Since 2005, there has been a steep decline in regulatory quality, although this appears to be stabilising.

Frequency of update: Annually

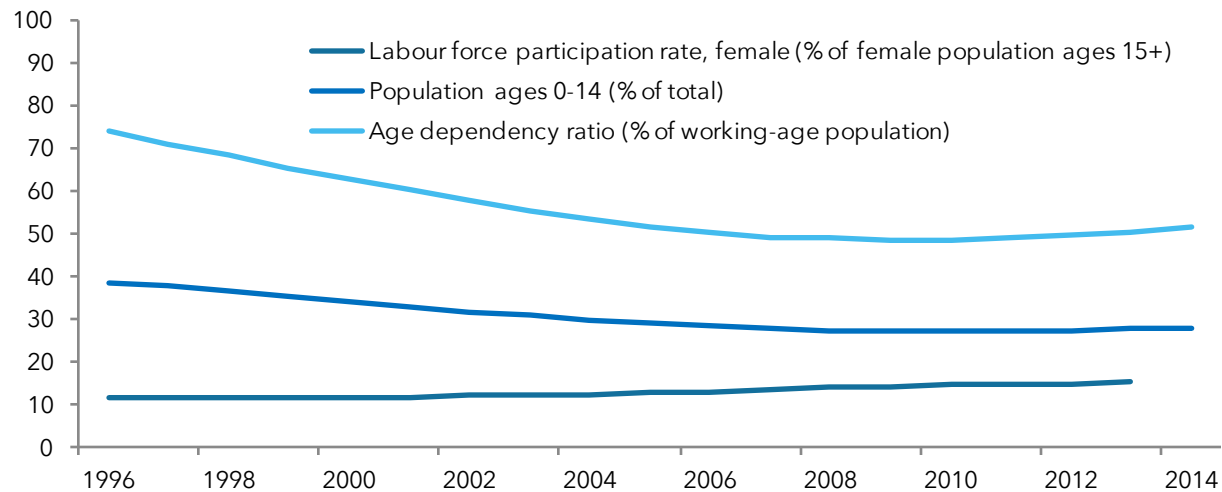


8. Innovation and technology

Algeria scores relatively low when it comes to indicators on innovation and technology with low revenues from use of intellectual property and falling revenue from high-tech exports. Patent applications remain few.

Algeria has good primary school enrolment and although participation in higher education is improving, it is low in terms of global standards.

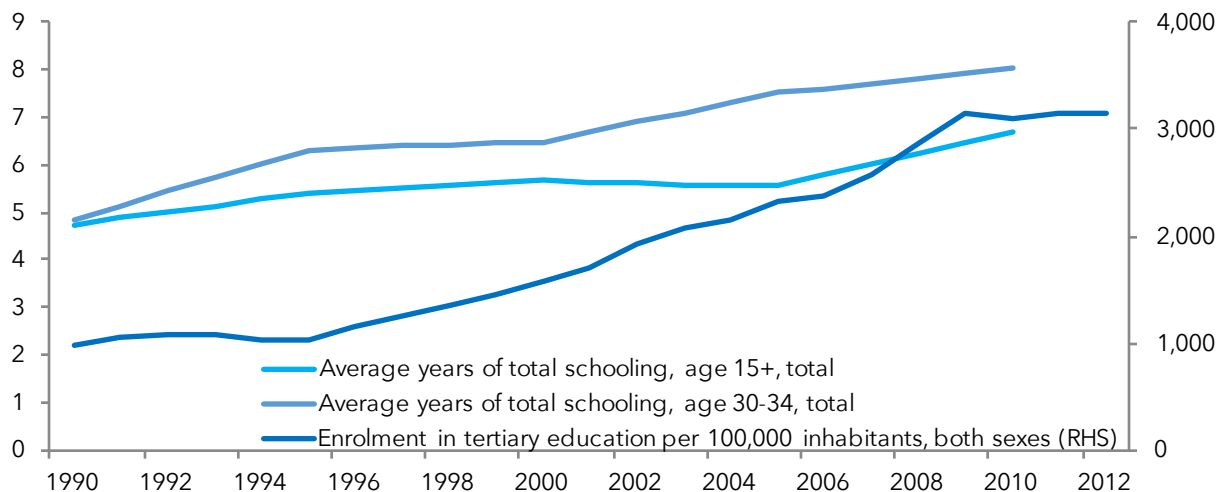
Frequency of update: Annually



9. Demography and labour force participation

The Algerian population is growing relatively quickly compared to other Med countries. The age dependency ratio has fallen from over 70% in 1996 to around 50%. The labour force participation rate among females remains low but has been slowly rising in recent years, partly due to government reforms.

Frequency of update: Annually



10. Education

Since 1995 there has been a jump in the enrolment level in tertiary education in Algeria, and this improvement has been replicated in an increase in average years of schooling and a jump in the literacy rate from around 74% in 1987 to 92% in 2006.

More could be done to match education and training to business sector needs to improve labour market participation.

Frequency of update: Annually (enrolment in tertiary education), 5 years (average years of schooling)

Bosnia-Herzegovina **Overview**

Rebuilding and in transition

Bosnia-Herzegovina Overview

Population 2014: 3.9 million – GDP per capita PPP 2014: \$9,892

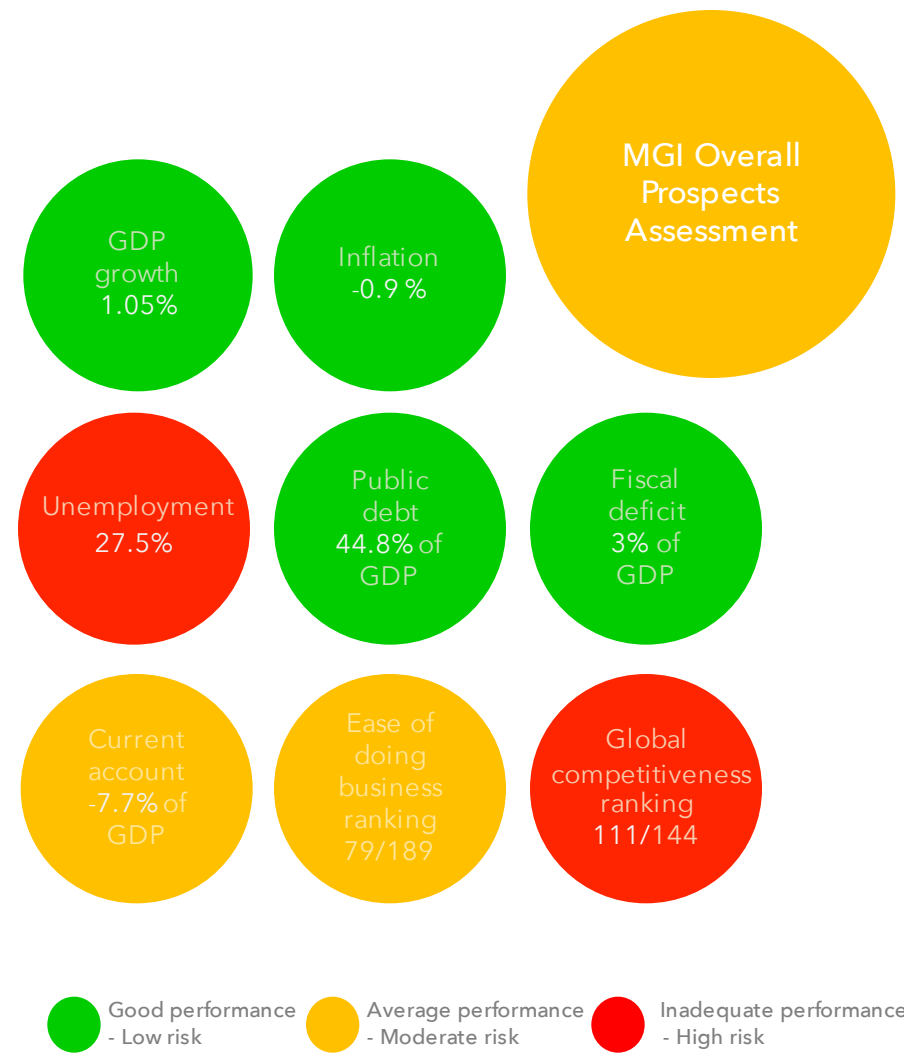
Economy. Bosnia and Herzegovina is in a phase of transition with its economy and infrastructure being rebuilt following the war of 1992-1995, and it is pushing forward much needed free market reforms. The public sector remains a dominant force, while the extraordinarily high unemployment rate remains one of the country's biggest challenges. Bosnia and Herzegovina is currently recovering from serious flooding in 2014 which caused further damaged to its infrastructure. The economy relies on the export of metal, energy and textiles, as well as on remittances and foreign aid. GDP grew by just under 1% in 2014, influenced by the damage from the flooding. It is forecast to pick up in 2015 and reach around 4% in the medium-term, driven by growth in domestic demand and investment.

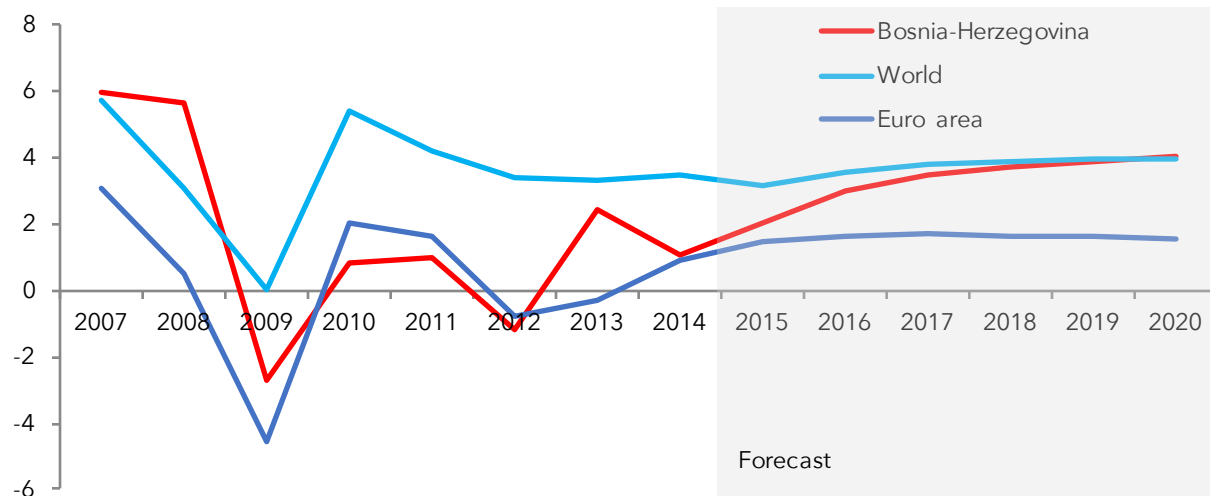
Governance. Corruption is a serious problem for the country which ranked only 80th out of 177 countries in the global Transparency Perception index in 2014, while widespread protests in 2014 were related to social frustration towards corruption.

General elections took place in late 2014 with low voter turnout (at just over 50%). The results confirmed that right-oriented nationalistic parties are still enjoying the largest support in the country. The country remains a potential candidate to the EU.

Demography and education. Education remains largely separated between political, cultural and religious groups making reforms a challenge for the country. Population growth is low, while the country is ageing and has low fertility rates. Labour force participation remains at a very low level, especially among women.

Innovation and technology. Having a weak private sector, innovation activities in the country remain low.

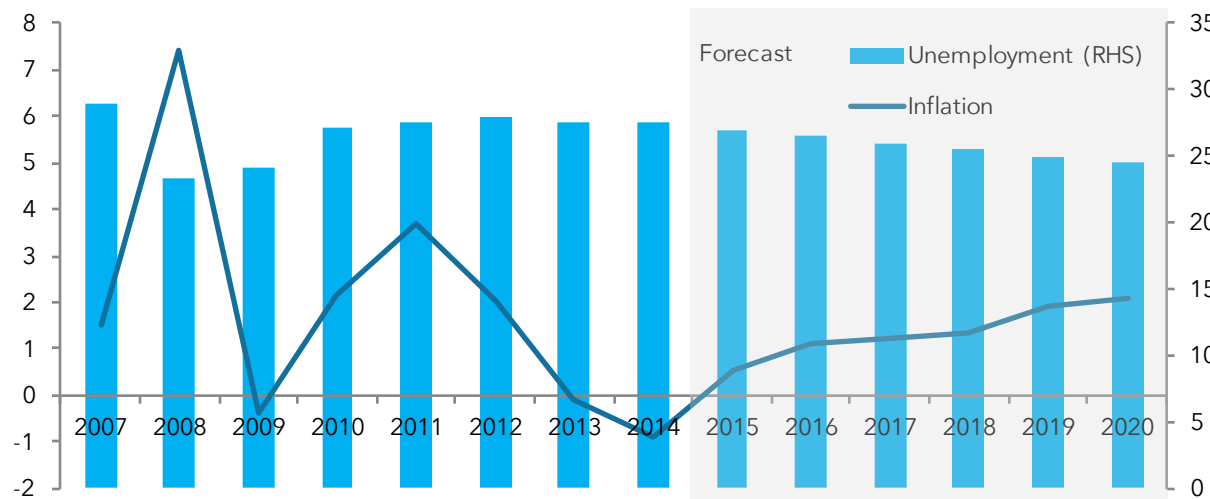




1. Economic growth

Following the global financial crisis the GDP growth rate fell sharply in Bosnia-Herzegovina, partly because of a rapid decline in foreign investment. The economy remained weak for a few years as economic activity in the rest of Europe and the country's main trading partners was fragile. GDP growth picked up in 2013, driven by growth in exports, but took a tumble again following the serious flooding in 2014. GDP is forecast to rise in 2015 and reach 4% in the medium-term, led by growth in domestic demand and investment.

Frequency of update: Quarterly



2. Unemployment and inflation

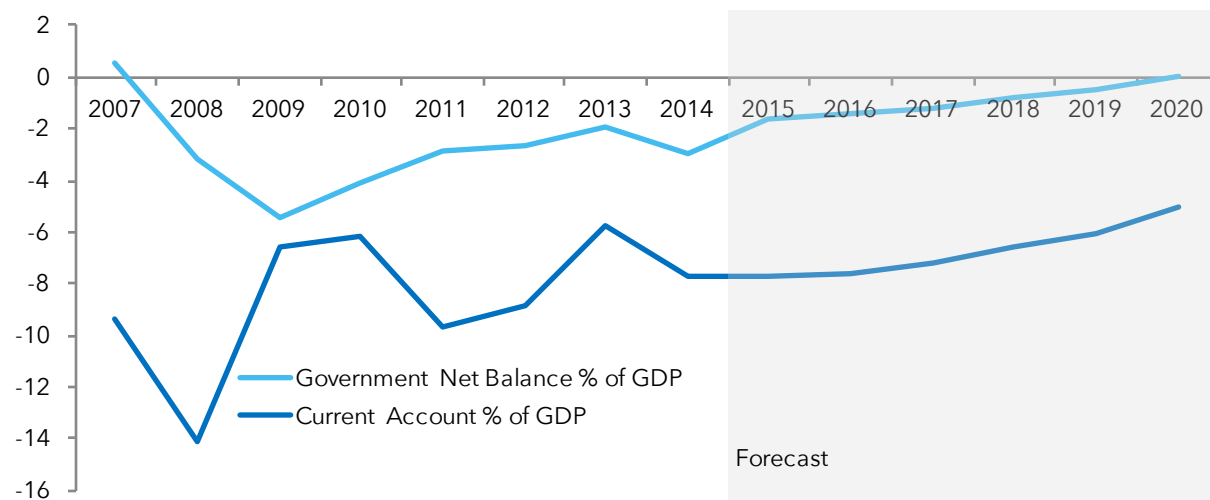
High unemployment remains one of the country's biggest challenges partly due to weak private sector growth. The rate is forecast to gradually improve over the coming years, as the private sector grows and reaps the benefits of further reforms.

Inflation is currently very low and the price level actually fell in 2014. It is forecast to slowly reach 2% in the medium-term.

Frequency of update: Monthly

3. Consumer and business sentiment

There are no sentiment indicators available for Bosnia-Herzegovina.

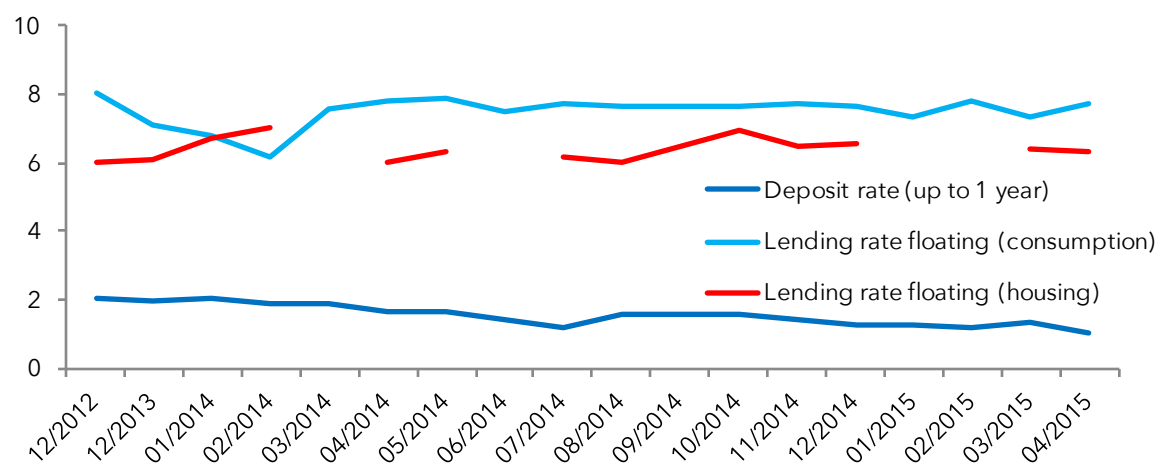


4. Government finances and external balance

In the wake of the global financial crisis the current account narrowed sharply as the flow of foreign funds and investments fell. It further widened in 2011 and 2012, before narrowing again in 2013 with exports on an upward trend. The deficit has decreased since 2014, and is forecast to gradually improve in the medium-term.

After recording a surplus in 2007, the government's net balance sharply deteriorated in 2009 as economic output fell. Consolidation efforts have led to some improvement recently, and this trend is expected to continue.

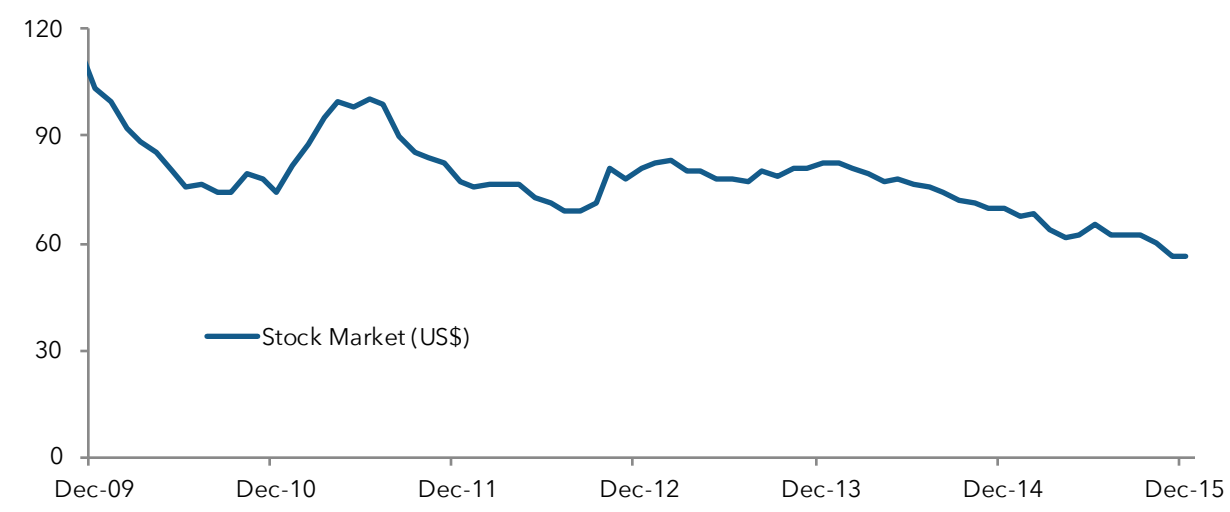
Frequency of update: Monthly and Quarterly



5. Interest rates

The Central Bank maintains a currency board with a fixed exchange rate to the Euro, which means that domestic interest rates are influenced by monetary policy in the Euro area. Rates have been relatively stable in recent quarters, while the spread between deposit and lending rates remains high.

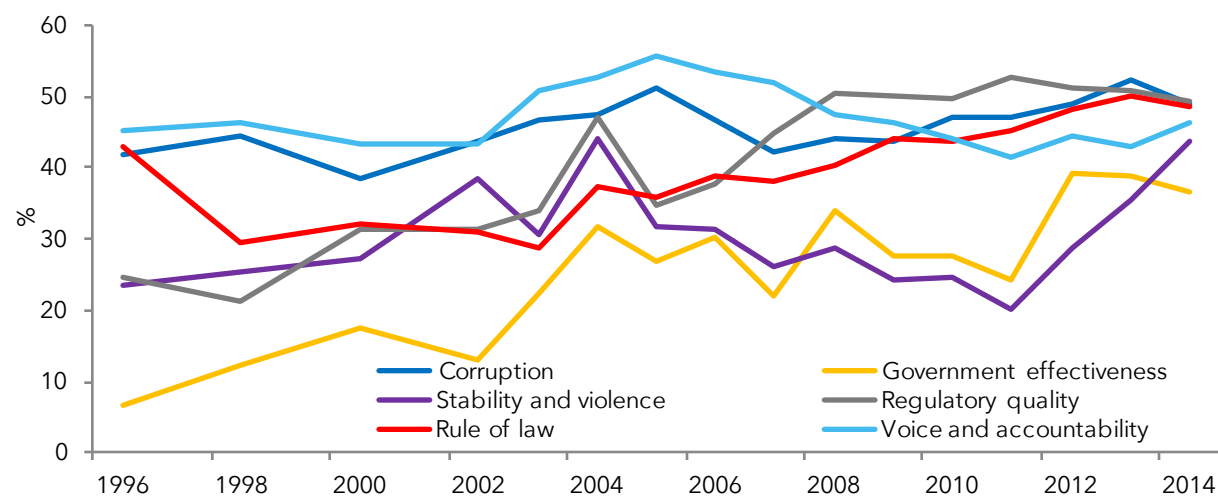
Frequency of update: Monthly



6. Stock prices

Stock prices fell sharply in the wake of the financial crisis and after rebounding in 2011, they continued to be on an downward trend during the last four years.

Frequency of update: Monthly

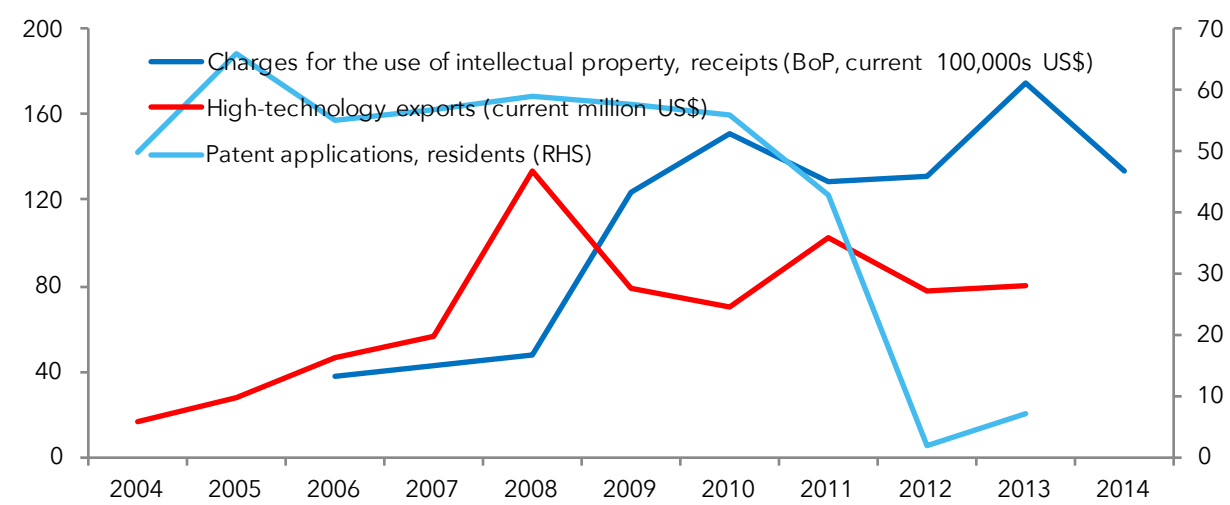


7. Governance

Corruption is a serious problem for the country which ranked only 80th out of 177 countries in the global Transparency Perception index in 2014. Widespread protests in 2014 were partly related to social frustration towards corruption.

General elections took place in late 2014 and the results confirmed that right-oriented nationalistic parties are still enjoying the largest support in the country.

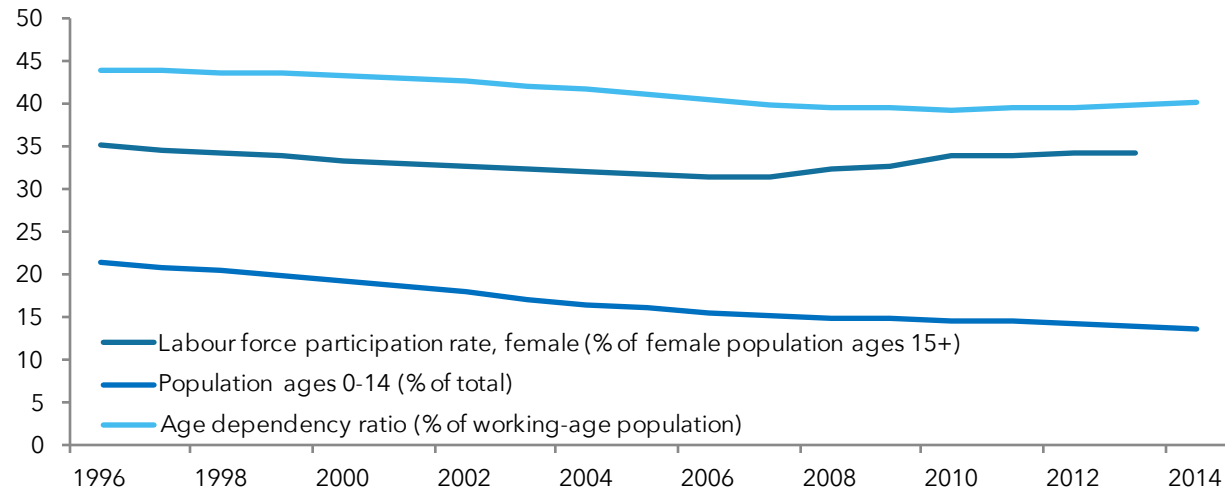
Frequency of update: Annually



8. Innovation and technology

High technology exports and revenue from the use of intellectual property remain low in Bosnia-Herzegovina, while the number of patent applications by residents has fallen significantly since 2008 from an already low level.

Frequency of update: Annually

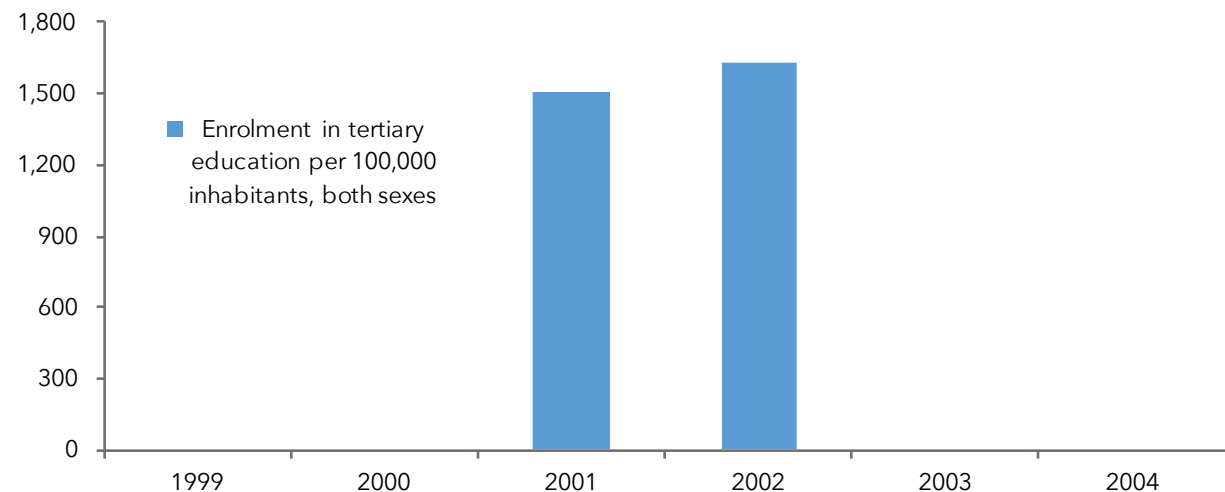


9. Demography and labour force participation

High unemployment remains a major challenge for the economy, being especially high among young people. Labour force participation among women remains low but has recently started to increase after a downward trend since 1996.

The age dependency ratio has been on a continuous downward trend since 2009, with the share of the population aged 0 to 14 falling from 21% in 1996 to 15.7% in 2013.

Frequency of update: Annually



10. Education

The higher education reforms that started in Bosnia-Herzegovina are still continuing. The quality of education remains low, while the harmonisation of higher education legislation between cantons has not been completed yet.

Frequency of update: Annually



Croatia **Overview**

A slow recovery from crisis

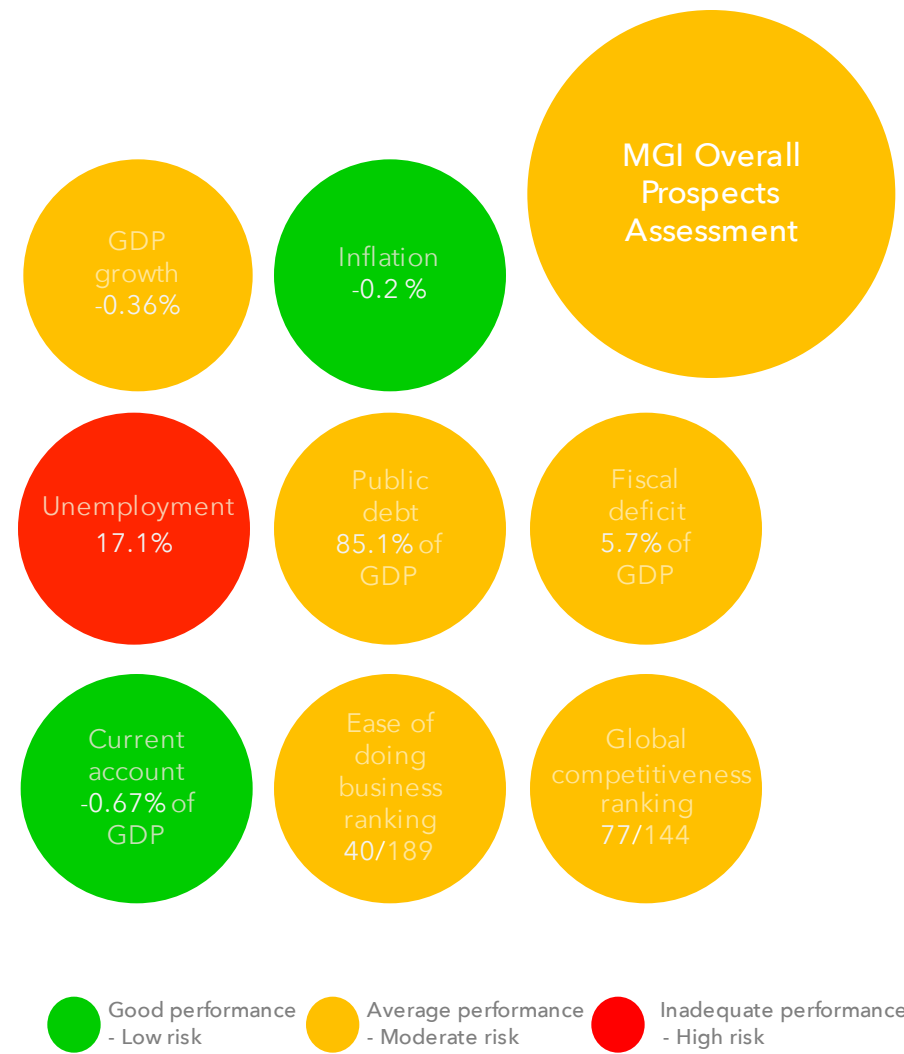
Economy. In the run up to the global financial crisis the Croatian economy grew by 4% to 6% each year, mainly driven by large scale capital inflows which fuelled domestic demand. This led to imbalances with a widening of the current account, an increase in foreign debt, and a loss of competitiveness as wages and prices rose. In 2011 the economy entered a deep recession which it is still struggling to rebound from, with growth expected to be marginally positive in 2015.

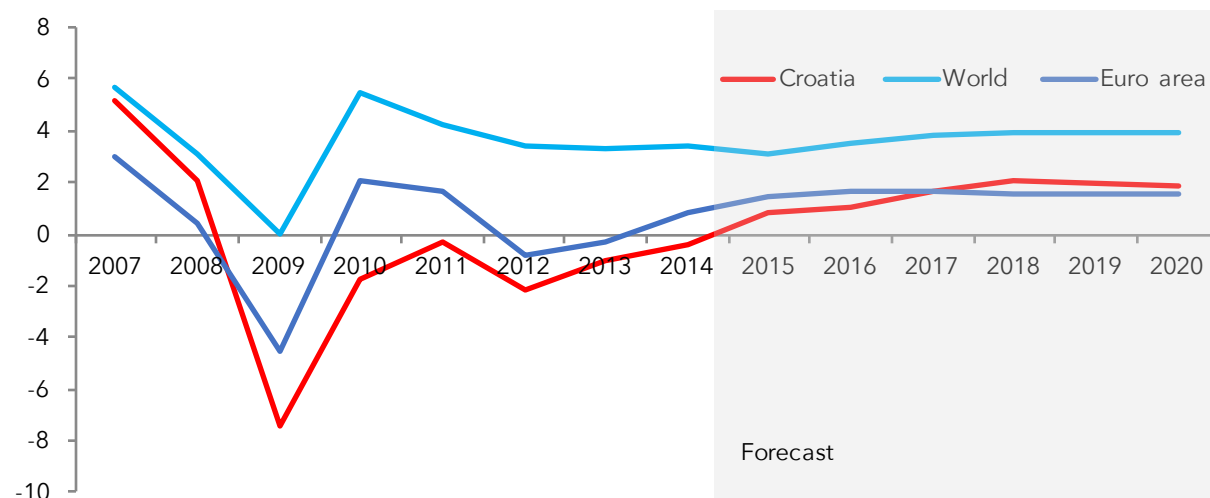
In July 2013, Croatia joined the EU and is on course to join the Eurozone.

Governance. Governance indicators showed remarkable improvement as Croatia prepared to enter the EU, but have plateaued since.

Demography and education. The population is ageing and declining, with the age dependency ratio having increased slightly. Labour force participation fell sharply in wake of the global financial crisis and is far from showing much sign of improvement. The level of education is slowly getting better, while the share of the population with tertiary education was one of the lowest in the EU in 2013.

Innovation and technology. The recession has had a negative impact on innovation and technology.



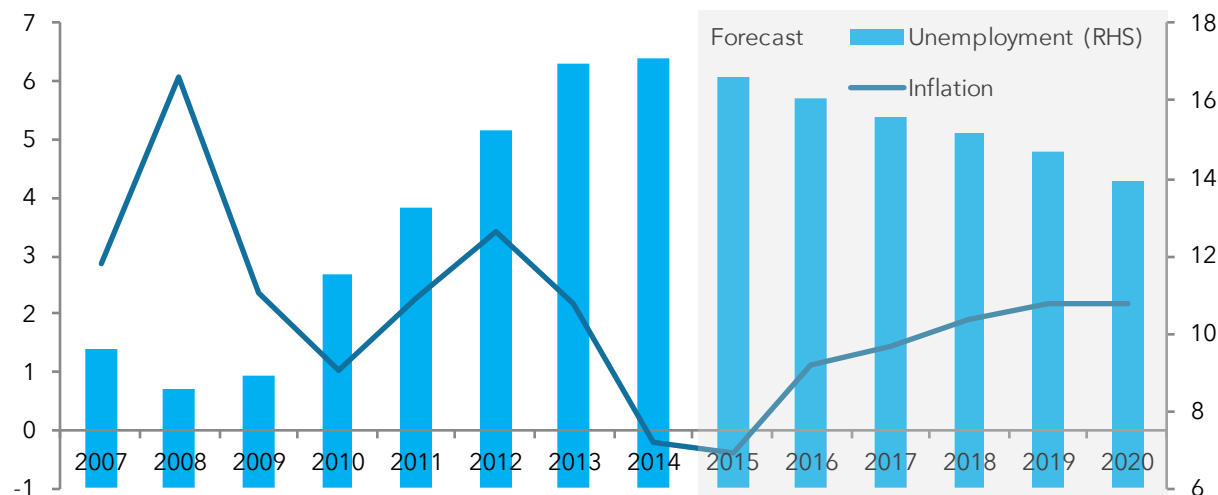


1. Economic growth

The Croatian economy experienced a deep recession following the global financial crisis and, unlike many other eastern European countries, is yet to return to growth. GDP is forecast to increase by 0.8% in 2015 driven by external demand, while domestic demand continues to be a drag on the economy.

The growth rate is expected to increase slowly and reach 2% in 2018, as investment fuelled by structural reforms encourages domestic demand.

Frequency of update: Quarterly

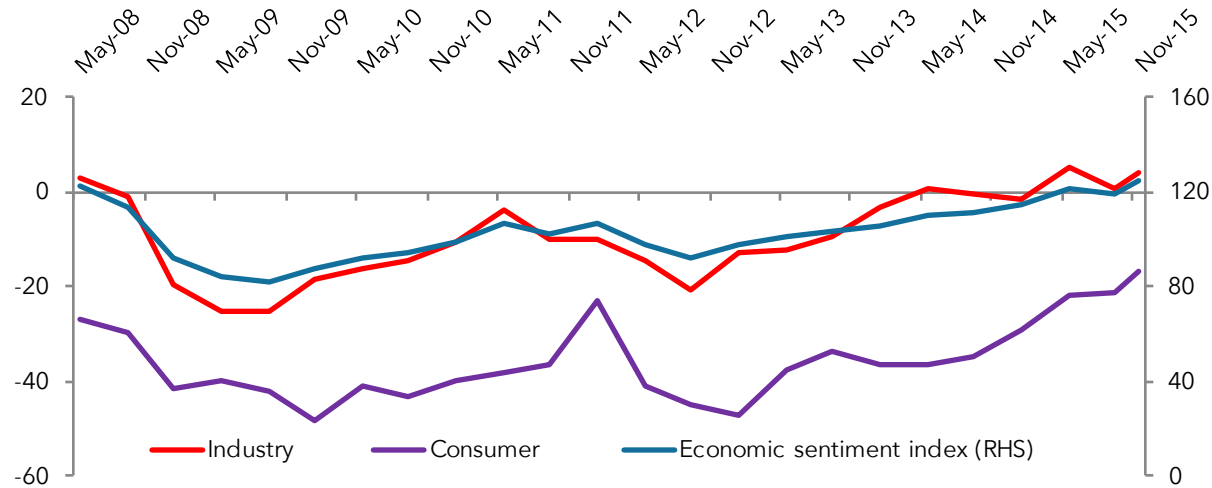


2. Unemployment and inflation

Unemployment has almost doubled since the global financial crisis and remains high as real wages are yet to adjust to the new reality. The rate is only expected to moderately improve as growth slowly picks up. Youth unemployment is one of the highest in Europe at around 40%.

The price level is forecast to decrease in 2015 before rebounding in 2016, while inflation will pick up in line with faster economic growth.

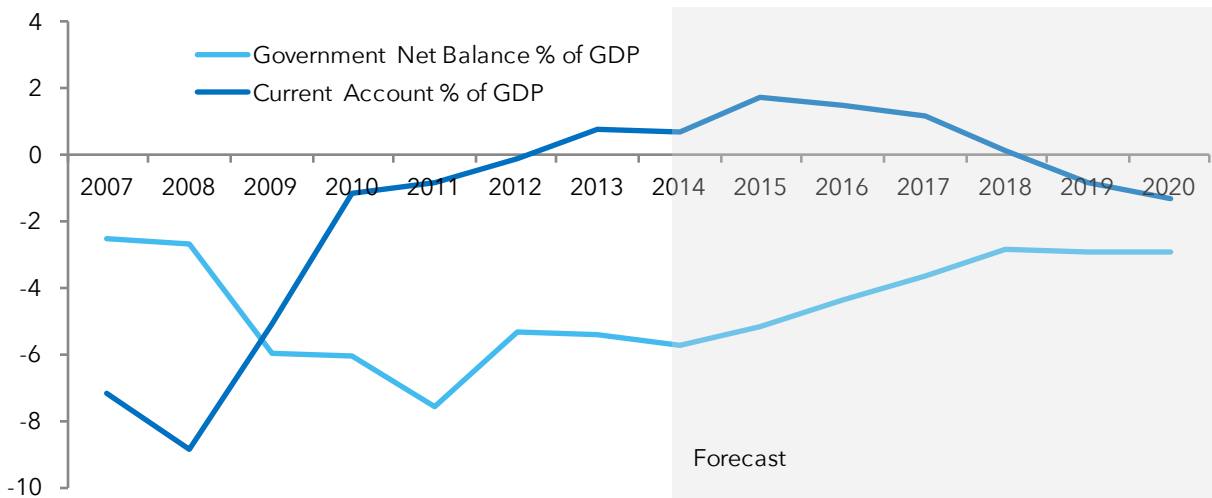
Frequency of update: Monthly



3. Consumer and business sentiment

Both consumer and industry sentiment have been on an upward trend since the start of 2013, in line with improved growth prospects.

Frequency of update: Monthly

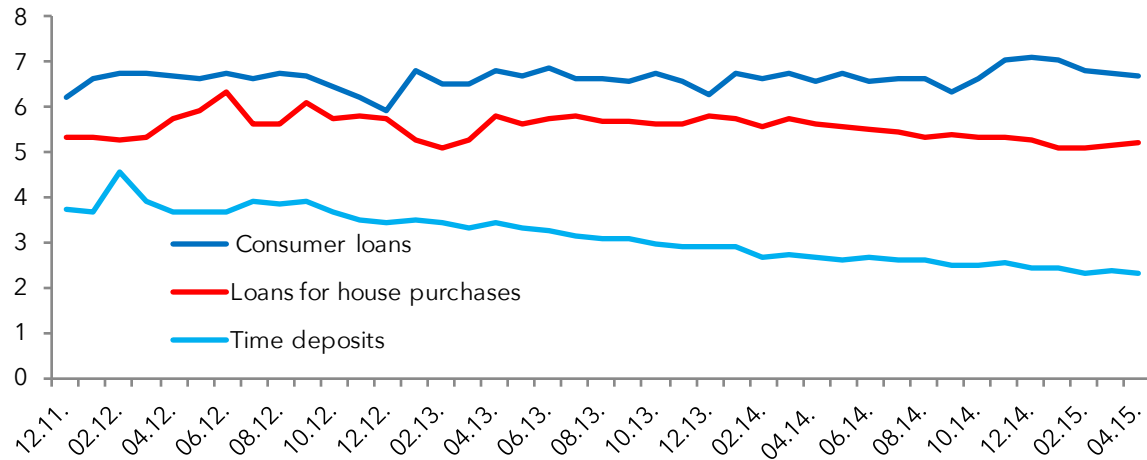


4. Government finances and external balance

A sharp fall in capital flows helped the current account to rebound, as imports fell sharply in the wake of the global financial crisis. The balance is expected to move further into positive territory in 2015 and remain above zero for the next few years.

After a sharp deterioration between 2008 and 2011, the deficit has started to shrink, with further consolidation expected in coming years.

Frequency of update: Monthly and Quarterly



5. Interest rates

Lending rates have remained relatively stable in recent months while rates on deposits have been falling continuously since November 2012, widening the spread.

Money growth remains weak, mainly due to private sector deleveraging and restructuring of the banking sector.

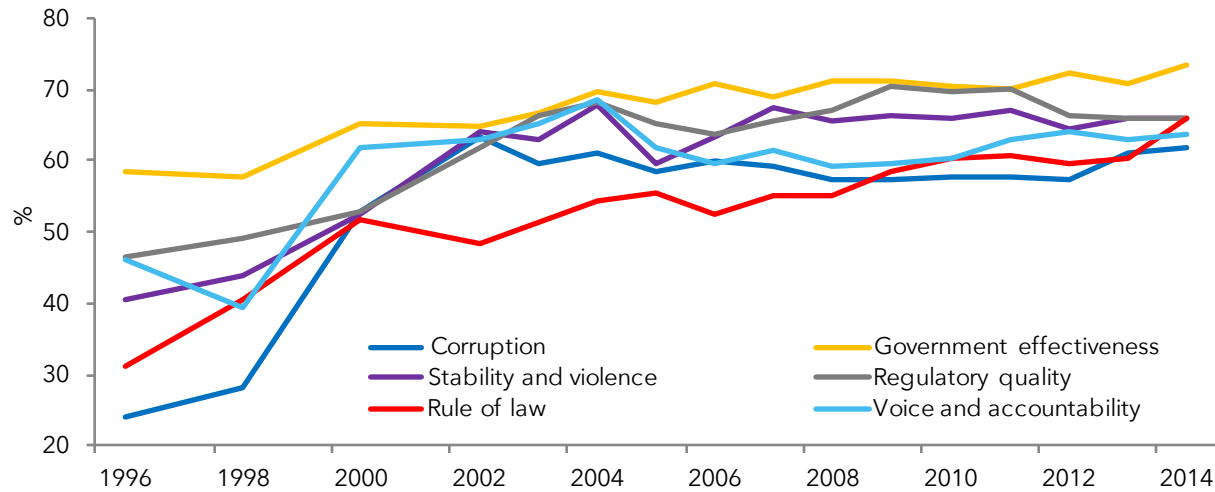
Frequency of update: Monthly



6. Stock prices

In Croatia, as was the case for most European stock markets, activity fell sharply following the global recession. Stock prices appear to have stabilised but are still well below 50% of their 2007 peak.

Frequency of update: Monthly

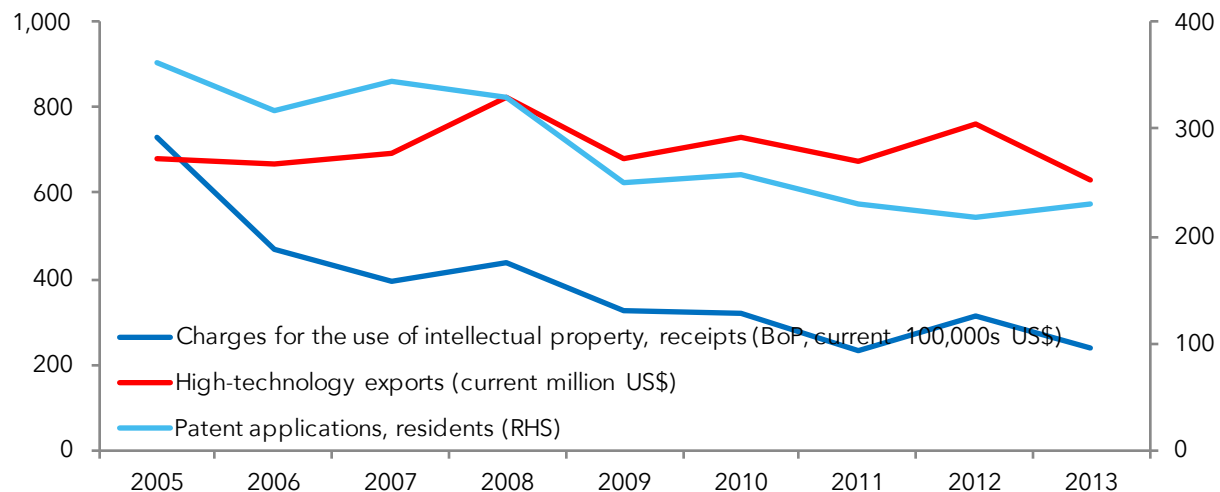


7. Governance

As corruption was one of the key impediments to EU accession, a major anti-corruption drive helped propel Croatia from the bottom quartile globally in terms of corruption to the top 40%. This impressive transformation took place in the years preceding Croatia's joining the EU in 2003. However, Croatia's performance has largely plateaued in the years since then.

Other governance indicators exhibit a similar pattern, with impressive improvements between 1996 and 2003 but little progress post-2003.

Frequency of update: Annually



8. Innovation and technology

Croatia has seen indicators of innovation and technology decline in recent years, partly as a result of its long recession.

Frequency of update: Annually

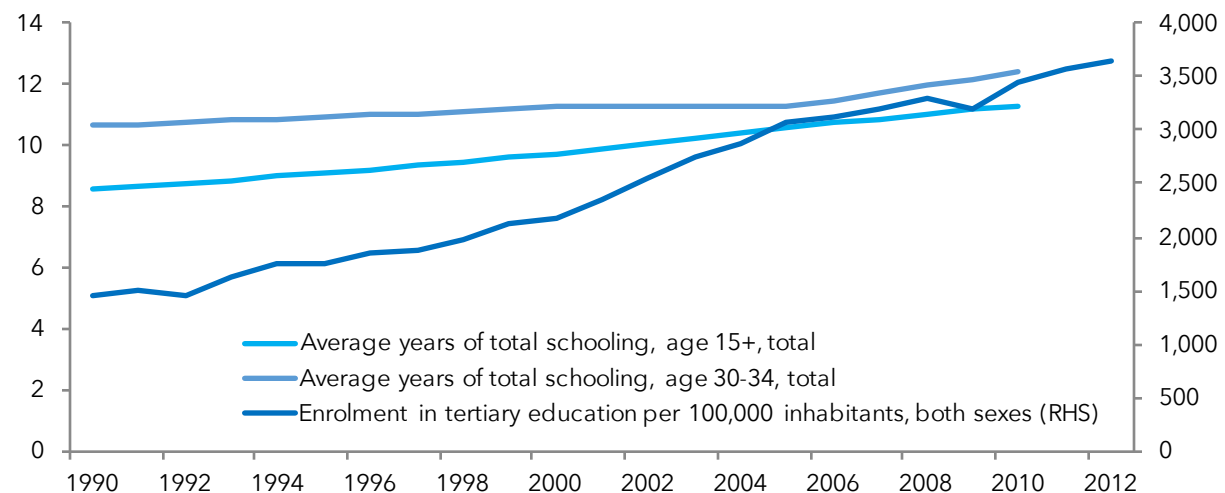


9. Demography and labour force participation

The age dependency ratio remains low and following a (mild) upward trend despite a fall in the share of the population aged 0 to 14.

Labour force participation has fallen following the crisis, particularly for young people, women, older workers and the long-term unemployed.

Frequency of update: Annually



10. Education

Despite the improvement in average years of schooling and enrolment levels in higher education, the share of the population with tertiary education was one of the lowest in the EU in 2013.

Judging from the standardised PISA 2012 tests, the quality could also be improved as Croatia ranked 40th out of 65 countries for mathematics, 34th out of 65 countries for science and 35th out of 65 for reading.

Frequency of update: Annually (enrolment in tertiary education), 3 years (PISA data), 5 years (average years of schooling)



Cyprus **Overview**

En route to recovery

Economy. The economy is characterised by a large service sector with tourism, financial services and construction being the main focus. Cyprus became part of the EU in 2004 and the Eurozone in 2008.

In the run-up to the global financial crisis it experienced growth of around 4% and low unemployment. The service sector (especially tourism and financial services) was hit hard by the recession in 2009, and its exposure to Greece worsened the situation. In 2012, Cyprus was the 5th nation to request a bailout from the European Commission after it lost access to financial markets. Capital controls were introduced but have now been fully withdrawn.

After a sharp decline in GDP, the economy recorded marginally positive growth in 2015. Significant progress has been made via financial and structural reforms and privatisations, with the Troika terms for fiscal consolidation successfully implemented, but the large share of non performing loans remains a problem for the economy.

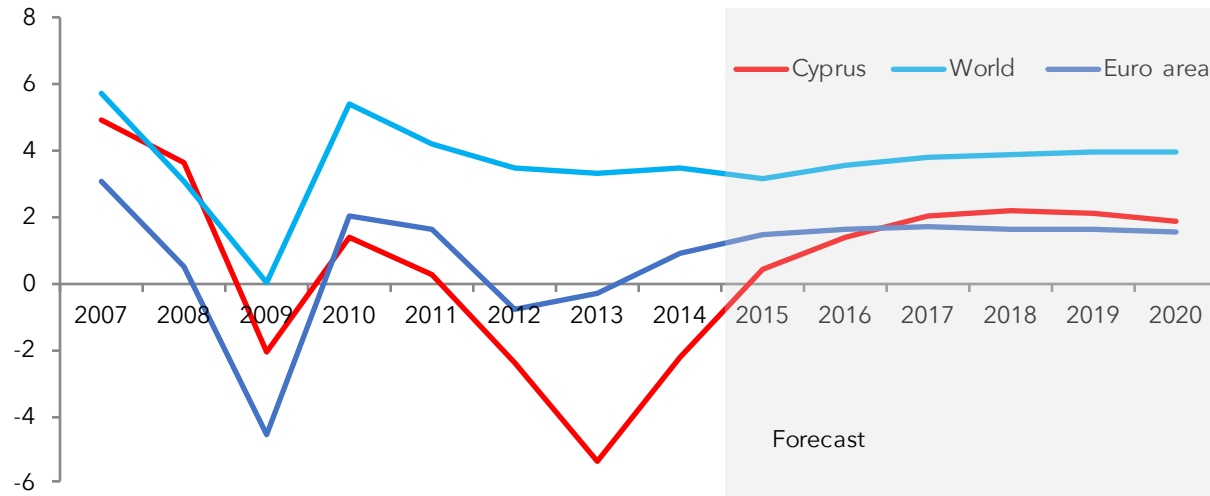
2015 saw important developments in the search for a political solution to enable re-unification of the island. Further progress in this area can help unlock untapped potential and enable reconstructing the economy as a regional hub in energy, tourism, education, transportation, and professional services.

Governance. The level of political risk in Cyprus is low, while it has relatively stable governance. Limited unrest was seen in the wake of the bailout in 2012. Bureaucracy and a lack of legislation facilitating strategic investments in key sectors of the economy are seen as areas where further action is needed.

Demography and education. Cyprus has a falling age dependency ratio with the ratio of those aged 0 to 14 years old declining. Average years of schooling and participation in higher education have been increasing over time but the quality of education needs to be improved.

Innovation and technology. Cyprus records relatively low level of activity in technology and innovation applications.

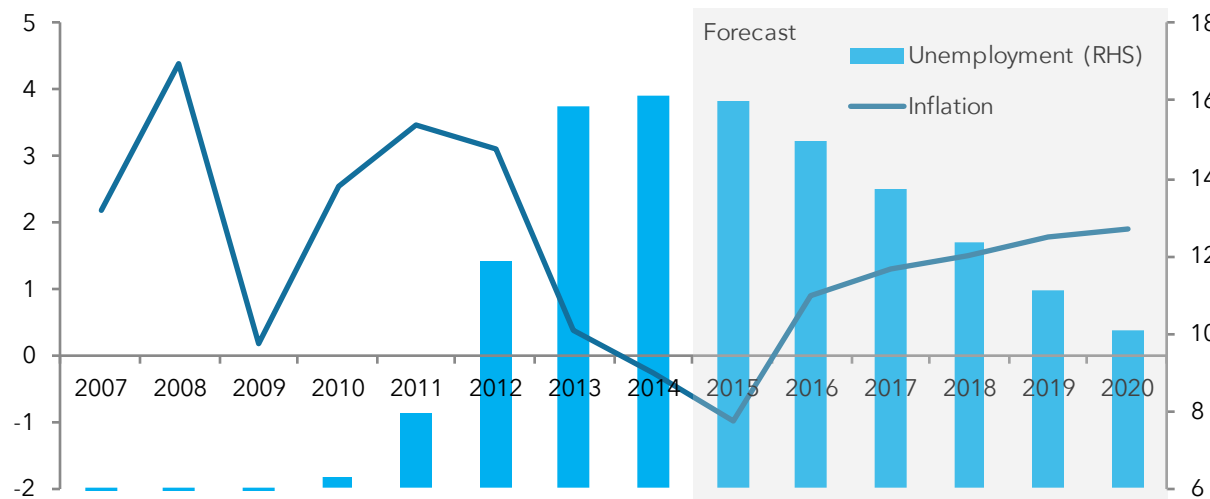




1. Economic growth

After a sharp recession from 2012 to 2014 - although milder than expected partly due to resilience of private consumption - GDP growth was positive in Q1 2015 and is forecast to pick up very gradually in the next few years reaching about 2% in 2018, as financial and structural reforms kick in. External risk remains from further weakness in the Greek and Russian economies.

Frequency of update: Quarterly

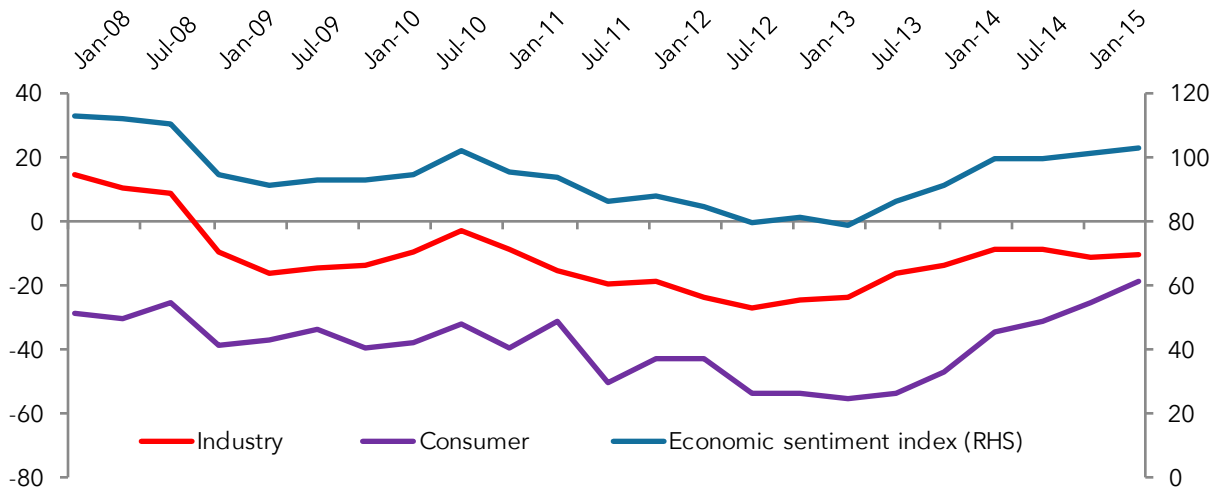


2. Unemployment and inflation

Unemployment picked up sharply as the economy was plunged into recession in 2012, reaching over 16% in 2014. The rate is forecast to drop slowly to just over 10% in 2020, in line with the increase in the GDP growth rate.

In 2015 inflation is set to gradually increase as domestic demand picks up and wages recover.

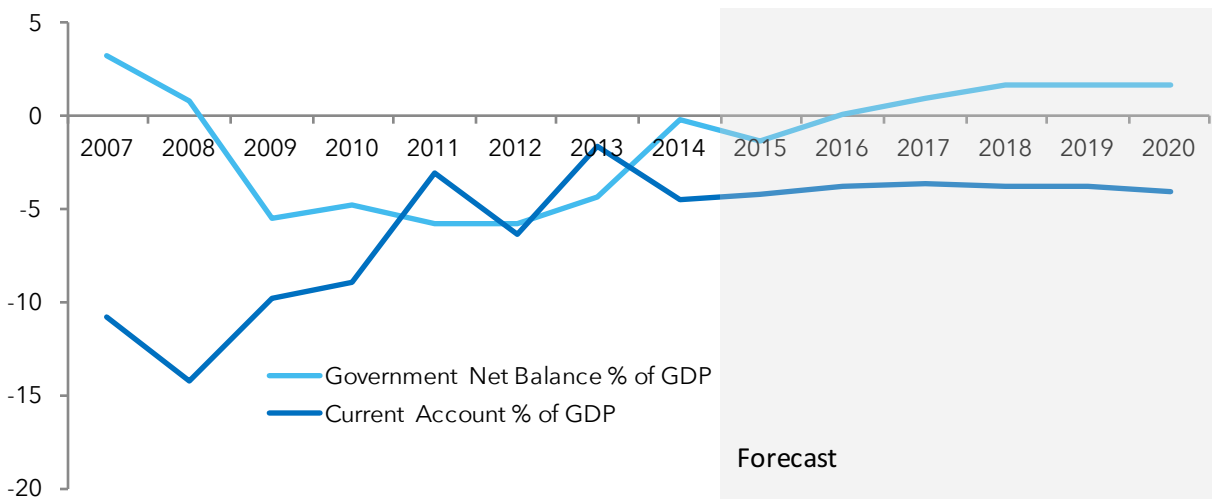
Frequency of update: Monthly



3. Consumer and business sentiment

Sentiment indicators have been on an upward trend since 2014. The latest figures show a continuing increase in consumer sentiment, while industry sentiment has flattened. The overall sentiment indicator continues to increase in line with improvements in economic performance and an expectation of positive GDP growth in 2015.

Frequency of update: Monthly

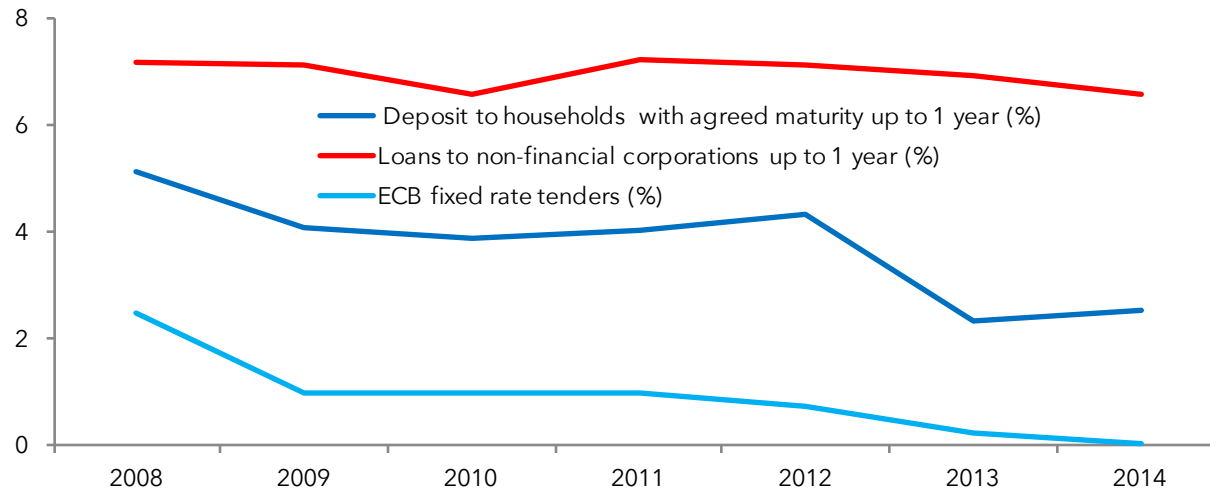


4. Government finances and external balance

In the run up to the financial crisis the current account deficit was close to 15% of GDP, reflecting large imbalances in the economy as Cyprus's large offshore banking sector attracted large foreign funds and fuelled domestic demand. The crisis halted the flow of funds, while GDP growth fell. This led to a sharp improvement in the external balance which is now expected to turn positive in 2017.

In the wake of the crisis, the government's net balance went from positive to negative, reaching around 5% of GDP. As part of the bailout programme, Cyprus has undertaken important consolidation efforts, while in 2014 the government reported being close to balancing its books.

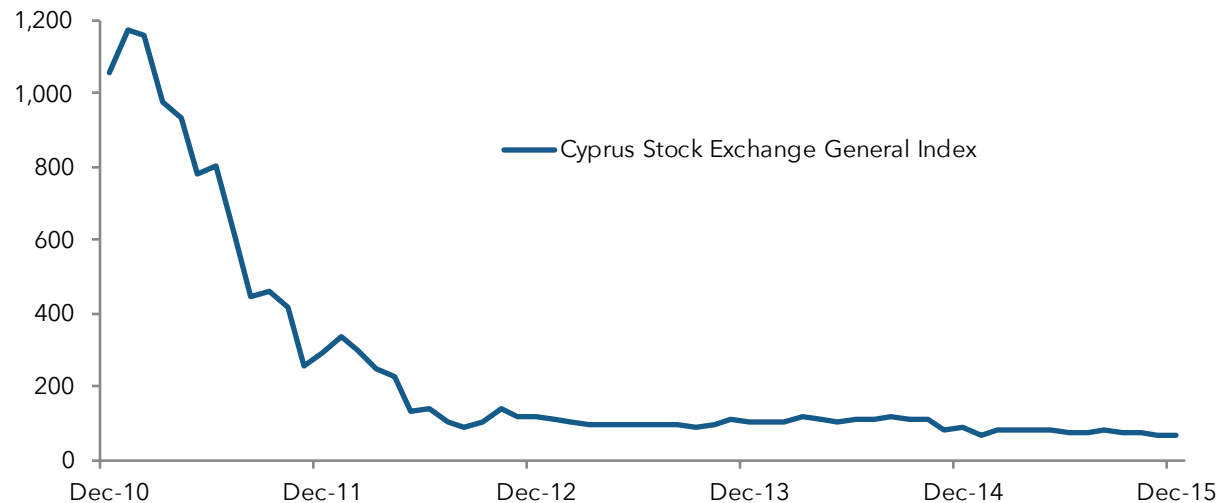
Frequency of update: Monthly and Quarterly



5. Interest rates

Interest rates in Cyprus remain well above the ECB base rate reflecting the weakness in the banking system and the economy as a whole. Lending rates remain amongst the highest in the Eurozone although they have been on a downward trend in recent months.

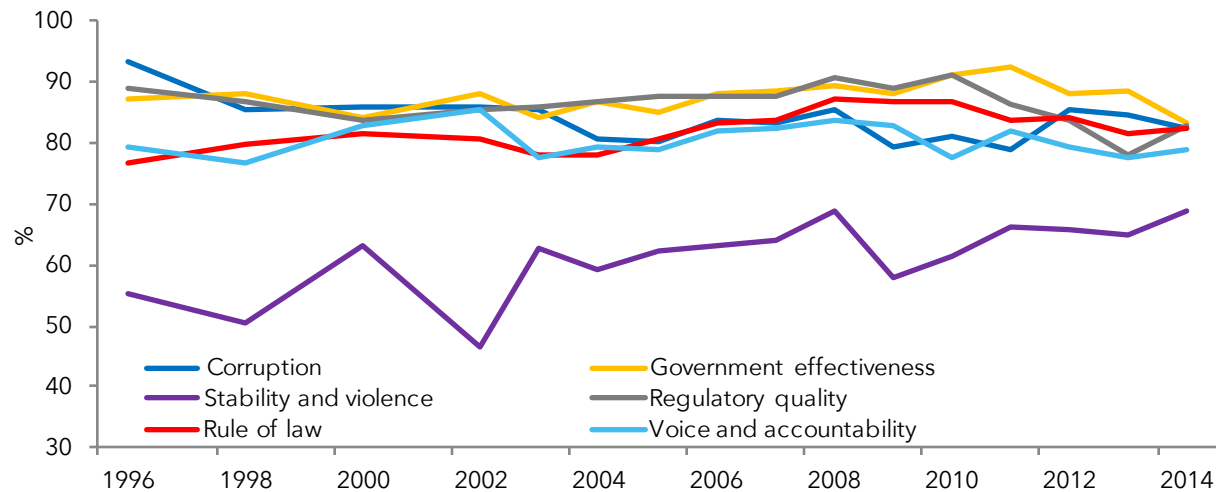
Frequency of update: Annually



6. Stock prices

The global recession and the bailout in 2012 led to a sharp drop in stock prices. However, market activity appears to have stabilised in recent months.

Frequency of update: Annually



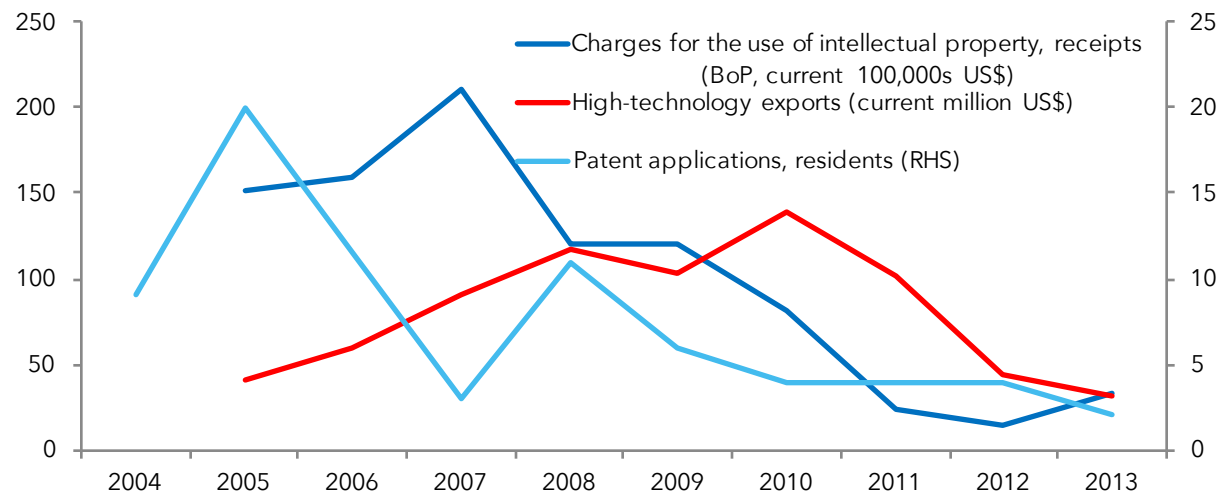
7. Governance



Most governance indicators remain high and stable with slight fluctuations since 1996.

The level of political stability remains lower compared to other indicators and appears to have only slowly improved over the years.

Frequency of update: Annually

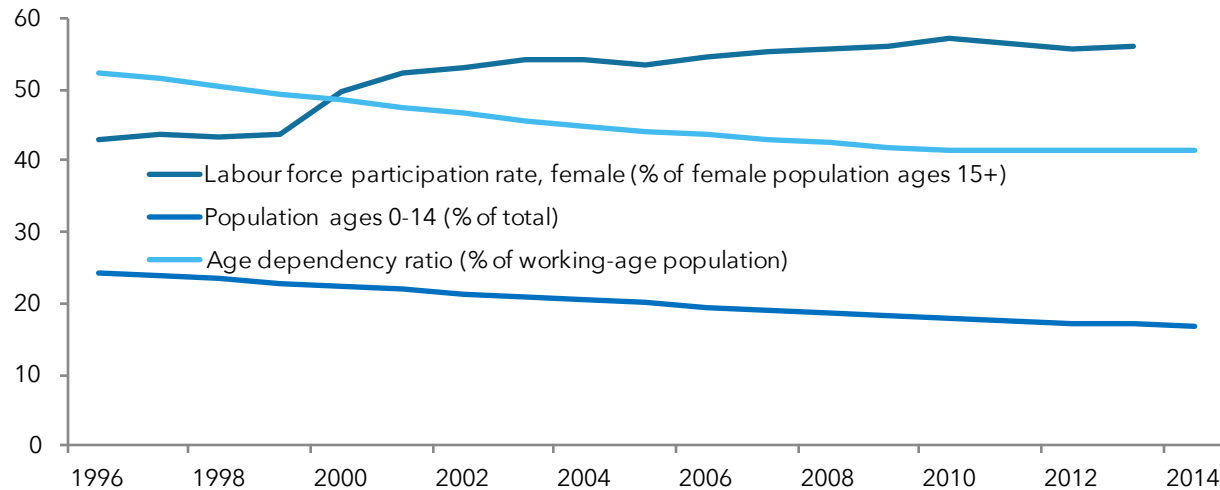


8. Innovation and technology



Innovation and technology applications have been hit by the crisis in Cyprus. There are some recent government initiatives aimed at providing additional support to research and development.

Frequency of update: Annually

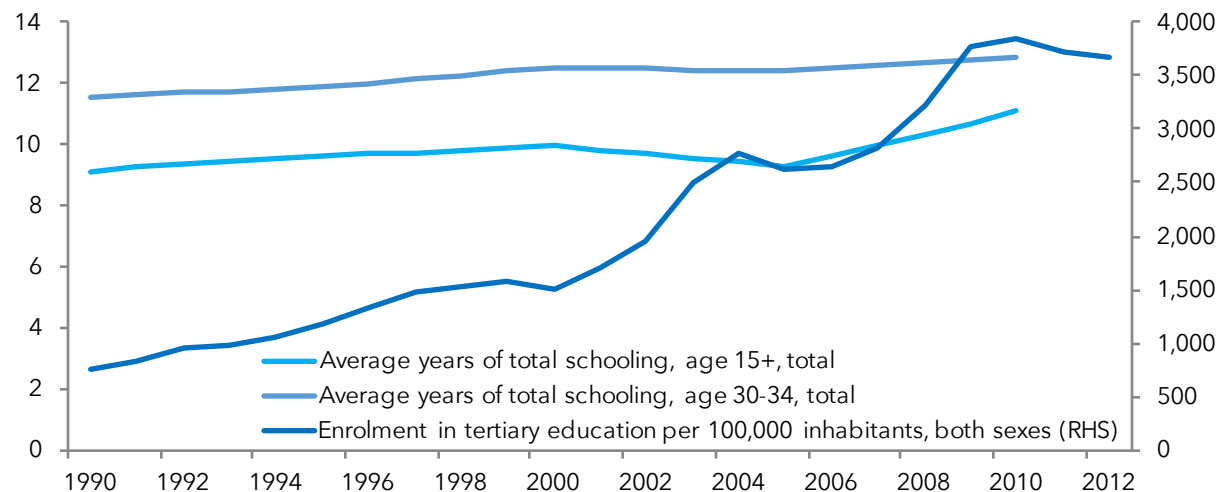


9. Demography and labour force participation

In Cyprus, the age dependency ratio has fallen since 1996, as the share of population aged 0 to 14 has declined.

Since 1999, the labour force participation rate among women has been rising.

Frequency of update: Annually



10. Education

Average years of total schooling in Cyprus have increased, while the level of enrolment in tertiary education jumped from 763.4 in 1990 to 3,838 in 2010, with numbers dropping slightly since then.

Judging from the standardised PISA 2012 tests, the quality of education appears to be low, with Cyprus ranking 46th out of 65 countries for mathematics, 50th out of 65 countries for science and 44th out of 65 for reading. The government is taking action to reverse this trend by reintroducing a number of subjects- including classics, mathematics, and languages - as a compulsory part of school curricula.

Frequency of update: Annually (enrolment in tertiary education), 3 years (PISA data), 5 years (average years of schooling)

Egypt **Overview**

Returning political stability and large scale reforms expected to boost growth

Economy. The Egyptian economy is the second largest in the Arab world, after Saudi Arabia. It is reliant on agriculture, oil and gas, textiles, tourism and remittances from the large Egyptian diaspora. Despite impressive growth performance in the run up to the global financial crisis, the government failed to tackle poverty and provide its young population with job opportunities. The fall in global growth rates in 2009 further exacerbated poverty. A large uprising took place in January 2011 which led to the resignation of president Mubarak and the collapse of his regime.

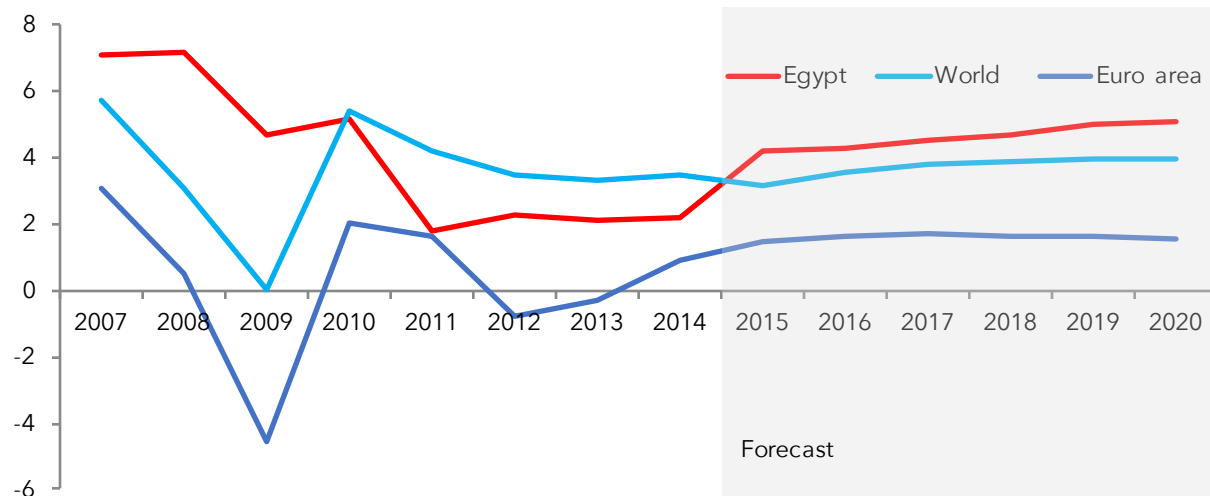
Following this, a four-year period of political uncertainty and economic slowdown hit the tourism industry hard and reversed capital flows. The new government has started implementing policies to raise growth, create jobs and restore macroeconomic stability. These measures along with increased confidence and a sense of stability are expected to boost job creation and economic improvement in coming years. The recent announcement by Eni of a world-class supergiant gas discovery in the deep waters of Egypt – the largest gas discovery ever made in Egypt and in the Mediterranean Sea – is a further reason for optimism.

Governance. Most governance indicators have worsened since 2009, when Egypt entered a period of political transition. The transition weakened the Egyptian government’s ability to manage economic, social, and foreign policy challenges, creating a vicious circle of political instability and unrest, while significant rule of law and human rights issues affected investor confidence. The political climate seems to have stabilised since 2014 but remains fragile, with parliamentary elections having taken place in October 2015 and concluded after two phases in December 2015.

Demography and education. Egypt is a young nation with a low age dependency ratio and female labour force participation.

Innovation and technology. The level of innovation and technology remains weak in a global context as well as in comparison with other North African countries.

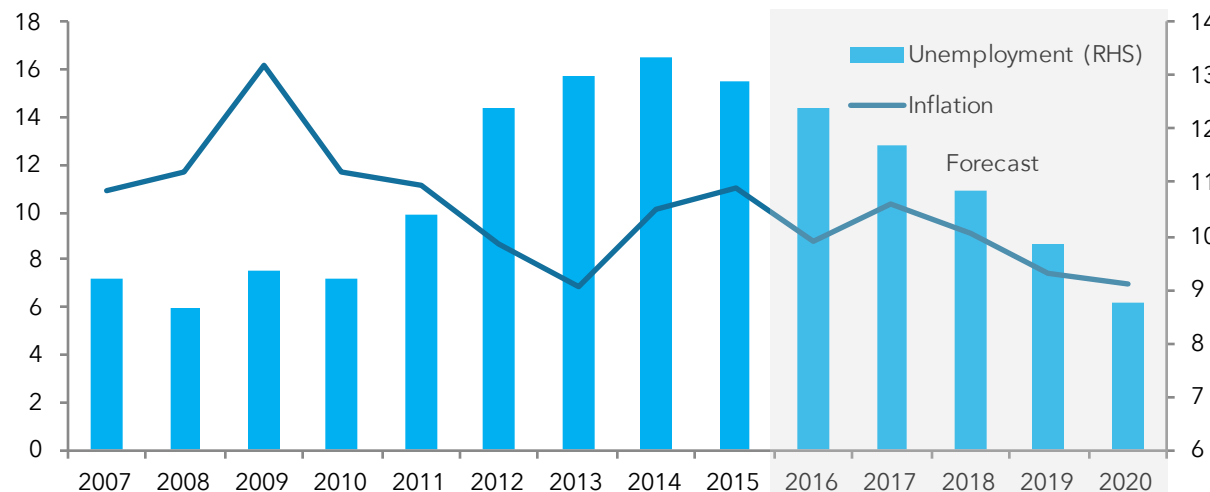




1. Economic growth

After four years of weak growth the economy is picking up, driven by the manufacturing sector, and growth is forecast to reach 4% in 2015 as the economy stabilises, reforms are pushed through and confidence builds up. Growth is forecast to reach close to 5% in 2019.

Frequency of update: Quarterly

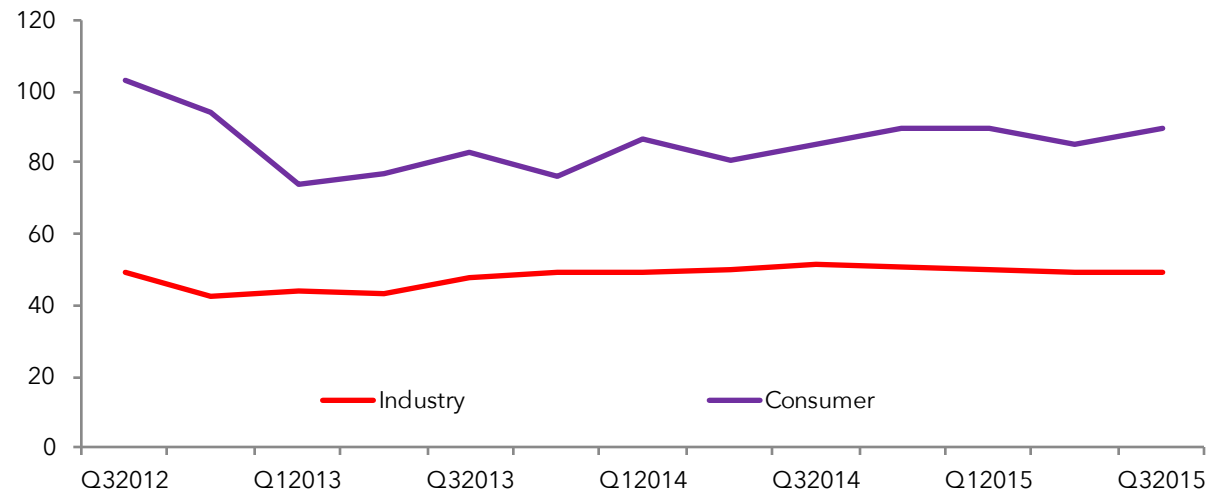


2. Unemployment and inflation

Unemployment rose sharply from around 9% in 2010 to 13% in 2014. As growth recovers unemployment is forecast to drop below 9% in 2020.

Despite weak economic growth inflation has remained high. Main drivers are the increase in food prices, partly linked to higher fuel prices due to a fall in fuel subsidies, and changes to government policy. Inflation is forecast to fall slowly over the coming years as the economy and the government's finances stabilise.

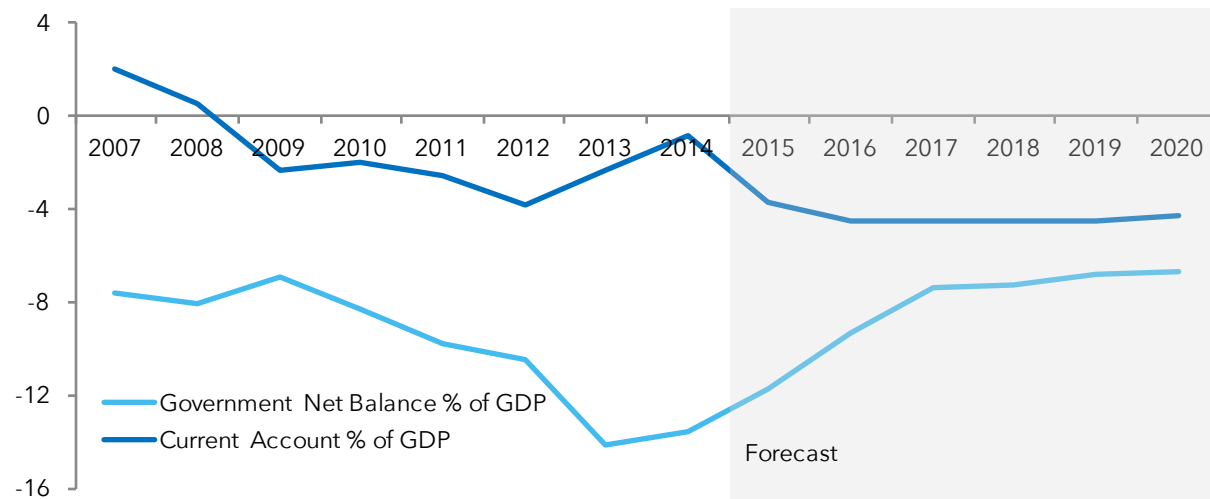
Frequency of update: Monthly



3. Consumer and business sentiment

Sentiment has continued on an upward trend in line with improved economic prospects.

Frequency of update: Quarterly

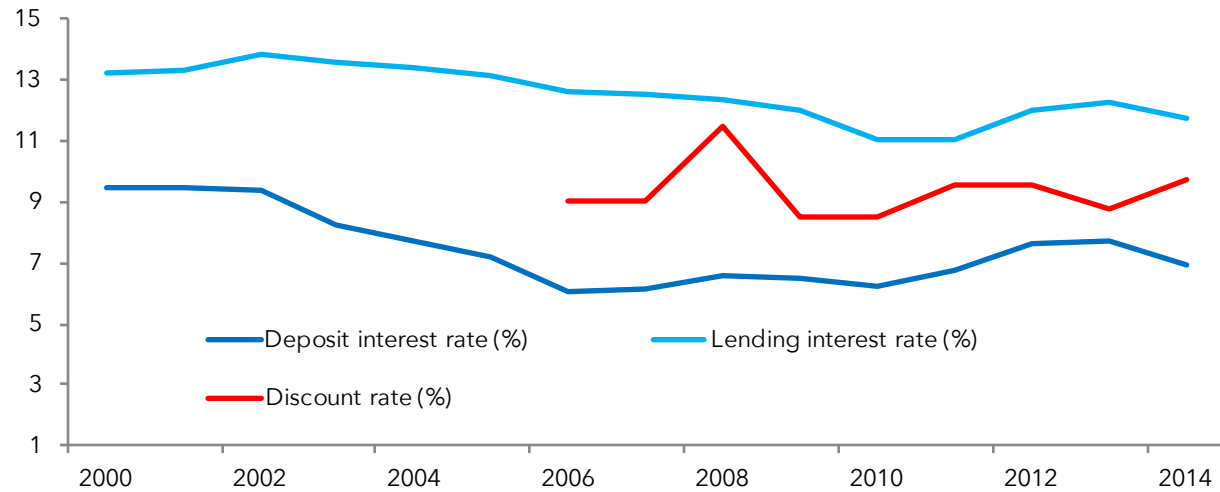


4. Government finances and external balance

In the wake of the unrest in 2011, the government balance deteriorated sharply as stimulus packages were introduced and revenues fell. The new government has started to turn things around, for example by cutting energy subsidies, with the deficit forecast to be 10% of GDP in 2015 and 7% in the medium-term.

With revenues from tourism plummeting, the current account also deteriorated slightly but remains at healthy levels.

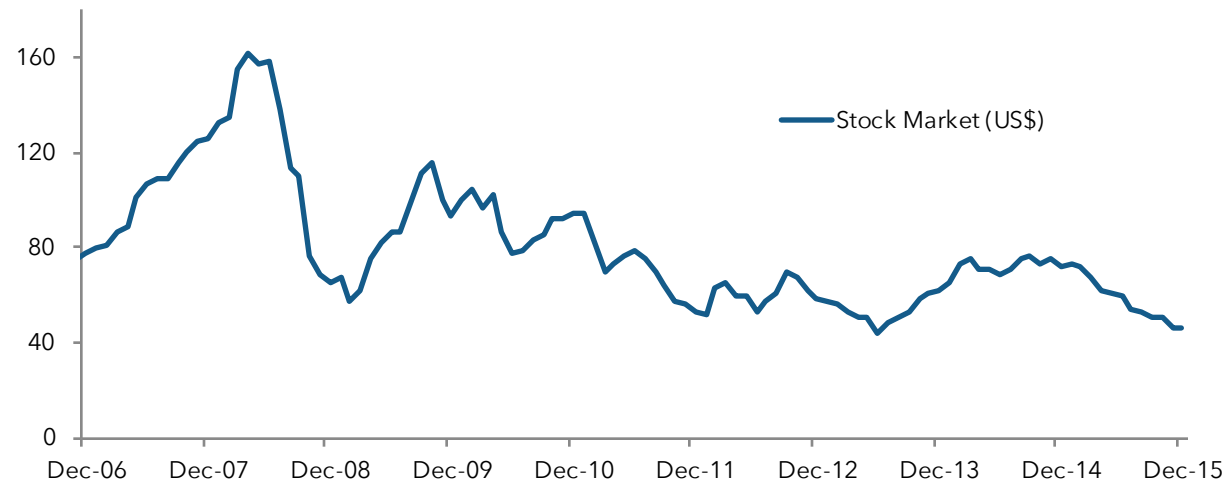
Frequency of update: Monthly and Quarterly



5. Interest rates

Interest rates remain high with the base rate currently at 8.75%. In January 2015, the Central Bank lowered the rate by 50 bps as inflationary pressures subsided.

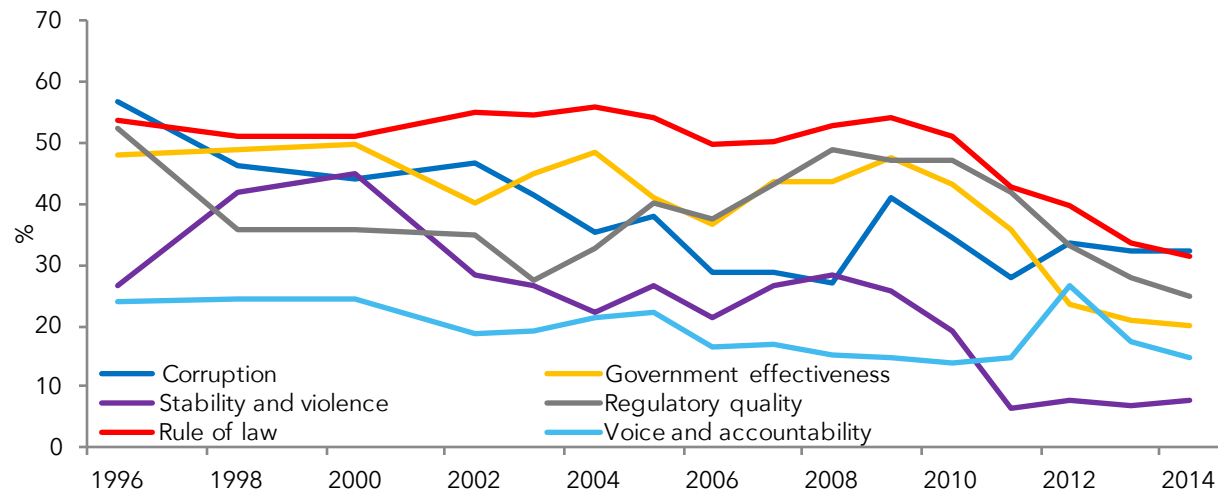
Frequency of update: Annually



6. Stock prices

After peaking in 2007, the market value fell sharply in 2008 and again in 2010. Stock prices have recently rebounded, but remain significantly below their 2008 peak.

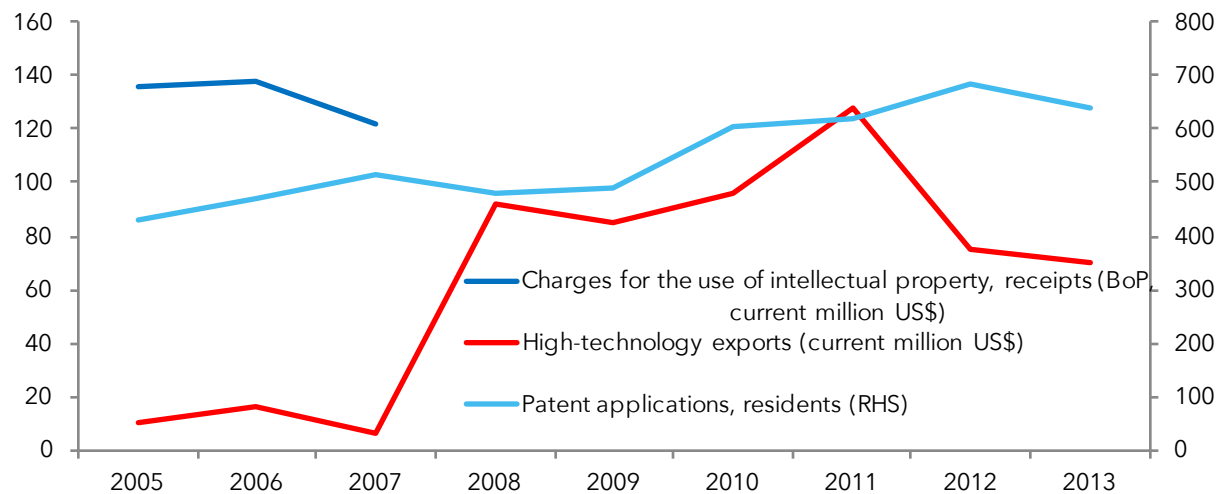
Frequency of update: Monthly



7. Governance

Most governance indicators have declined sharply since 2009, when Egypt entered a period of political transition weakening the Egyptian government's ability to manage economic, social, and foreign policy challenges. This transition, coupled with significant rule of law related issues and human rights violations, impeded investor confidence.

Frequency of update: Annually



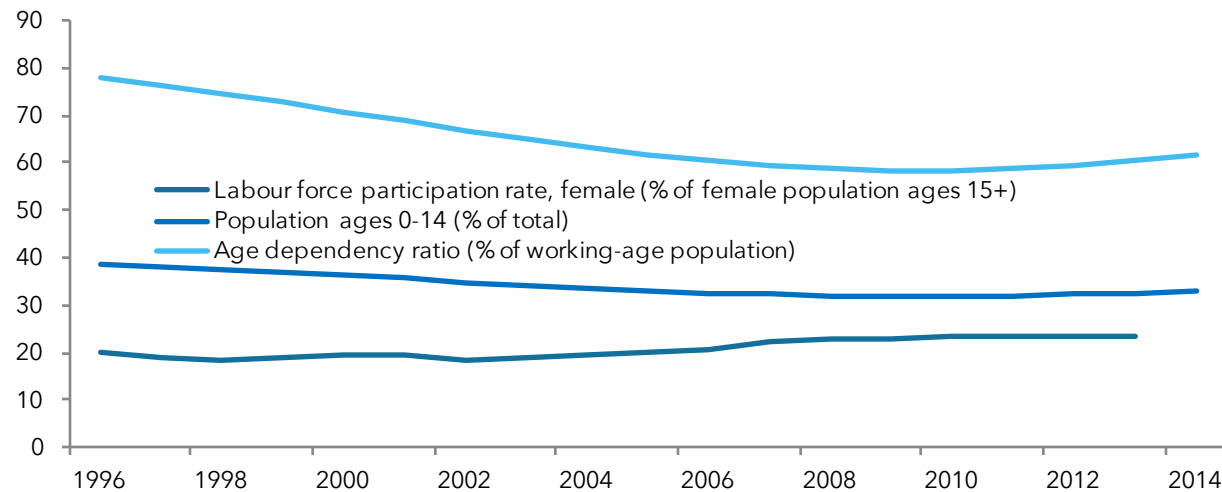
8. Innovation and technology

The level of innovation and technology is low due to the absence of local production of new technologies and sufficient financial support for innovation from the private sector. According to the Global Innovation Index of 2014, Egypt ranks 17th out of 20 countries in North Africa and Western Asia which indicates the low competitiveness in innovation compared with other countries of the region.

Indicators regarding patent applications appear to have improved in recent years.

Frequency of update: Annually

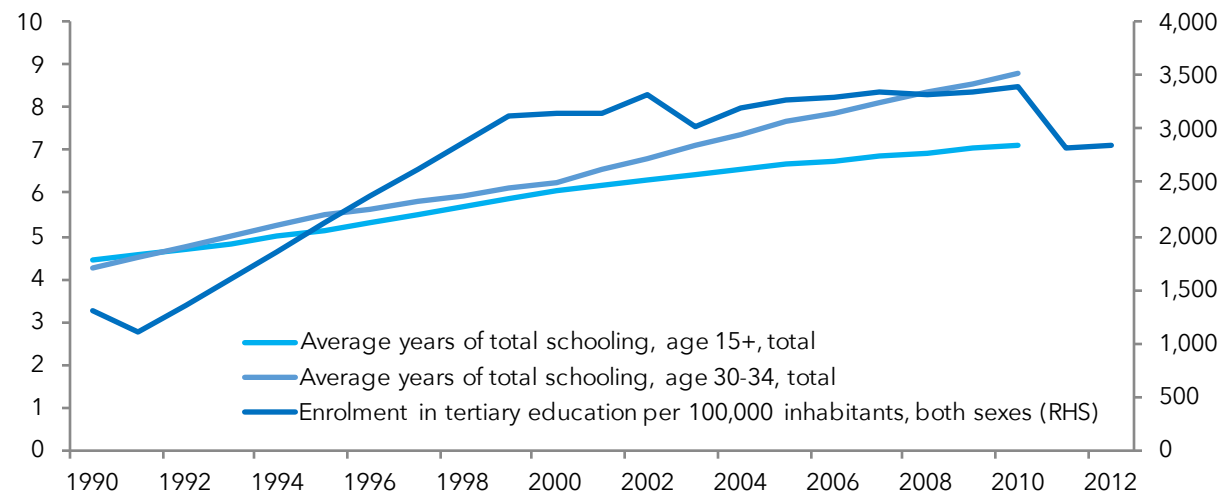
9. Demography and labour force participation



Egypt has experienced a fall in the age dependency ratio from 78% in 1996 to 62% in 2014, mainly due to the ongoing decrease in the share of population aged 0 to 14.

The labour force participation rate among females remains low, reflecting the historical role of women as mothers and housewives.

Frequency of update: Annually



10. Education

Average years of schooling in Egypt have increased significantly in the past few decades, and this has been reflected in the increase of the literacy rate from 57% in 1990 to over 80% in 2013. There has also been a jump in the enrolment level in tertiary education since 1991.

Frequency of update: Annually (enrolment in tertiary education), 5 years (average years of schooling)

France **Overview**

A very gradual recovery helped by private consumption and exports

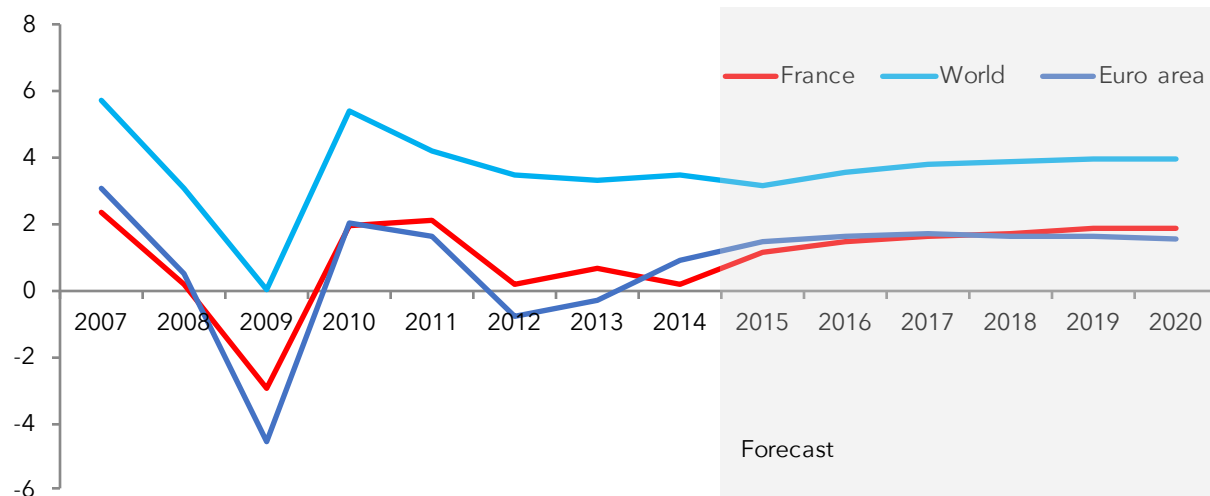
Economy. The French economy showed relative resilience during the global economic crisis but has experienced a very slow recovery. Growth remained just above zero for 3 consecutive years with weak exports and investment, as well as high unemployment weighing down the economy. GDP growth is expected to pick up in 2015 and 2016 as lower oil prices and increased confidence boost consumption, while the more favourable external environment should help exports. Investment is expected to gradually increase as pro-competition reforms are being rolled out, and unemployment is forecast to start declining from 2016 onwards.

Governance. France is a country with strong governance and low political risk. That said, the rise of the far right, increased risk of terrorist attacks, and signs of increasing polarisation are areas of concern for the future.

Demography and education. France is an ageing society with a rising age dependency ratio, although its fertility rate is now higher than many other European countries. The education system in France is strong and well respected, while PISA test score rankings remain above average.

Innovation and technology. The level of activity in innovation and technology applications is high and has been increasing in recent years.

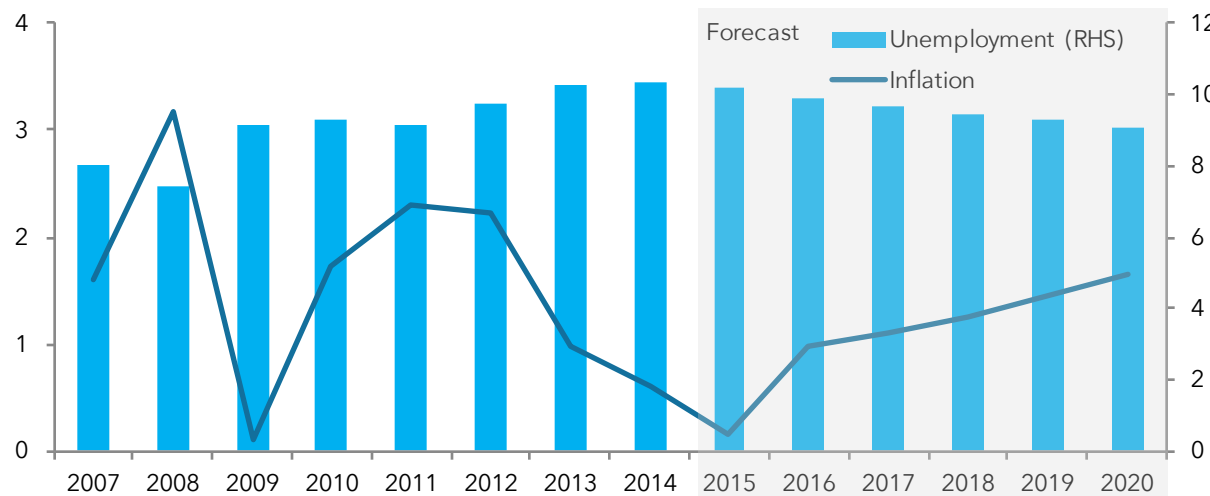




1. Economic growth

Following three years of economic standstill, GDP growth is forecast to rise above 1% in 2015 and gradually reach almost 2% in 2019 as confidence improves and the rest of the Euro area growth picks up. The main drivers are private consumption and higher exports.

Frequency of update: Quarterly

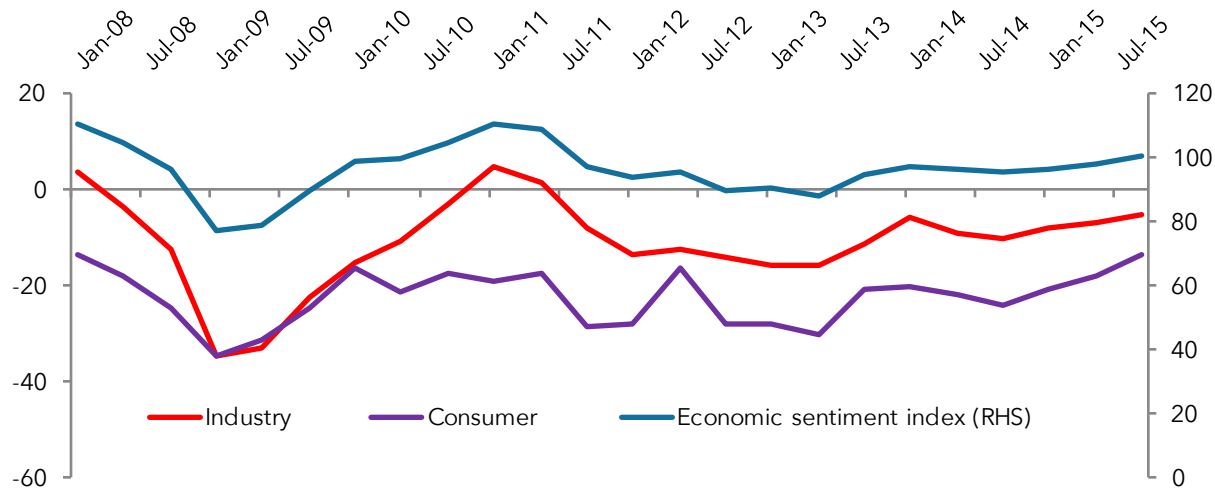


2. Unemployment and inflation

Unemployment increased sharply in the wake of the global financial crisis and continued to rise in the recovery period as GDP growth remained very weak. It is forecast to improve only gradually, in line with the expected modest pick up in economic growth.

Inflation has fallen rapidly in recent years, mainly due to a drop in energy prices. Inflation will be close to zero in 2015, before picking up again in 2016 as growth recovers.

Frequency of update: Monthly

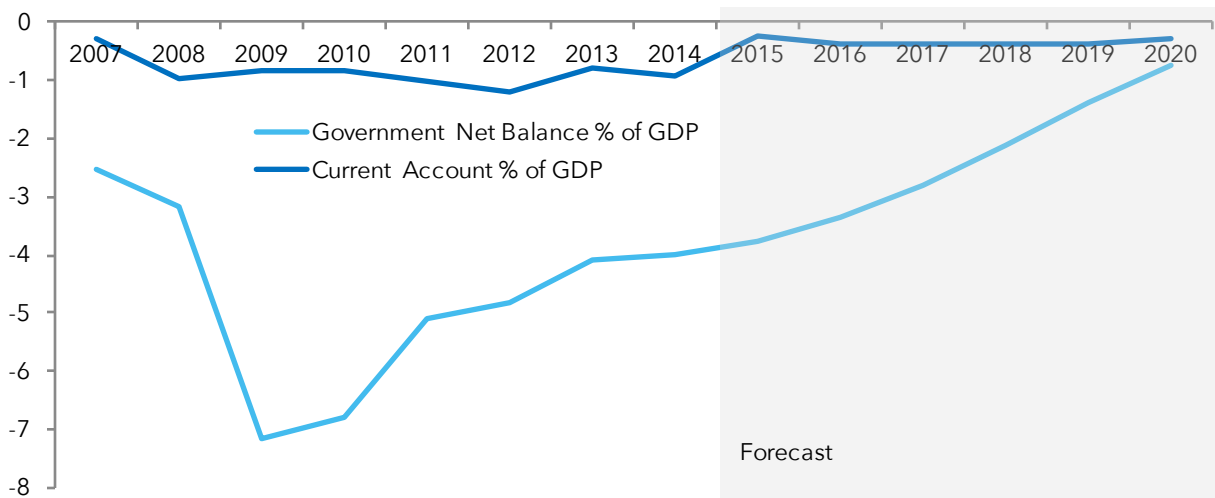


3. Consumer and business sentiment

Consumer confidence in France has remained relatively stable since September 2010. This stability reflects a stationary economy despite the government's attempts to revitalize competitiveness and confidence. An upward trend has been observed in recent months, in line with a pick up in economic activity.

Business sentiment has shown similar improvement since September 2014.

Frequency of update: Monthly

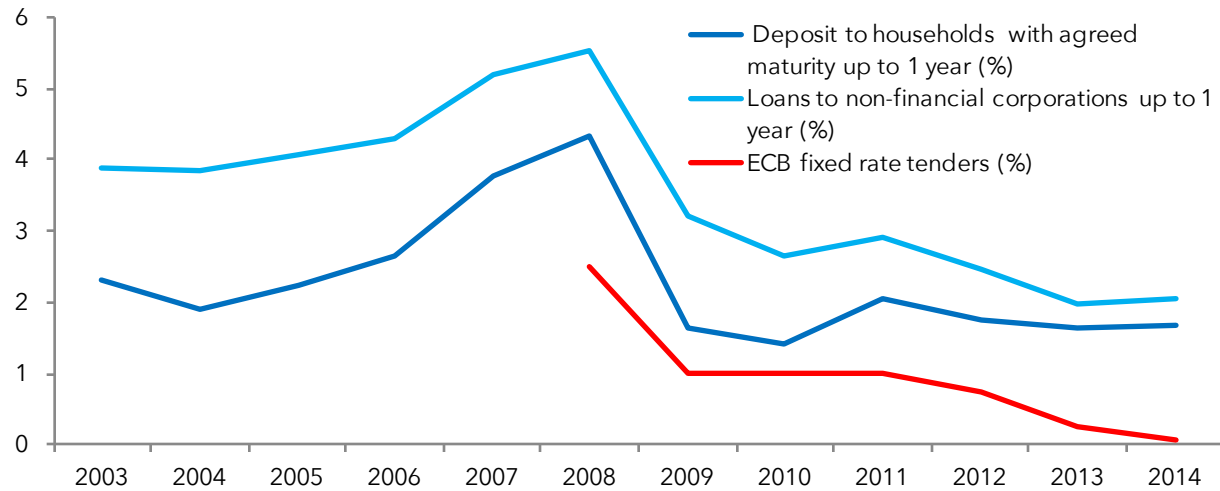


4. Government finances and external balance

Following the onset of the global financial crisis, the fiscal deficit deteriorated sharply as tax revenues fell and spending rose. Consolidation efforts alongside the stabilisation of the economy have helped reduce the deficit. The government is forecast to balance its books in 2020 following stronger GDP growth and additional spending cuts.

The current account deficit has remained relatively stable in recent years, with a slight drop predicted for 2015 as exports pick up and the weaker Euro improves competitiveness.

Frequency of update: Monthly and Quarterly



5. Interest rates

Interest rates fell sharply in 2009 in line with the drop in the ECB's base rate and remain very accommodating. They rose in 2011, during the height of the sovereign debt crisis in Europe, but have come down in recent years. The spread has also narrowed as banks' positions have improved.

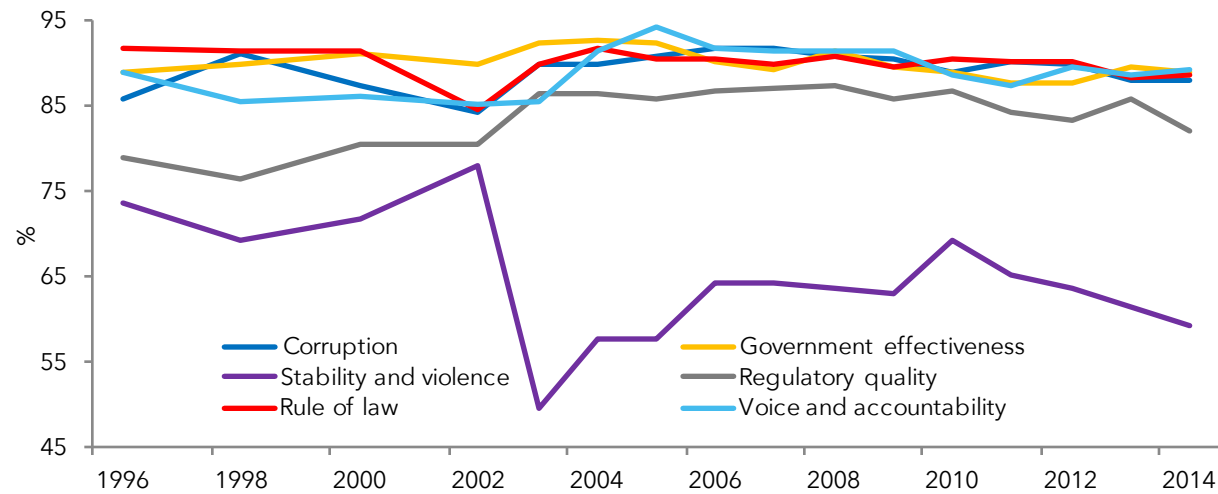
Frequency of update: Annually



6. Stock prices

The market value peaked in 2007 and after a sharp decline following the global recession, stock prices have recovered in recent years but remain well below their pre-crisis peak.

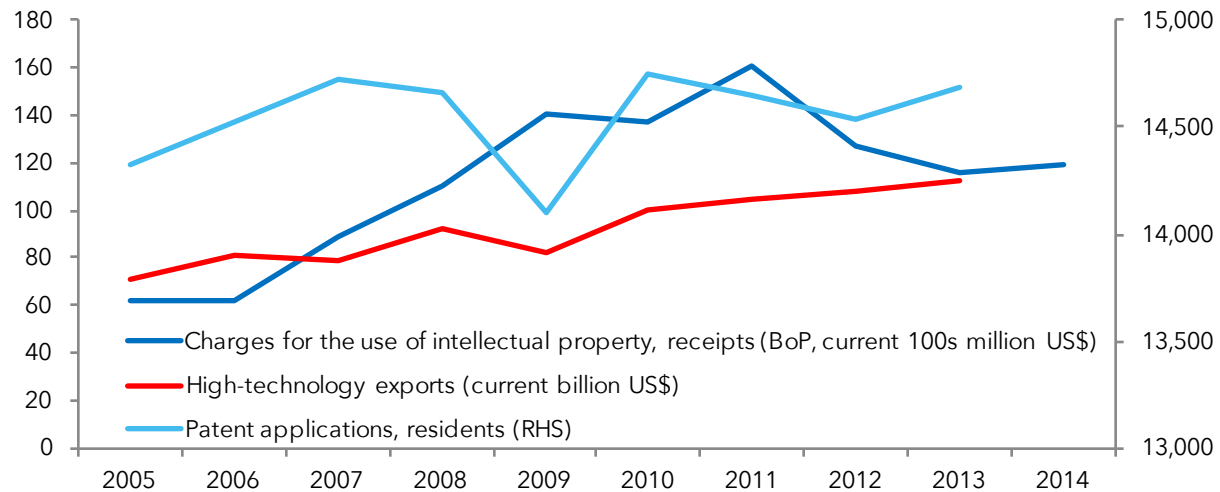
Frequency of update: Monthly



7. Governance

Most governance indicators have remained relatively stable and at very high levels since 2002. The one area where France ranks relatively lower - albeit still in the top 40% of countries globally - is the level of political stability. The relevant indicator suffered a steep drop in 2003 and, despite improving in recent years, remains below its 2002 peak.

Frequency of update: Annually

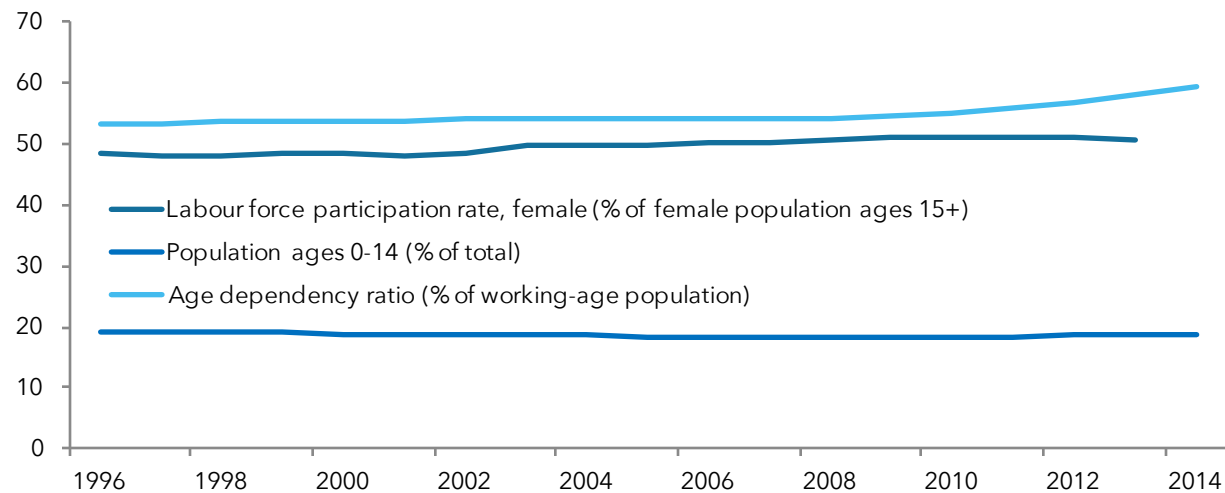


8. Innovation and technology

France is a bright spot for technology applications in Europe and ranked 1st in the Global Innovation Index 2015 amongst Mediterranean countries.

The country's high-technology exports reached \$113 billion in 2013, while receipts from IP charges have also increased significantly since 2005, although they are currently lower compared to their peak in 2011.

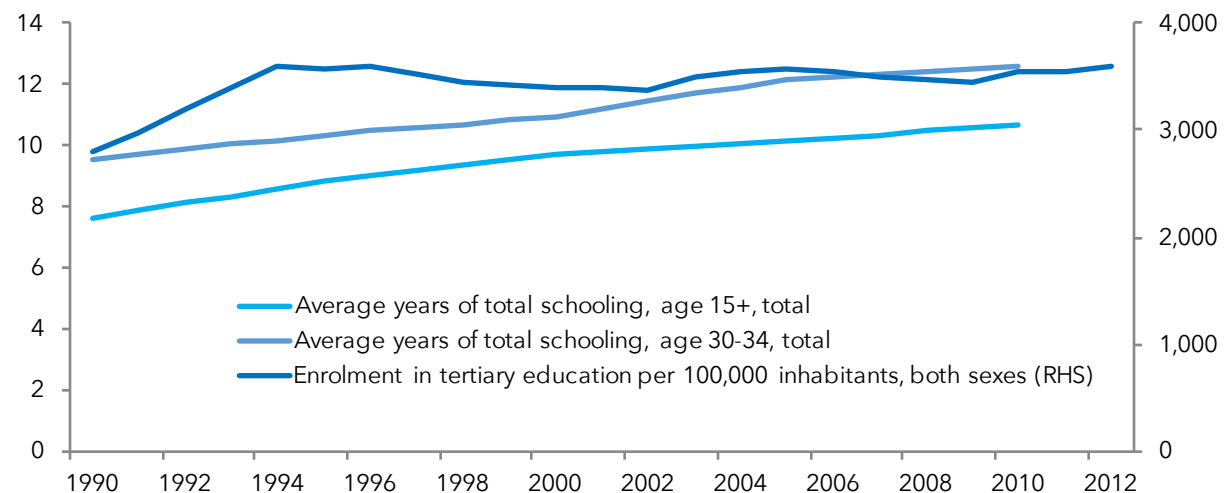
Frequency of update: Annually



9. Demography and labour force participation

The age dependency ratio remains relatively high and has been increasing in recent years, despite a fall in the share of population aged 0 to 14.

Frequency of update: Annually



10. Education

Average years of total schooling in France have increased significantly since the early '90s. In contrast, enrolment rates in tertiary education remain below their peak in 1994 despite a slight increase in recent years.

Judging from the standardised PISA 2012 tests, the average student score is above the OECD average, with France ranking 25th out of 65 countries for mathematics, 26th out of 65 countries for science and 21st out of 65 for reading.

Frequency of update: Annually (enrolment in tertiary education), 3 years (PISA data), 5 years (average years of schooling)

Greece **Overview**

Uncertain road ahead: ever-deepening austerity, return to growth in 2017

Economy. Greece has a market economy with a relatively large public sector making up around 40% of GDP. Tourism is a major industry and accounts for just under 20% of GDP, with other notable sectors being shipbuilding and agriculture.

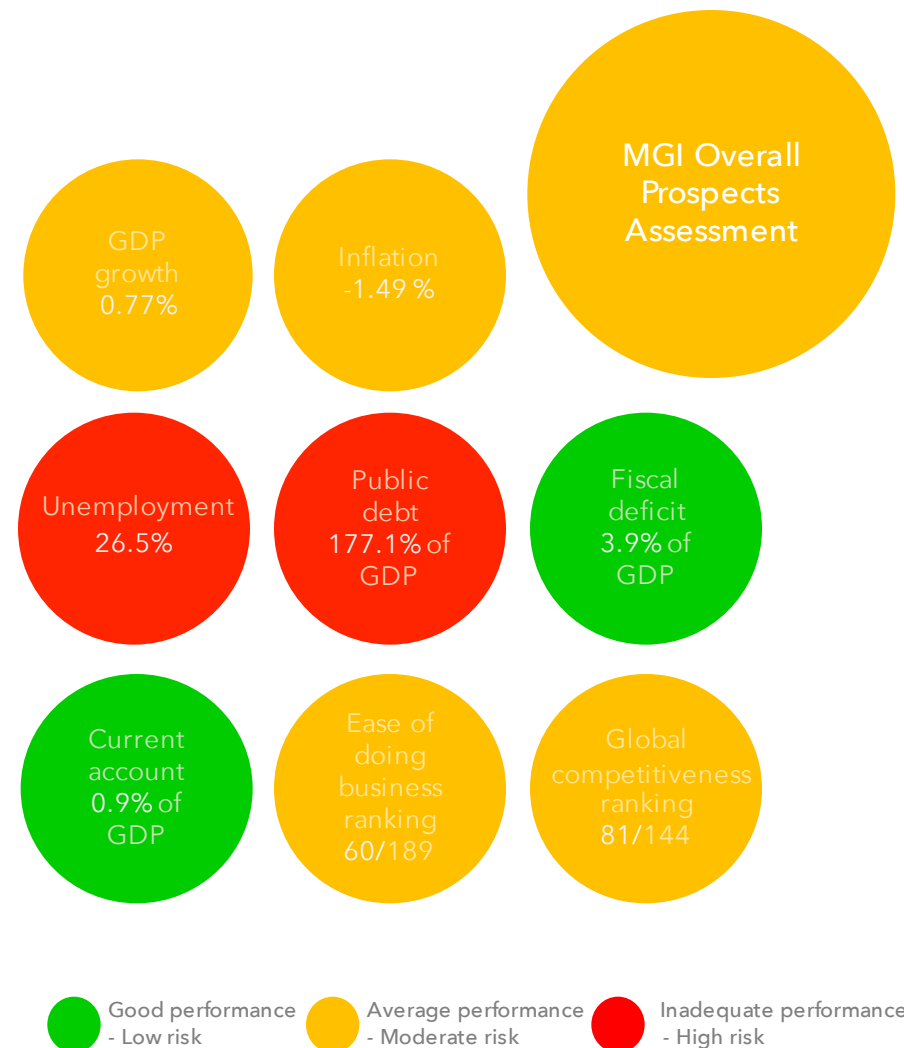
Greece joined the EU in 1981 and the Euro in 2001. From 2003 to 2007 growth was around 4% per year, fuelled by large scale infrastructure projects and easier access to credit. Greece experienced a sharp drop in output in 2009 alongside the rest of the Eurozone and struggled to address its growing budget deficit, leading to its first IMF/Eurozone bailout in 2010. The economy has continued to struggle as difficult austerity measures have been implemented following two further bailout efforts.

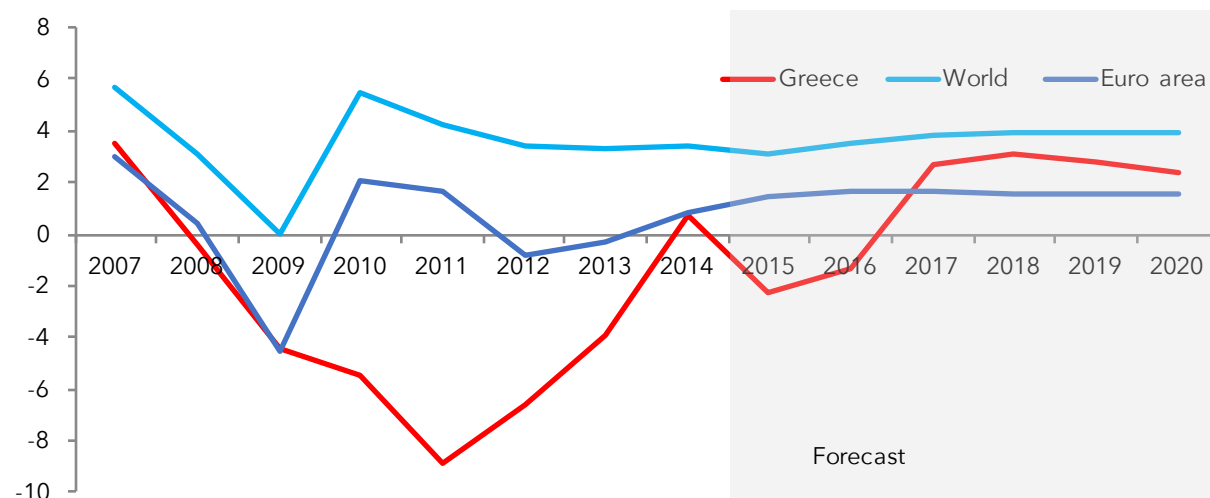
In 2013, GDP had contracted by around a quarter compared to its pre-crisis level. In 2014, growth was marginally positive for the first time in 5 years and was forecast to continue at a weak pace in 2015, but a near break-down in negotiations with Greece's official lenders led to an economy-wide bank run and the imposition of capital controls, with most forecasters revising their predictions for growth in 2015 and 2016 downwards.

Governance. The level of political stability has plummeted since the start of the fiscal crisis, while corruption and social unrest continue to increase. Following another snap election in September 2015, the left-wing SYRIZA party returned to power as the main partner in a coalition with the smaller, right-wing ANEL party. The coalition faces the daunting task of implementing the additional austerity measures agreed with Greece's official lenders.

Demography and education. Greece is an ageing country with a high and rising age dependency ratio. Participation rates in higher education rose sharply at the start of the century but have plateaued following the crisis.

Innovation and technology. The level of innovation and technology lags behind the average EU and OECD standard.



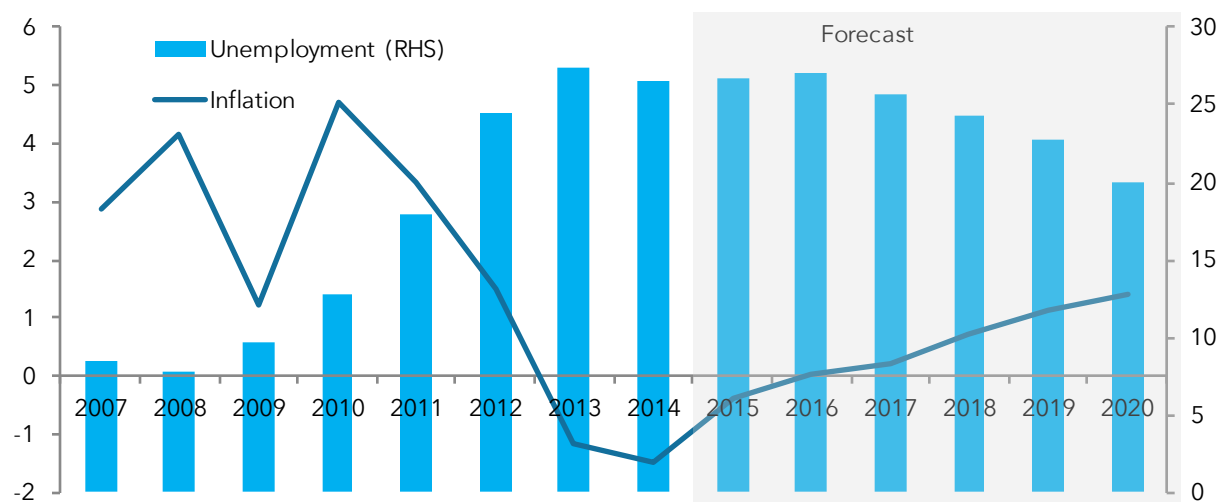


1. Economic growth

After a large drop in output following the global financial crisis and the Eurozone crisis, the economy finally grew again in 2014 after a five-year recession that shrank GDP by around a quarter, and was forecast to continue at a weak pace in 2015. Growth was driven by increased exports (mainly tourism) and consumption. Investment also showed some growth.

However, after a near break-down in negotiations with Greece's official lenders which led to an economy-wide bank run and the imposition of capital controls, GDP growth rate is now expected to be on a downward trend until 2016 and pick up again in 2017.

Frequency of update: Quarterly

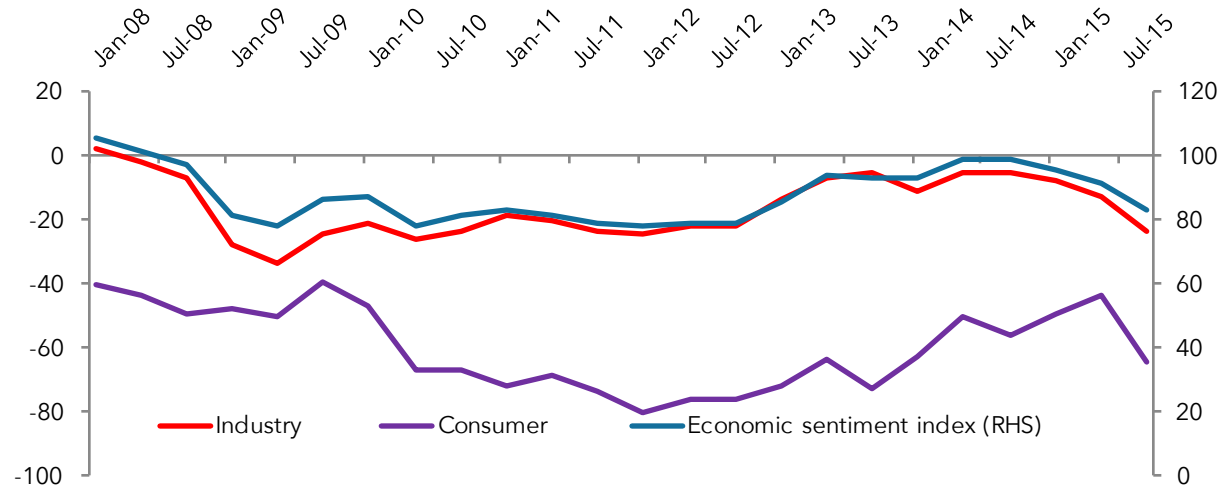


2. Unemployment and inflation

In line with the dramatic drop in output, unemployment rose sharply following the 2009 crisis and peaked in 2013 at almost 25%. The rate fell slightly in 2014 and was forecast to decline relatively quickly in the coming years. However, following recent political events and the imposition of capital controls, it is forecast to remain high and slowly improve from 2017 onwards.

Inflation picked up in 2010 as the world economy recovered but fell again in 2011. The economy experienced deflation in 2013 and 2014, due to weak economic performance and a fall in global energy prices. Inflation is only forecast to pick up gradually in 2016.

Frequency of update: Monthly

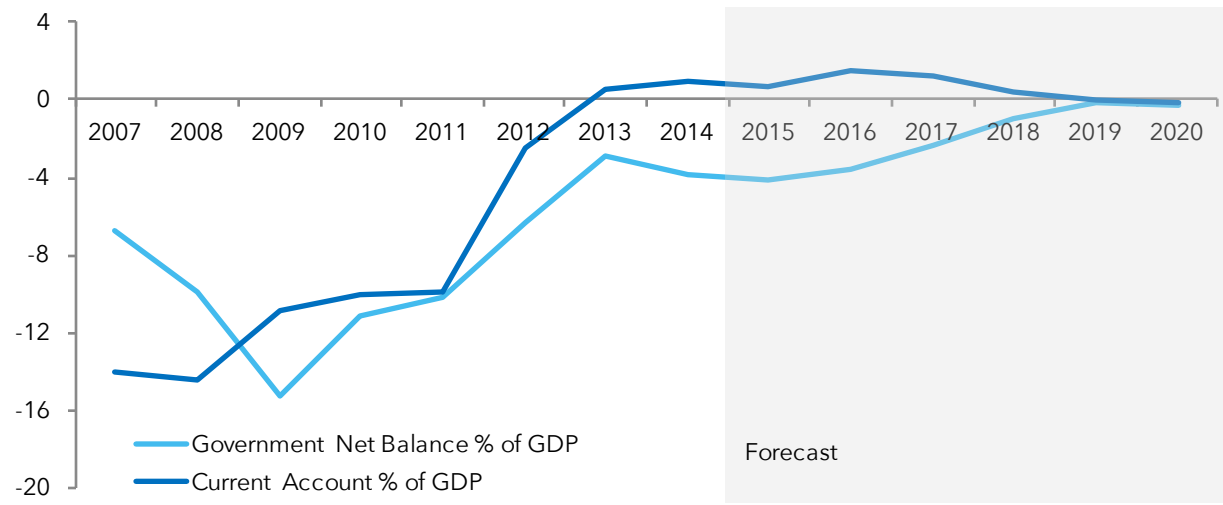


3. Consumer and business sentiment

In the wake of the global financial crisis, consumer confidence fell sharply.

Since January 2012, consumer sentiment has been on an upward trend with no sign of slowing down. The wider economic sentiment index has followed a similar path, but with a remarkable drop recorded between May 2014 and October 2015 due to political developments.

Frequency of update: Monthly

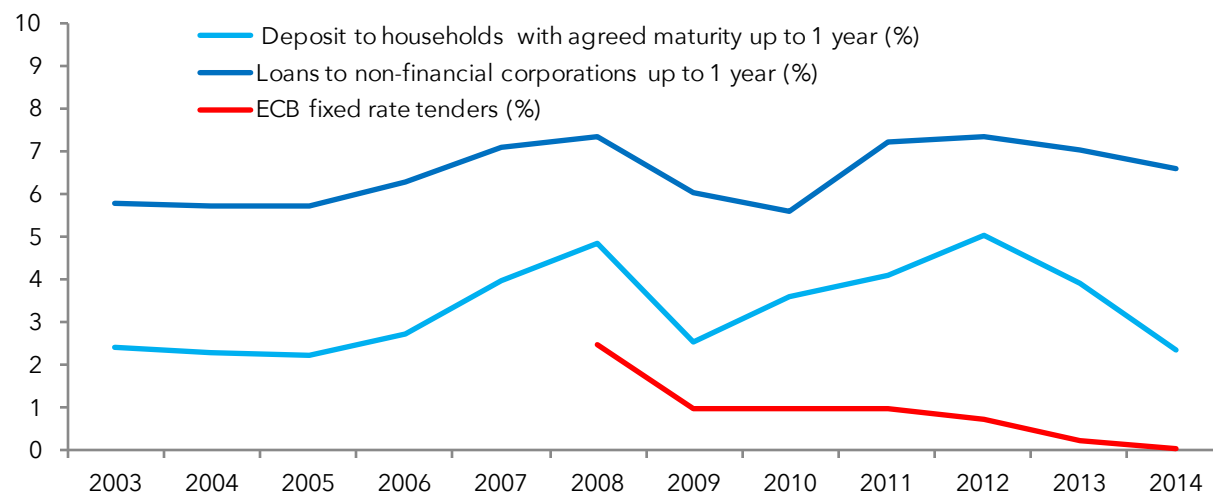


4. Government finances and external balance

As Greece was hit by the global financial crisis and access to credit became increasingly difficult, government finances deteriorated sharply with the deficit reaching over 15% of GDP in 2009. Successive rounds of extensive austerity measures led to a globally unprecedented consolidation of public finances, with the budget deficit forecast to be 4% in 2015 and 1% in the medium-term.

In 2008, the current account deficit was high at around 15% of GDP. The current account has now moved into surplus due to the limited access to credit and growth in tourism revenue alongside large scale economic reforms.

Frequency of update: Monthly and Quarterly



5. Interest rates

Interest rates in Greece did not follow the path of the ECB base rate, as bailouts and falls in credit ratings severely limited access to finance and weakened the banking sector.

Interest rates rose sharply in 2011 and 2012 before falling somewhat in 2013 and 2014, as the situation in Greece appeared to improve. The spread between deposit and lending rates remains high reflecting the continuing weakness of the country's banking system.

Frequency of update: Annually

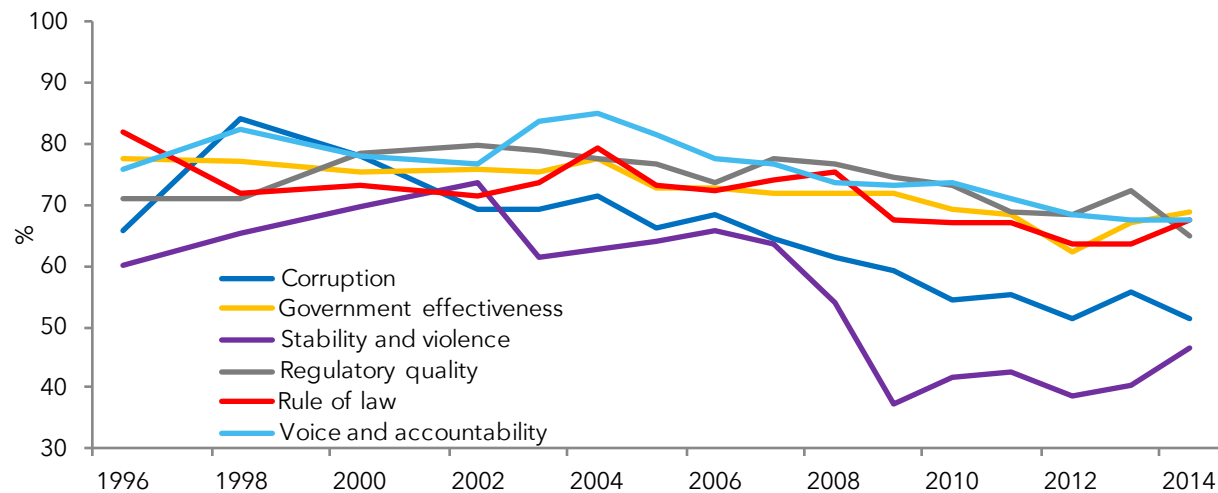


6. Stock prices

Equity prices and market capitalisation collapsed following the global financial crisis, and by 2012 the main index of the Athens Stock Exchange had declined by more than 85% from its 2007 peak.

In June 2015, the European Central Bank temporarily froze vital funding support to Greek banks after the failure of the government and foreign lenders to agree on terms securing the government's continued access to funding. Following the inevitable system-wide bank run, banks and the Athens Stock Exchange were closed and capital controls were imposed to avoid a collapse of the financial sector. The stock market reopened five weeks later and suffered a rapid decline reaching its lowest level since 2012 within minutes of reopening.

Frequency of update: Monthly



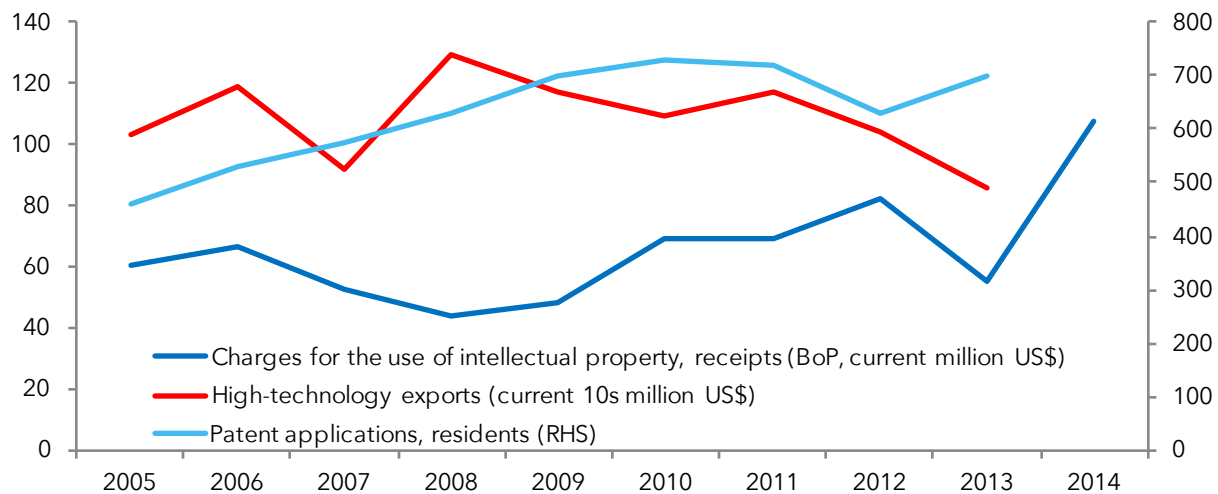
7. Governance

All governance indicators have fallen since 1996, while political stability and control of corruption have declined rapidly since their peak over a decade ago.

Greece ranked 69th in the global Transparency Perception index in 2014 (out of 177 countries).

Political stability has been one of the most serious problems for the country, especially since 2009. With two national elections and a referendum being held in short succession, 2015 was a particularly tumultuous year, but there are hopes the new coalition government will bring some stability despite the unpopularity of the austerity measures it needs to implement.

Frequency of update: Annually

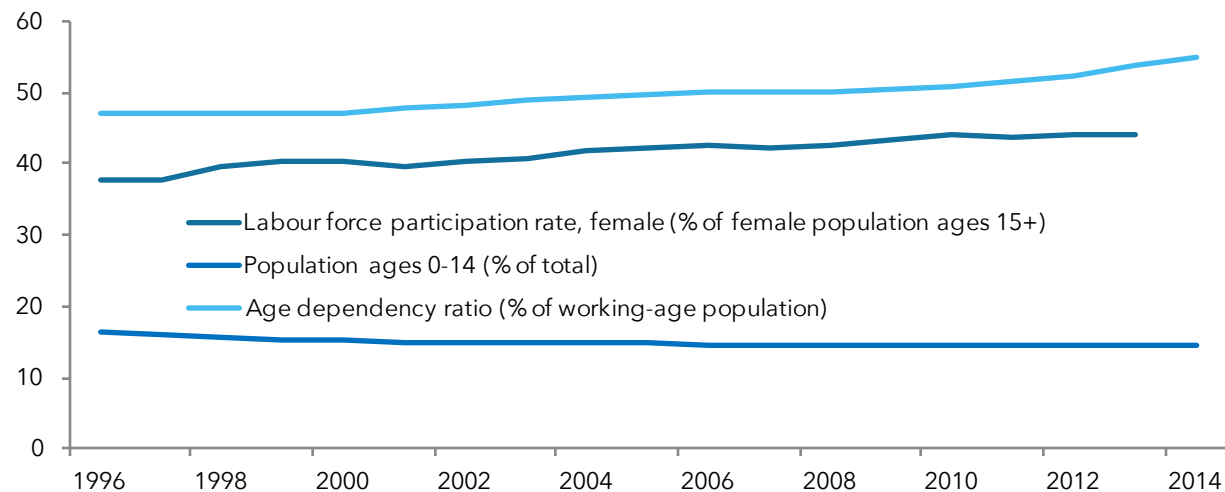


8. Innovation and technology

Following the recession in 2008, high technology exports in Greece have followed a downward trend, while revenue from use of intellectual property has increased significantly since 2005.

The number of patent applications by residents appears to be on a broadly positive trend since 2005.

Frequency of update: Annually

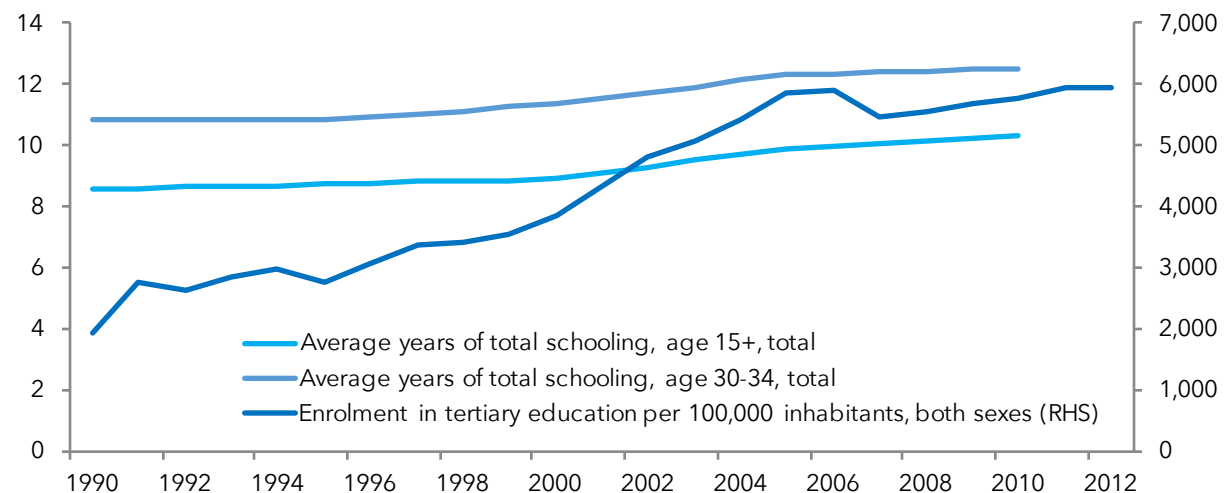


9. Demography and labour force participation

Greece has one of the highest age dependency ratios in the region, which continues to rise despite a fall in the share of the population aged 0 to 14.

The female labour force participation rate has increased significantly over the past two decades.

Frequency of update: Annually



10. Education

Average years of schooling in Greece have continued to rise since the start of the data series in 1990, while the enrolment rate in tertiary education has increased five-fold since 1996.

Based on the standardised PISA tests, the quality of education appears to have room for improvement, as Greece ranks 42nd out of 65 countries for mathematics, 42nd out of 65 countries for science and 39th out of 65 for reading.

Frequency of update: Annually (enrolment in tertiary education), 3 years (PISA data), 5 years (average years of schooling)

Israel **Overview**

A strong, resilient economy still facing serious political issues domestically and internationally

Economy. Israel is an advanced market economy with a strong position in the high tech and pharmaceutical industries. Israel is also a leading diamond exporter and has a strong tourism industry.

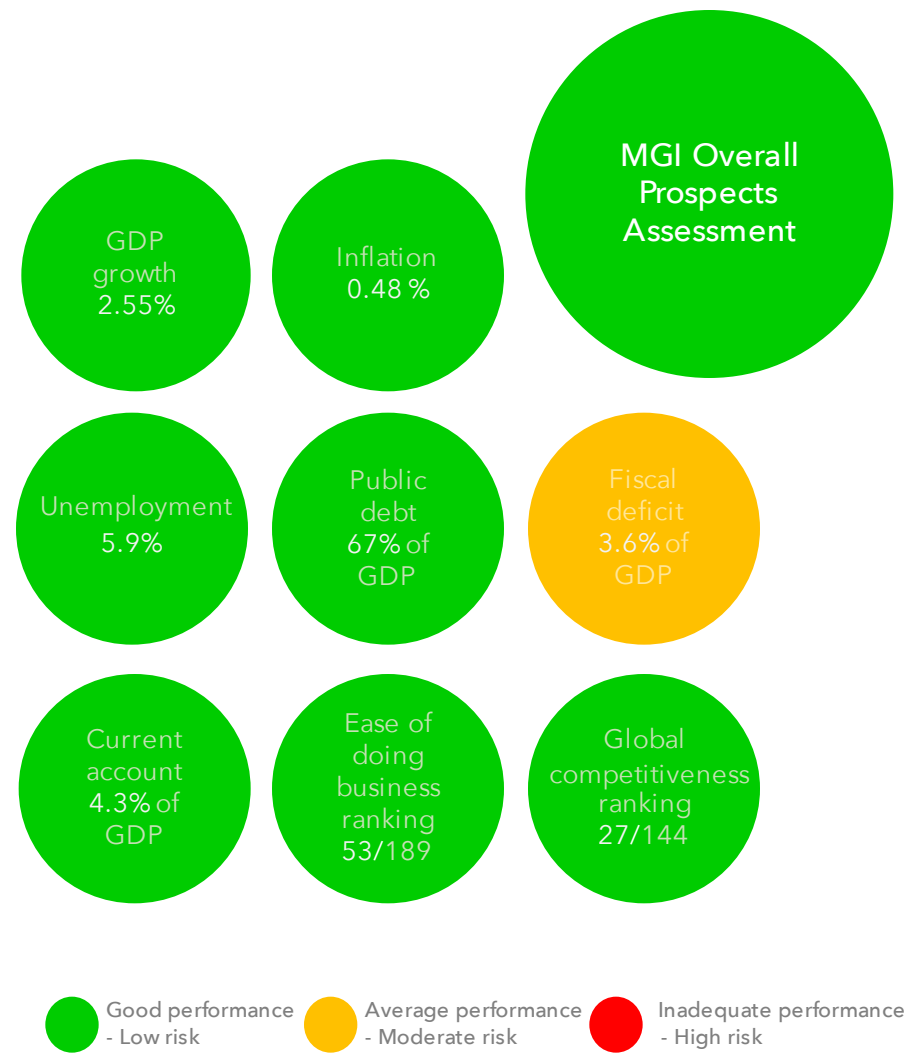
In the run-up to the global financial crisis GDP was growing by around 5% a year. The economy experienced a slowdown in 2009 but growth quickly returned as Israel entered the crisis with strong fundamentals, a healthy banking sector and a good fiscal position.

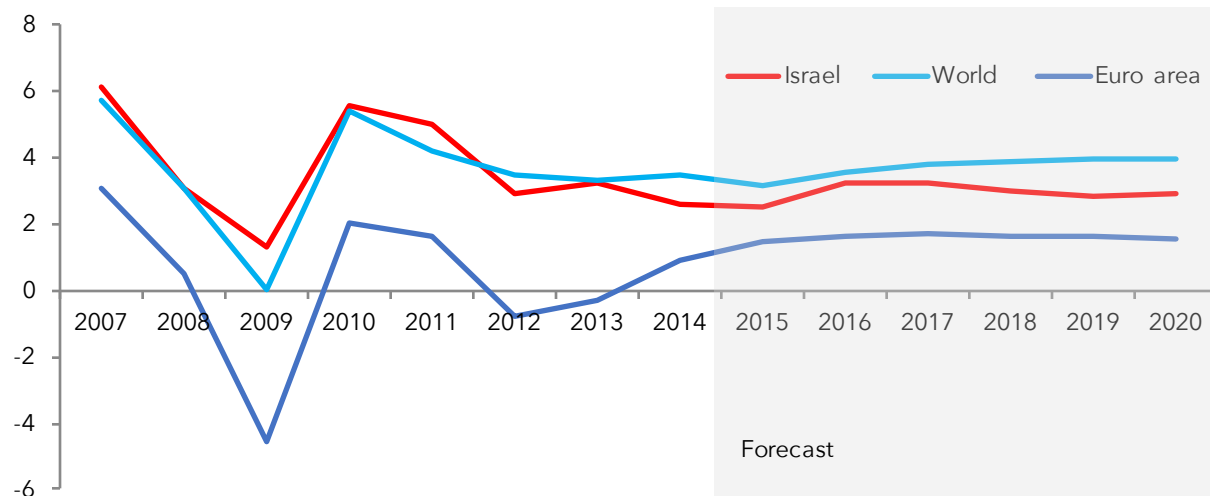
The economy slowed somewhat in 2014, with the summer conflict in Gaza creating uncertainty. Growth picked up at the end of the year and it is expected to be around 3.5% in 2015, led by an increase in private consumption. Other drivers are employment growth, low interest rates, a drop in import prices and a rebound from last year's military actions. Natural gas fields discovered off the coast in recent years have further improved the economic and energy security outlook.

Governance. Most governance indicators remain stable and at acceptable levels, bar the political stability and violence indicator which remains weak in a global context.

Demography and education. Israel is ageing and it suffers from a high age dependency ratio, but it has strong labour force participation, particularly amongst women. The level of education is getting better, but quality needs to be improved as Pisa scores remain weak.

Innovation and technology. Israel has a strong high tech industry and is a leader when it comes to innovation.



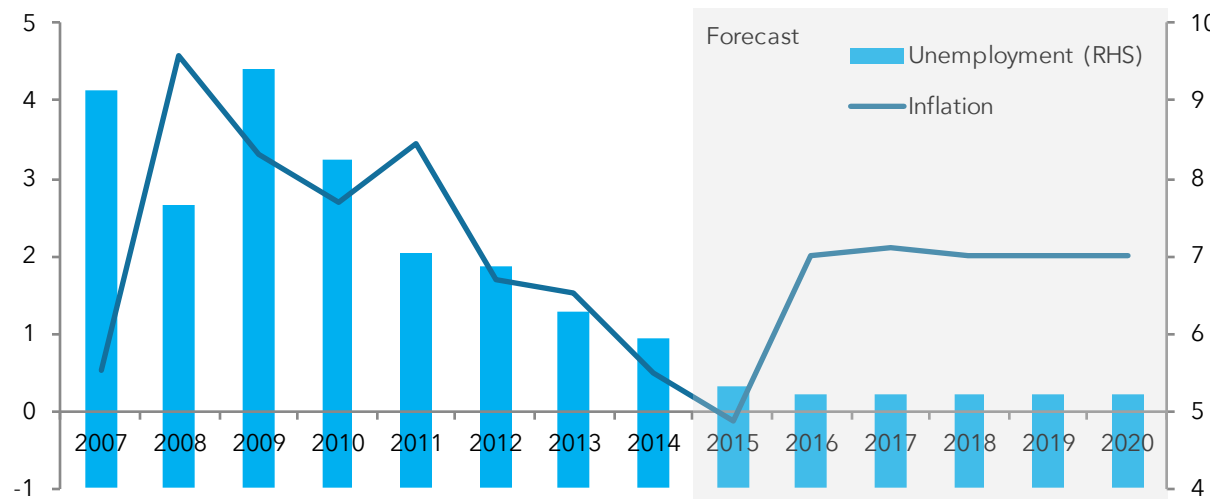


1. Economic growth

The economy recovered quickly from the global financial crisis and did not experience a sharp post crisis slowdown as many other countries did.

Growth fell slightly in 2014, influenced by the Gaza conflict in the summer. The economy picked up at the end of the year and the growth rate is expected to remain at the same level in 2015 and reach 3.3% in 2016, as private consumption is fuelled by employment growth, low interest rates and lower import prices.

Frequency of update: Quarterly

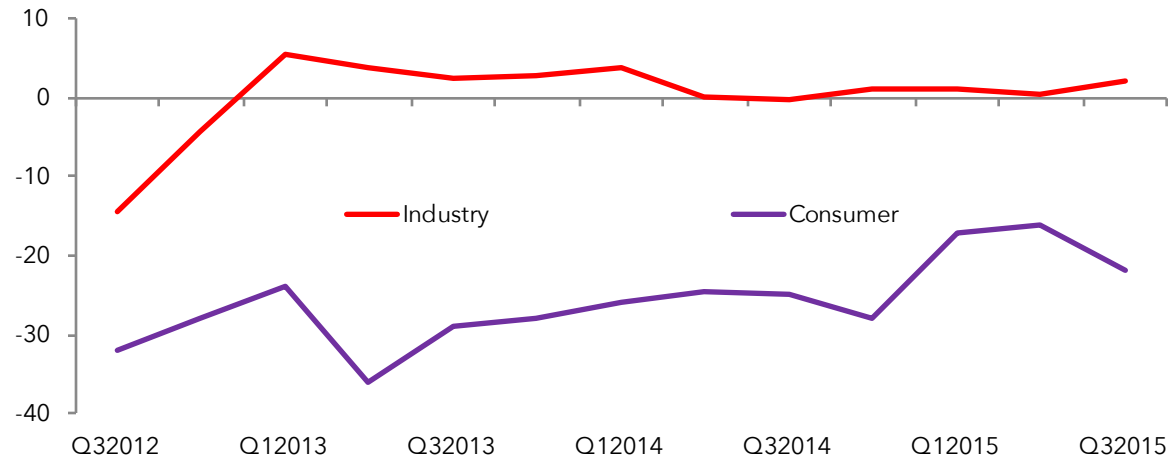


2. Unemployment and inflation

Employment growth has been impressive since the global financial crisis with unemployment falling continuously and expected to reach 5.2% in 2016.

In line with falling global oil prices and because of the strengthening of the currency, inflation is currently negative. It is expected to stabilise at around 2% from 2016.

Frequency of update: Monthly

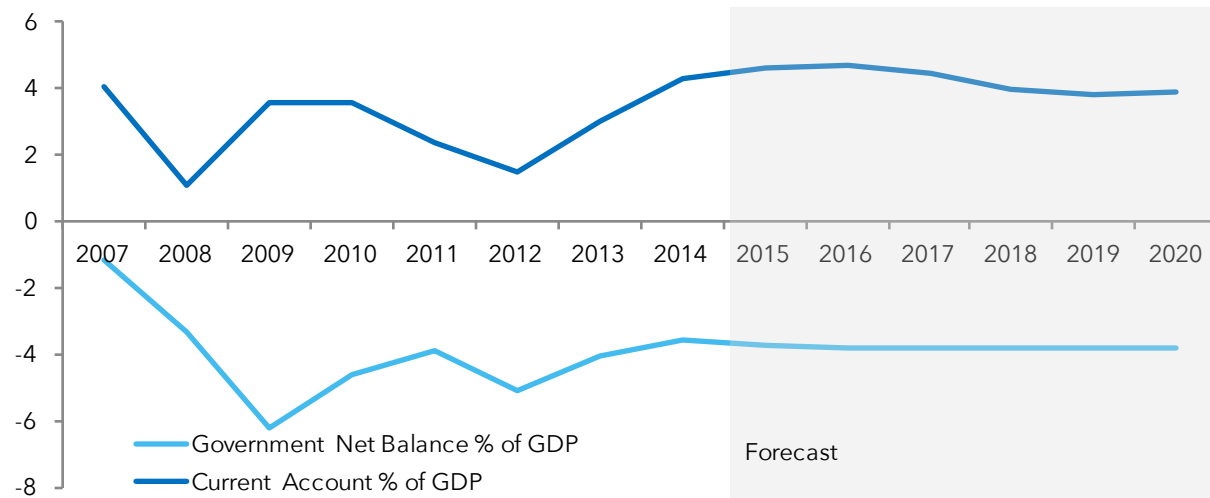


3. Consumer and business sentiment



Business sentiment has been roughly stable over the past three years, while consumer sentiment has improved slightly over the same period.

Frequency of update: Quarterly



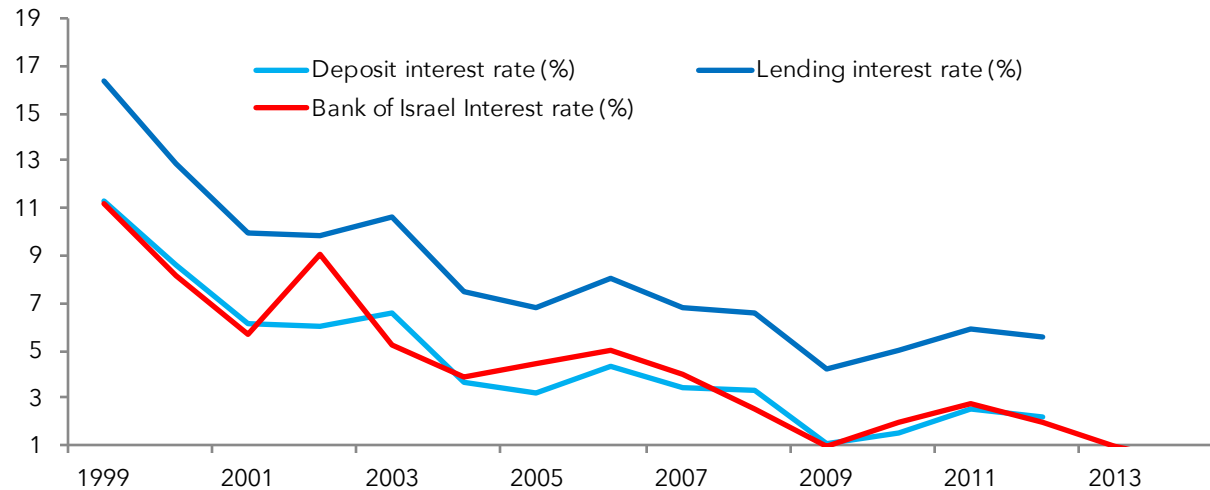
4. Government finances and external balance



The current account is in surplus, while the discovery of natural gas off the shores of Israel has already reduced energy imports.

The budgeted deficit deteriorated sharply in 2008 and 2009 before improving somewhat in 2010. It is forecast to remain stable at around 4% in the medium-term.

Frequency of update: Monthly and Quarterly



5. Interest rates

After the base rate was reduced to 0.5% in 2009, interest rates rose slowly in 2010 and 2011 as the economy recovered. However, rates have been cut again in line with weaker economic growth in 2014, and now stand at 0.1%.

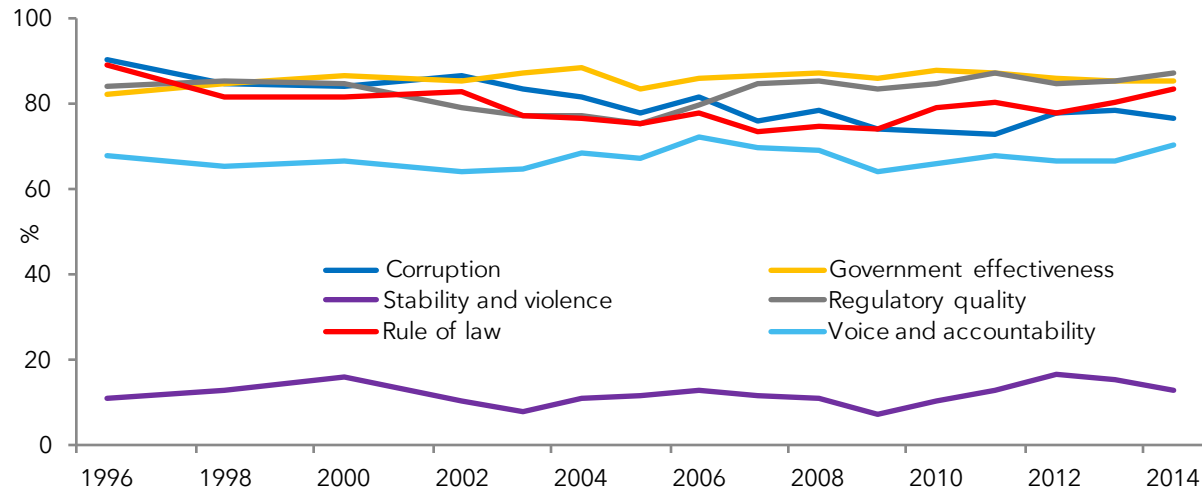
Frequency of update: Annually



6. Stock prices

In contrast to other countries in the Middle East, Israel's stock market has experienced continuous growth since 2002. Equity prices, although exhibiting some fluctuations between 2007 and 2012, have continued to rise with no sign of slowing down.

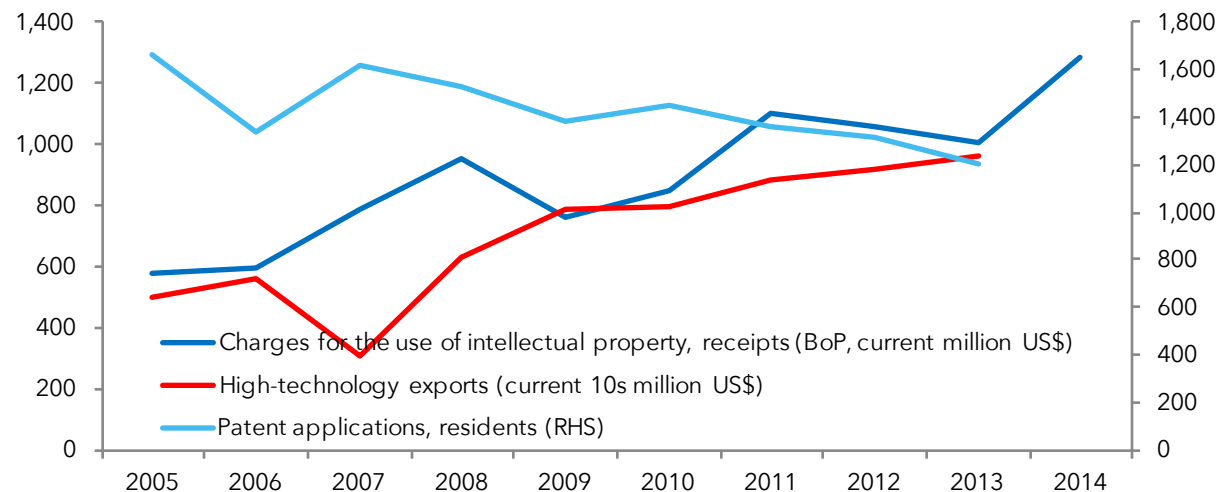
Frequency of update: Monthly



7. Governance

While most governance indicators remain stable and at relatively high levels, Israel continues to record very low scores when it comes to stability and violence. The main reasons for this can be traced to Israel's interactions with other countries and political actors in the region, the short tenure of successive governments, and the high number of parliamentary political parties.

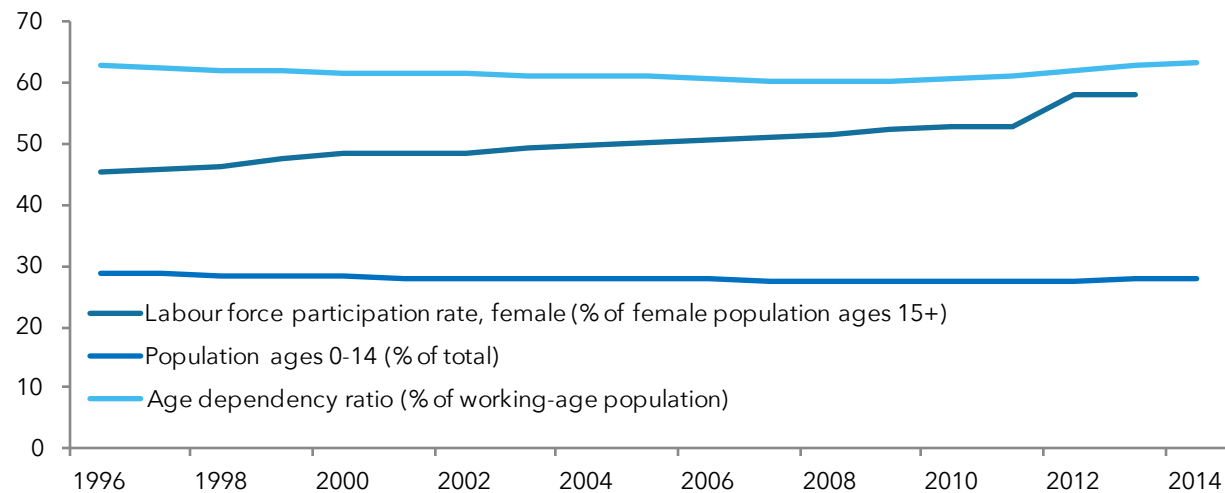
Frequency of update: Annually



8. Innovation and technology

Israeli technological prowess is wide and deep, with research and innovation originating in Israel impacting many areas of science and technology worldwide. Israel ranked 2nd (below France) in the Global Innovation Index 2014 amongst Mediterranean countries.

Frequency of update: Annually

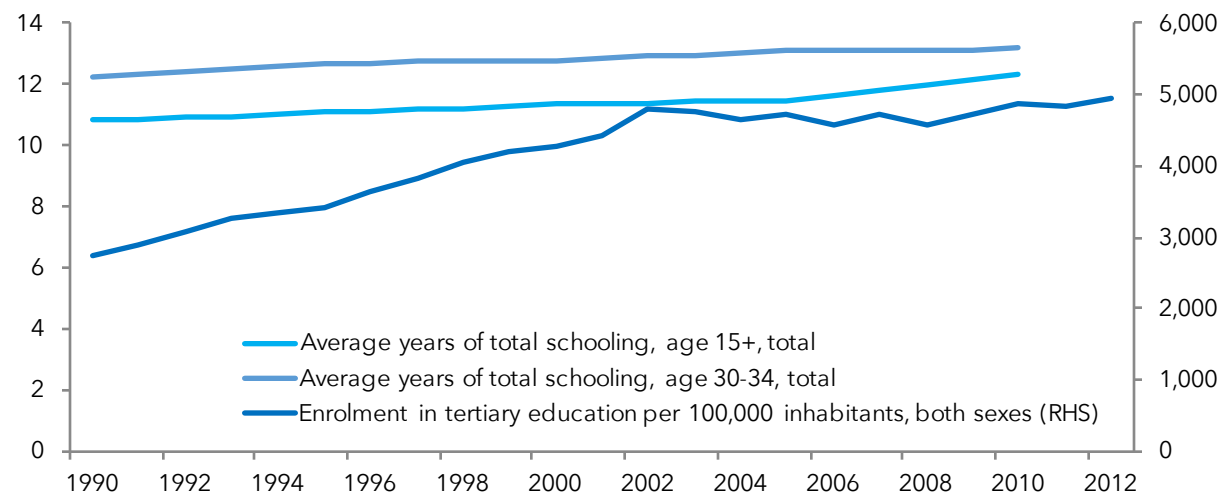


9. Demography and labour force participation

The age dependency ratio remains the highest in the region and has slightly increased in recent years.

The labour force participation rate amongst women is one of the highest amongst Mediterranean countries, and keeps increasing at a fast pace.

Frequency of update: Annually



10. Education

Average years of total schooling in Israel remain high, while the enrolment rate in tertiary education has increased significantly since 1996.

Judging from the standardised 2012 PISA tests, the quality of education could be raised as Israel ranked 41st out of 65 countries for mathematics, 41st out of 65 countries for science and 34th out of 65 for reading.

Frequency of update: Annually (enrolment in tertiary education), 3 years (PISA data), 5 years (average years of schooling)

Italy **Overview**

Slow return to growth, structural reforms underway

Population 2014: 59.9 million – GDP per capita PPP 2014: \$35,131

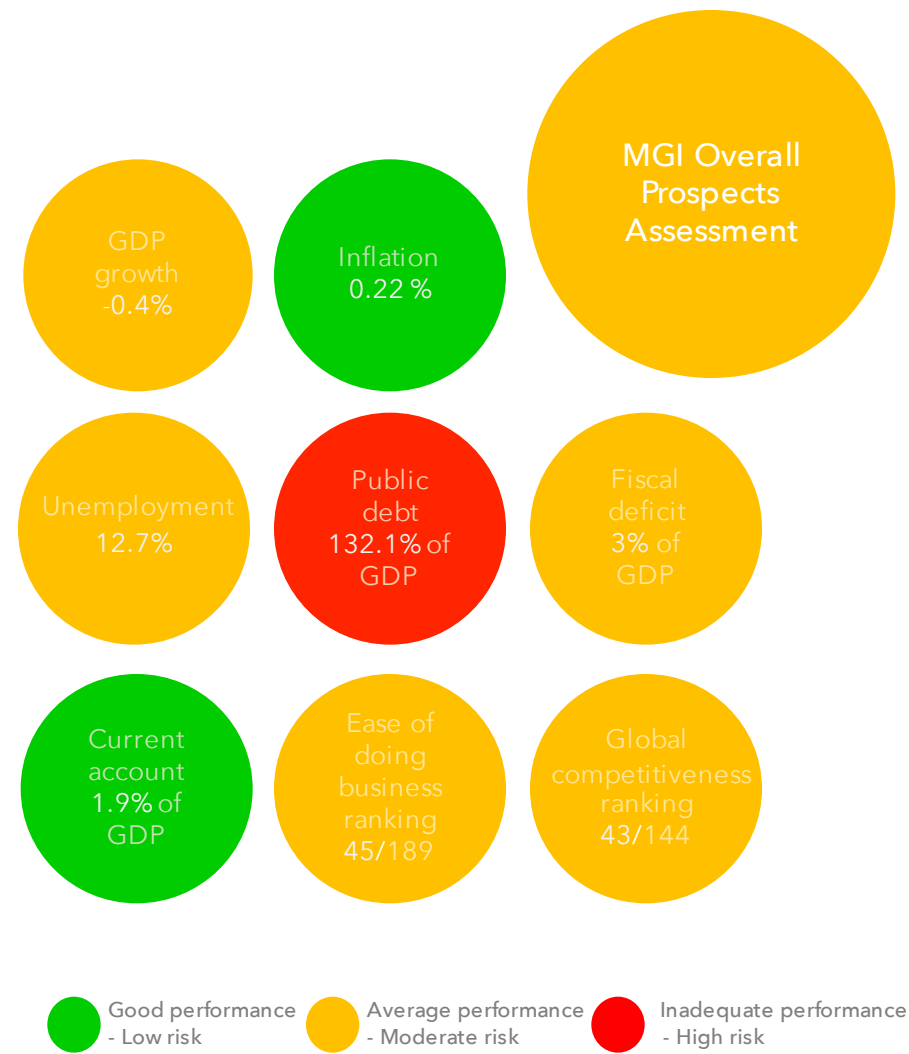
Economy. The Italian economy is the third largest in the Eurozone and could be described as split into two. North Italy is more developed with a vibrant private sector, while the economy in the south is less dynamic and more reliant on the state.

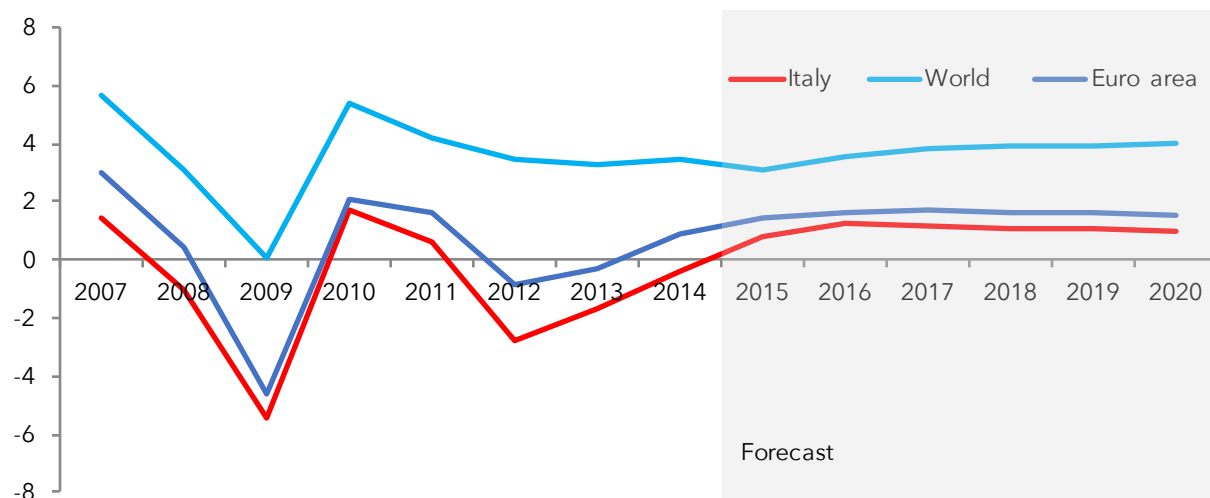
Economic growth was relatively weak in Italy in the run up to the global financial crisis and fell sharply in its wake. The recession was prolonged further due to the sovereign debt crisis in Europe, with Italian banks, firms and the government seeing borrowing costs rise sharply. The economy returned to growth in 2015 and is expected to pick up further in 2016, primarily driven by exports and – at a later stage – by domestic demand.

Governance. Most governance indicators have fallen since 1996 but appear to have stabilised in recent years, while corruption continues to be a problem.

Demography and education. Italy is an ageing society with a rising age dependency ratio. Labour force participation remains low in comparison to other countries in the region, especially among women. The level and quality of education in Italy has room for improvement.

Innovation and technology. Italy lags behind some of the other big European countries when it comes to innovation and technology.

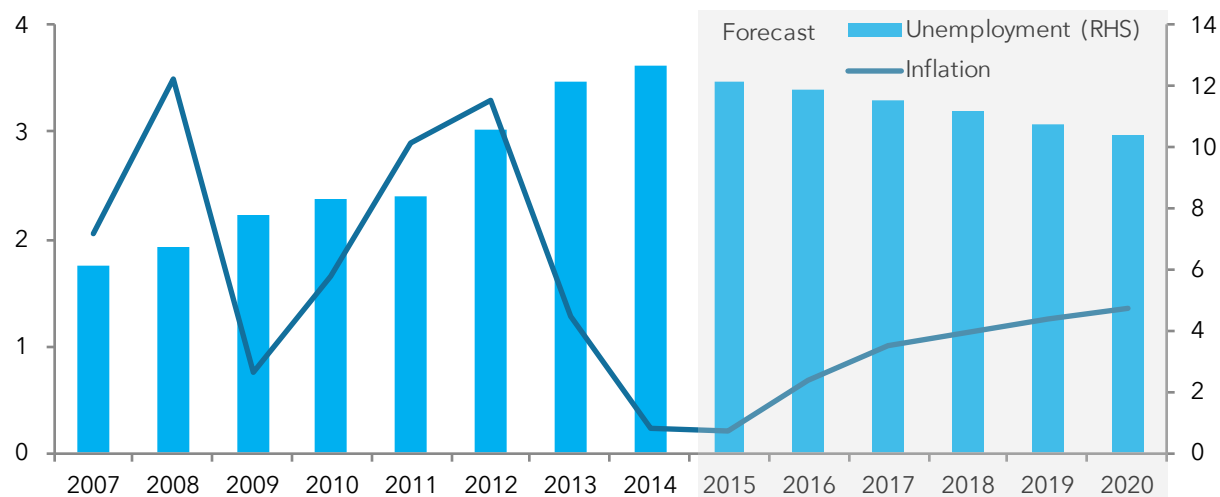




1. Economic growth

The economy has recorded very weak or negative growth over the past decade, with real activity still well below its pre-crisis level. Growth is forecast to be positive this year and pick up further in 2016, driven by growth in exports and an increase in private investment and consumption.

Frequency of update: Quarterly

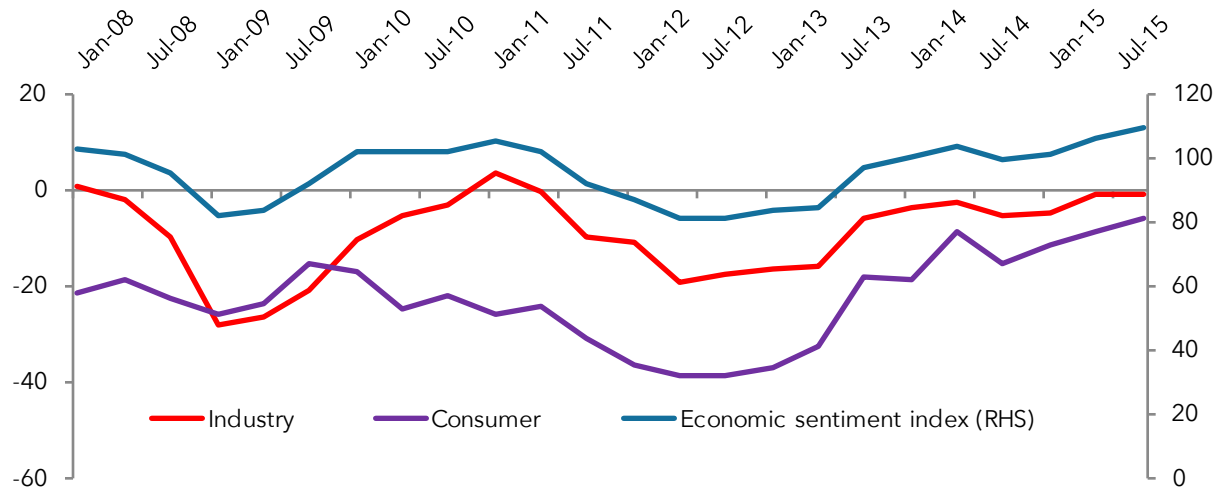


2. Unemployment and inflation

Unemployment has increased steadily since 2007 and now stands at around 13%. It is forecast to decline slightly in 2015 helped partly by a government policy that exempts new permanent staff from social contributions. Unemployment is expected to improve at a very slow pace over the coming years.

In line with the experience of many other countries, inflation fell sharply in 2014 and 2015 influenced by low global oil prices. The depreciation of the Euro, as well as changes to the VAT rate, will push inflation up in 2015 and 2016 but it is still expected to remain low.

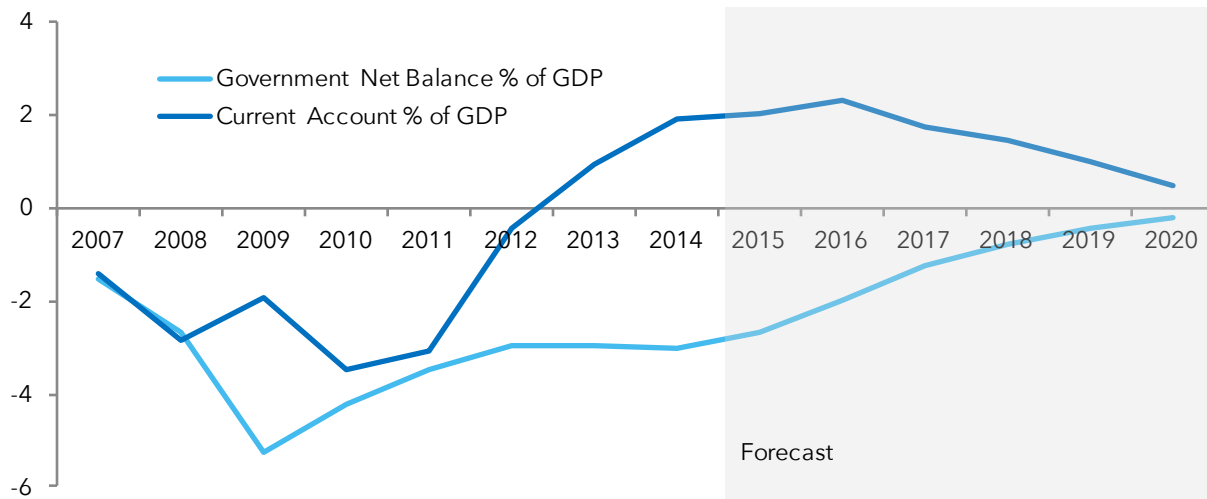
Frequency of update: Monthly



3. Consumer and business sentiment

Both consumer and industry sentiment have been on an upward trend since the second quarter of 2012, in line with improved growth performance and increased political stability.

Frequency of update: Monthly

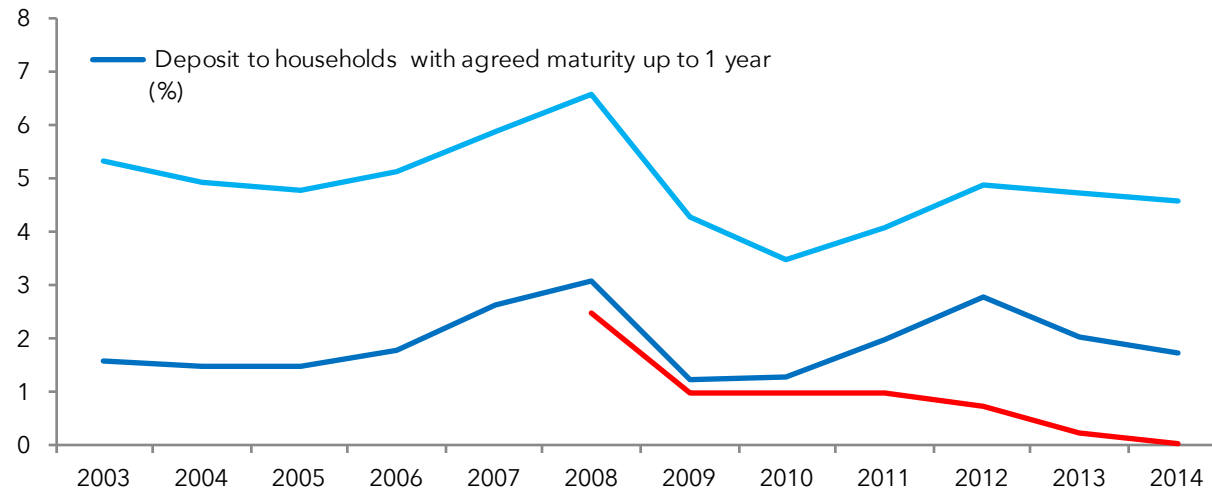


4. Government finances and external balance

The current account moved into surplus in 2013 due to weaker imports and improved exports. It is forecast to peak in 2016, reflecting lower oil prices and the depreciation of the Euro. The surplus is then expected to decline as imports pick up in line with economic growth.

The fiscal position has been gradually improving since 2009. Italy has one of the highest debt-to-GDP ratios in the world and therefore has limited scope to run a budget deficit for a prolonged period.

Frequency of update: Monthly and Quarterly



5. Interest rates

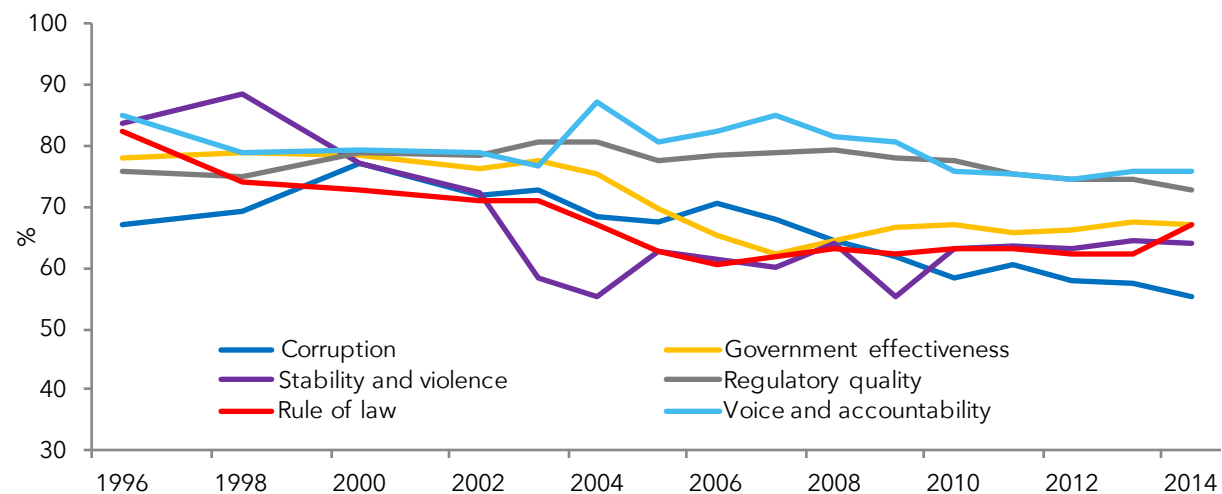
Despite the very low ECB base rate, Italian interest rates remain relatively high compared to other Eurozone countries, reflecting the weakness of the banking sector. Real lending rates for businesses have come down somewhat, but they remain high and credit continues to contract.

Frequency of update: Annually

6. Stock prices

The global financial crisis led to a sharp decline in market value, although it is appearing to have relatively stabilised in recent months.

Frequency of update: Monthly

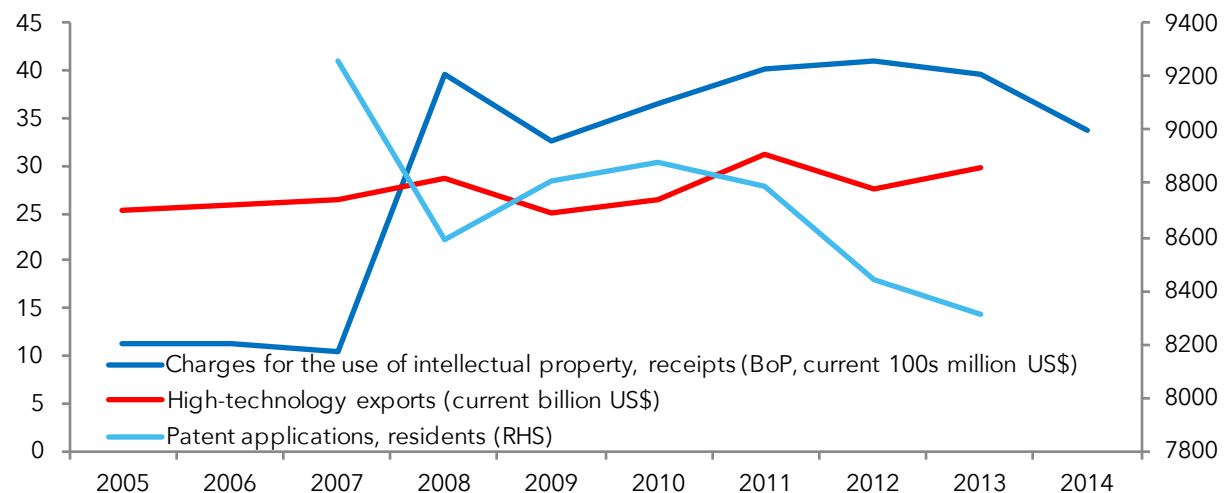


7. Governance

Most governance indicators have fallen since 1996, but now appear to remain relatively stable.

Corruption remains a serious problem for the country. Following a sharp decline from 1998 to 2004, political stability remains weak despite a slight improvement since 2009.

Frequency of update: Annually

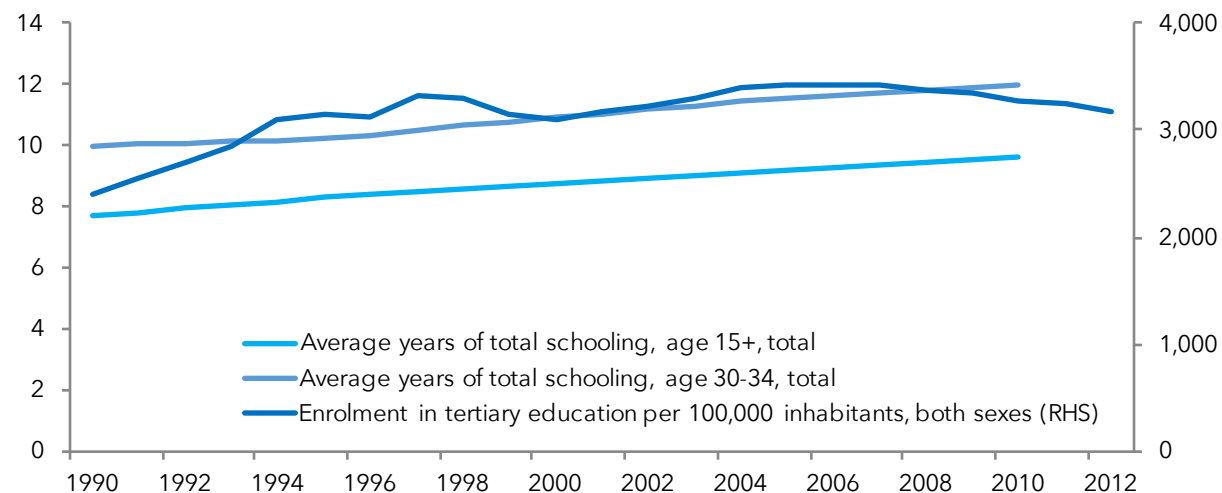
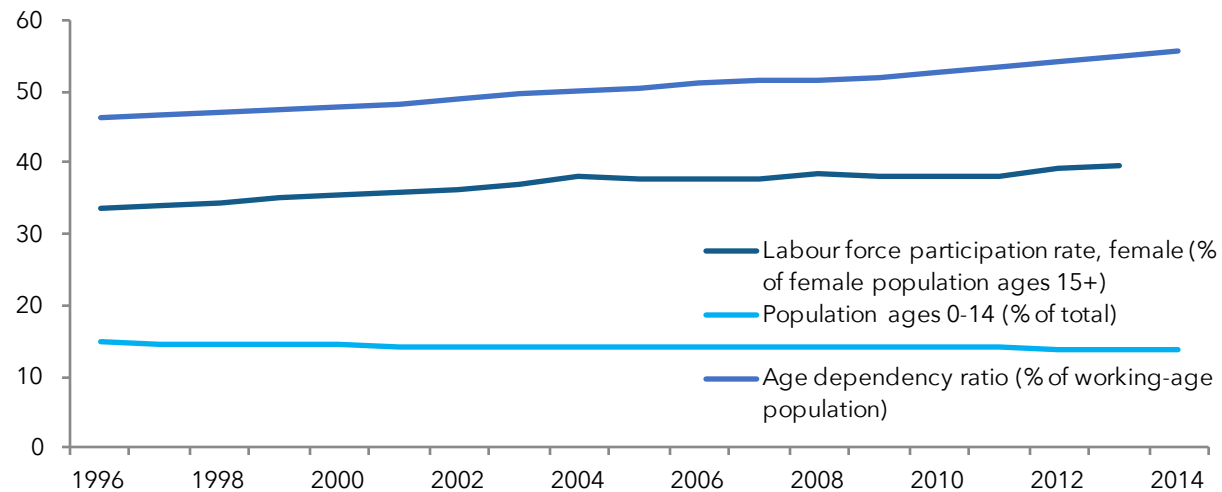


8. Innovation and technology

Revenue from high-technology exports has been slowly rising, while revenue from licensing intellectual property has also increased since 2007. The country anticipates innovation to be crucial for developing competitiveness and sustainable growth in the longer term.

Patent applications appear to have fallen in recent years.

Frequency of update: Annually



9. Demography and labour force participation

The age dependency ratio in Italy has been on a continuous upward trend since at least 1996. The share of the population aged 0 to 14 has been stagnant over the past two decades, partly due to increasing longevity.

Although the labour force participation rate of Italian women has been increasing for more than twenty years, it remains amongst the lowest in Europe.

Frequency of update: Annually

10. Education

Average years of schooling in Italy have increased, while enrolment rates in tertiary education have dropped in recent years.

Judging from the standardised PISA tests, the quality of education could improve as the average student score in Italy is near the OECD average. The country ranks 32nd out of 65 countries for mathematics, 32nd out of 65 countries for science and 27th out of 65 for reading.

Frequency of update: Annually (enrolment in tertiary education), 3 years (PISA data), 5 years (average years of schooling)

Lebanon **Overview**

A key regional hub feeling the shockwaves from the Syrian crisis

Lebanon Overview

Population 2014: 4.5 million – GDP per capita PPP 2011: \$16,429

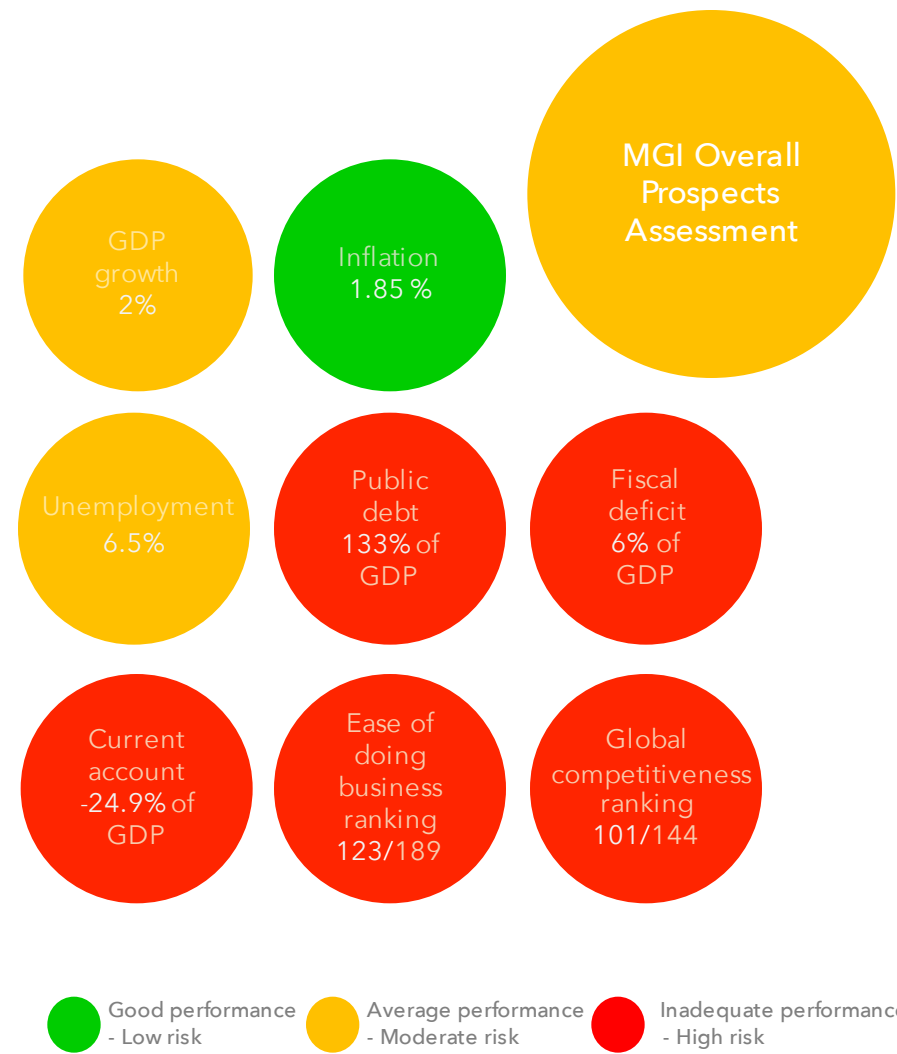
Economy. Lebanon's economy is market driven and open to foreign investment – for example, the country hosts many branches and regional hubs of large US companies. It is a service economy with large banking and tourism sectors. These sectors, alongside construction, account for a major share of gross domestic product.

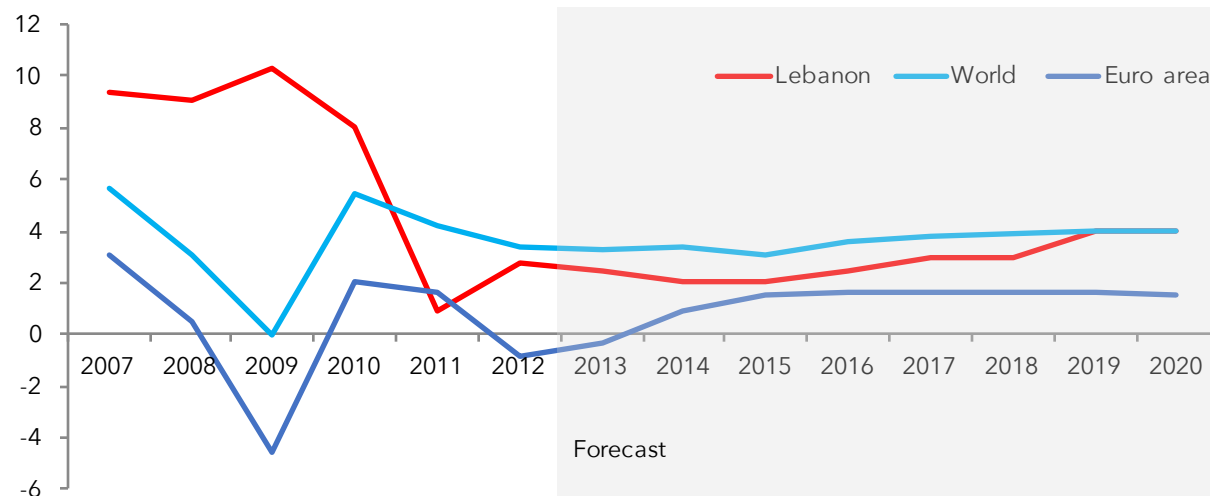
The Lebanese economy has weathered many shocks in the past but is currently negatively effected by the Syrian crisis with a large number of Syrians taking refuge in Lebanon. After four years of very strong economic growth following the 2006 war, activity slowed significantly in 2011 influenced by the Syrian crisis. Growth was around 2% in 2014 and is forecast to only gradually pick up in 2015 and remain subdued going forward. The main risk to the economy is the ongoing impact of the war in Syria.

Governance. Corruption remains a challenge and a sizeable obstacle to efforts to attract foreign investors.

Demography and education. The level of education is increasing in Lebanon and the quality is high by both regional and international standards. Lebanon is a young nation with a falling age dependency ratio. Female labour participation is rising but remains low due to cultural factors.

Innovation and technology. Despite improvements in human capital, levels of innovation and technology remain low.

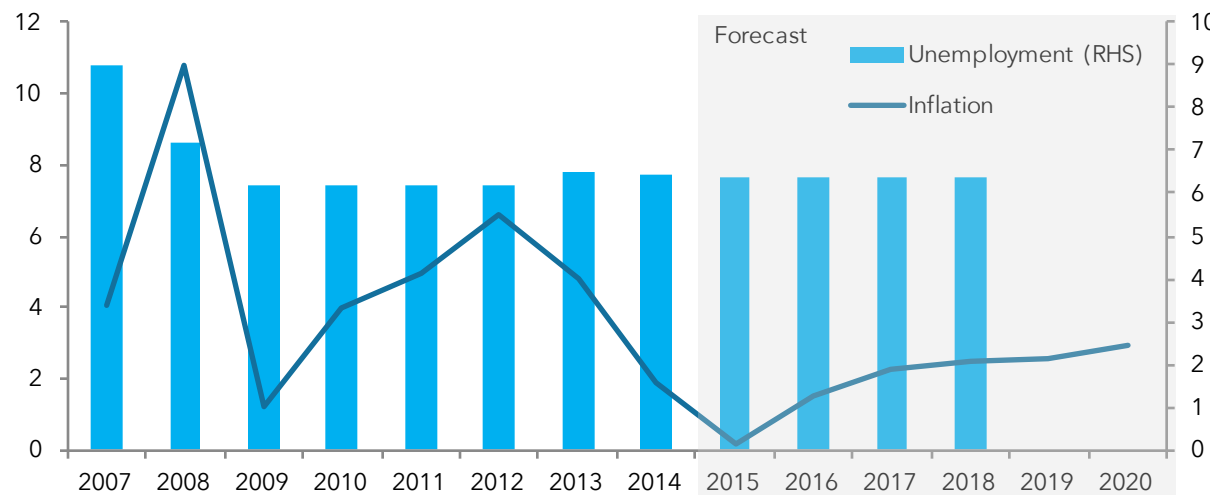




1. Economic growth

GDP grew rapidly between 2007 and 2010, partly due to the rebound effect following the 2006 war. From 2011 onwards, the impact of the Syrian crisis was felt in Lebanon and the growth rate dropped sharply. Traditional sectors like tourism, real estate and construction have been particularly affected, and a sharp turnaround is unlikely in the near future.

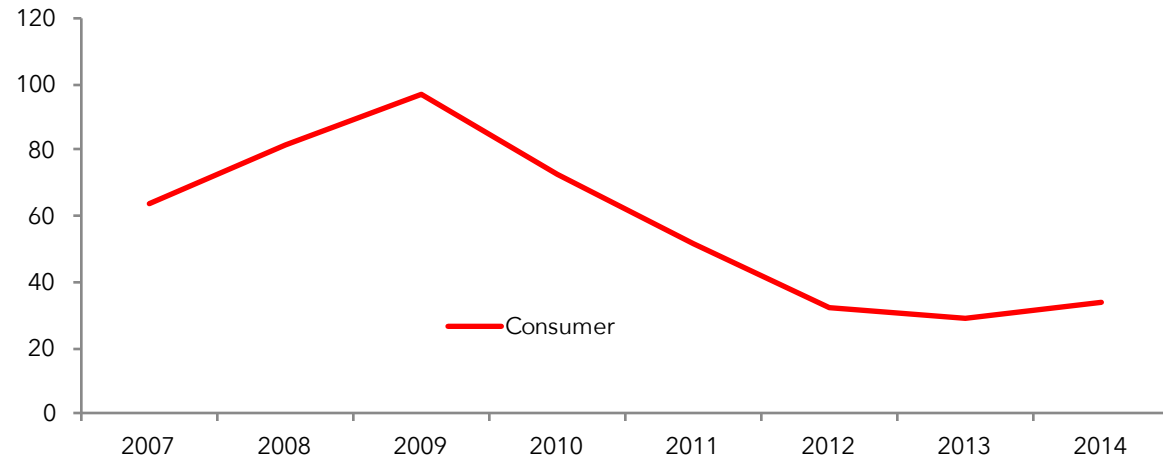
Frequency of update: Quarterly



2. Unemployment and inflation

Inflation fell sharply in 2014, in line with a fall in global energy prices, and is forecast to drop further in 2015 before stabilising at around 2.5% from 2016 onwards.

Frequency of update: Monthly

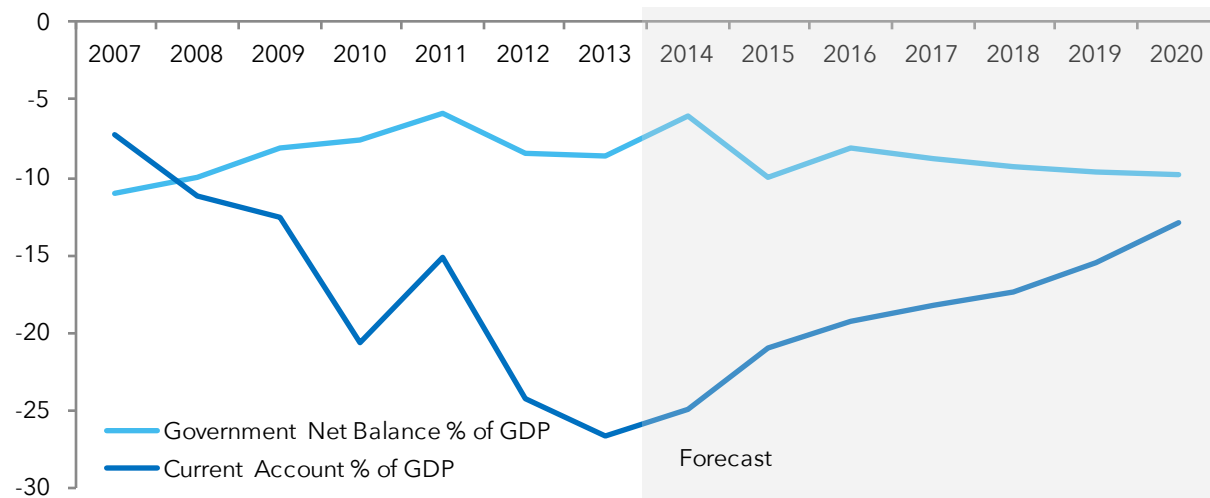


3. Consumer and business sentiment



After a sharp drop in the 2009-2013 period, consumer confidence in Lebanon rebounded slightly in 2014. Despite this minor improvement, confidence remains low as security fears still weigh heavily on the country.

Frequency of update: Annually



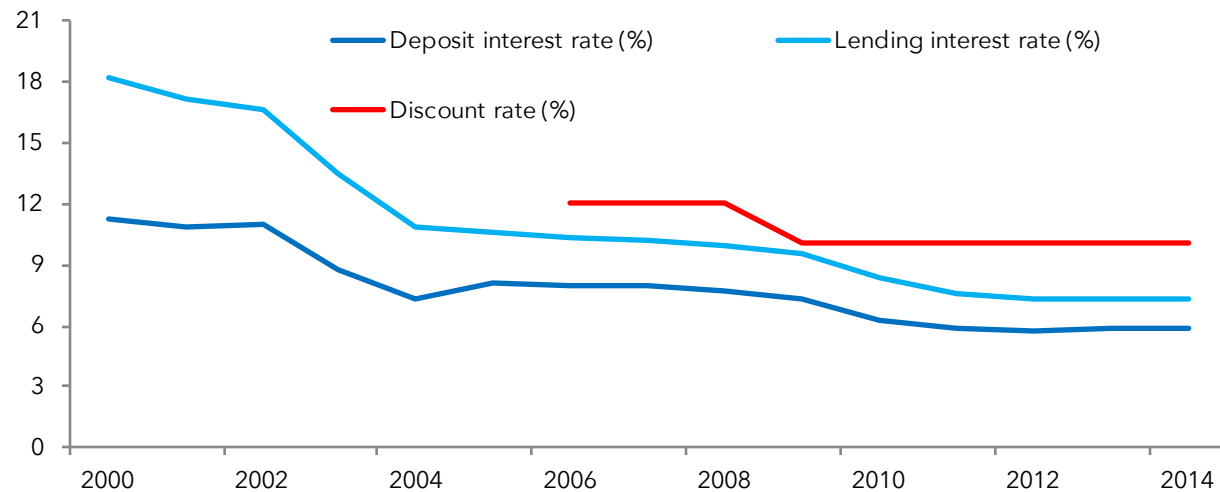
4. Government finances and external balance



The current account deficit has widened over the last few years as foreign income from the service sector fell due to the Syrian crisis, with the impact extending to goods exports. It is hoped that service sector revenue, especially tourism income, will increase in the next few years, but the current account deficit is likely to remain larger than 15% of GDP for at least the next half-decade.

After improvements in the period from 2007 to 2011, the fiscal deficit widened again in 2012 as a consequence of the slowdown in the GDP growth rate. 2014 saw a small improvement largely due to one-off items, and the deficit is expected to widen again in 2015 and remain high. This will lead to an increase in Lebanon's public debt level, already high by international standards.

Frequency of update: Monthly and Quarterly



5. Interest rates

Interest rates fell sharply from 2000 to 2004 and the spread between lending and deposit rates narrowed. Rates fell again during the strong growth period from 2007 to 2010 and have stabilised in recent years. Credit growth remains strong as Lebanon’s large banking sector has proven remarkably resilient.

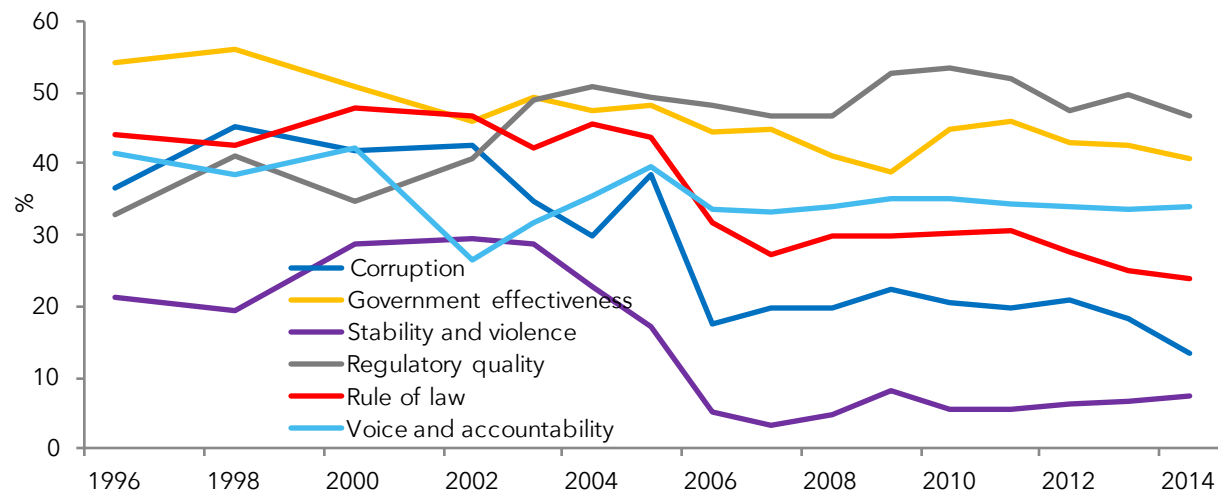
Frequency of update: Annually



6. Stock prices

Stock prices in Lebanon were not affected by the global financial crisis to the same extent as many other countries. However, they did fall from 2010 to 2013 before picking up again in 2014.

Frequency of update: Monthly

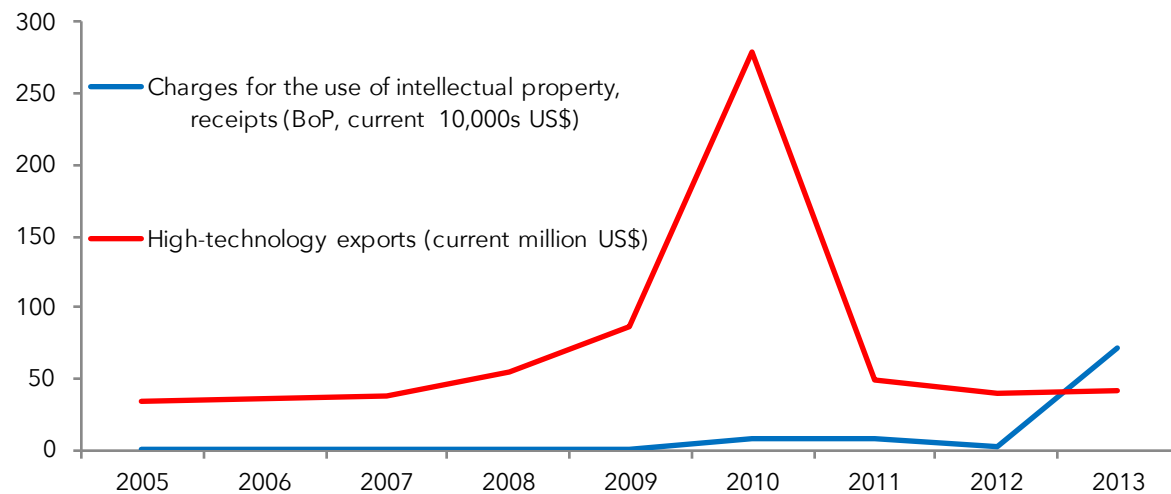


7. Governance



Most governance indicators have remained stable since 2008. Corruption is a serious problem and affects all sectors of society and all branches of government, contributing to a rapid decline in political stability until 2008.

Frequency of update: Annually



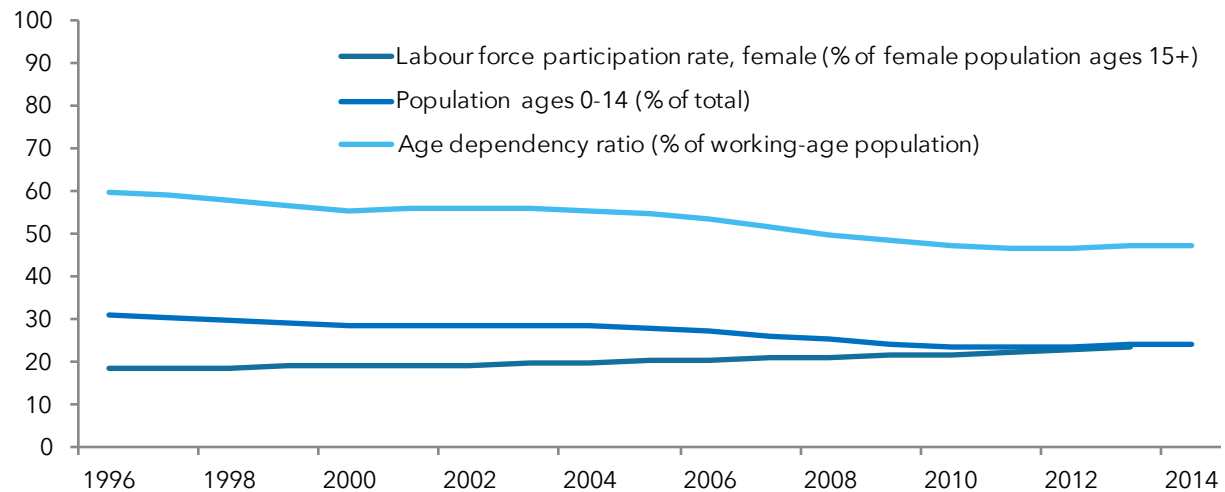
8. Innovation and technology



In Lebanon, innovation and technology applications are limited and in the Global Innovation Index Lebanon has a weak ranking.

There are virtually no patent applications by residents.

Frequency of update: Annually

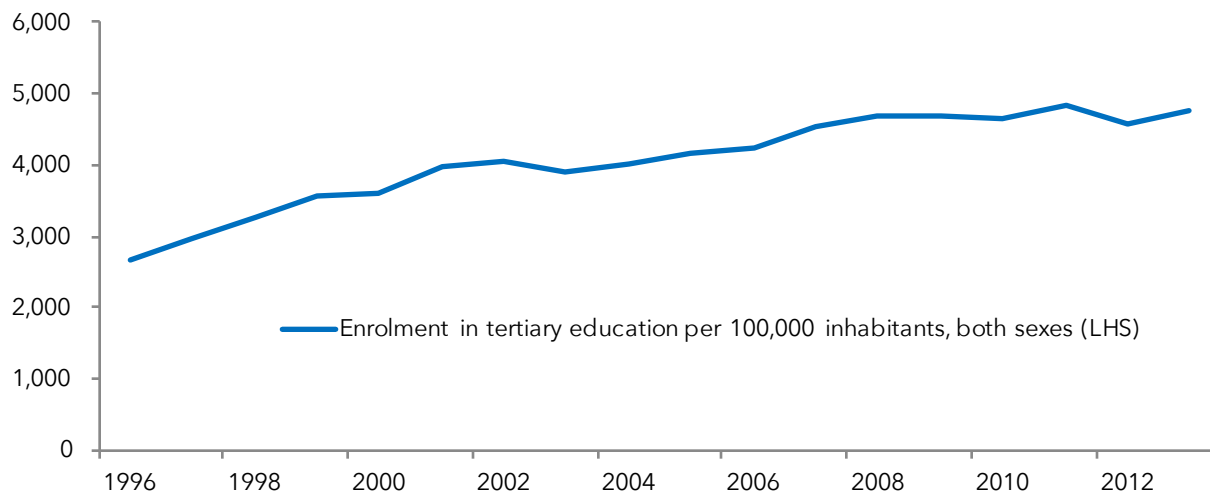


9. Demography and labour force participation

The age dependency ratio has fallen continuously since at least 1996, with the share of population aged 0 to 14 decreasing by a third during the same period.

The labour force participation rate of Lebanese women has increased significantly since 1996 but remains low.

Frequency of update: Annually



10. Education

Enrolment rates in tertiary education have followed a positive trend since at least 1996. Academic standards are high although job opportunities are relatively few. For these reasons, Lebanon continues to lose many of its brightest citizens to other countries.

According to a 2013 World Economic Forum report, Lebanon is ranked 10th globally in overall quality of education, and 4th in science and mathematics.

Frequency of update: Annually (enrolment in tertiary education), 3 years (PISA data), 5 years (average years of schooling)

Libya **Overview**

An oil-rich country in desperate need of political stability

Economy. Libya is highly reliant on its energy sector which makes up around 65% of GDP and over 90% of government revenue. Despite enjoying a relatively high GDP per capita, Libya has failed to use its resources to invest in infrastructure.

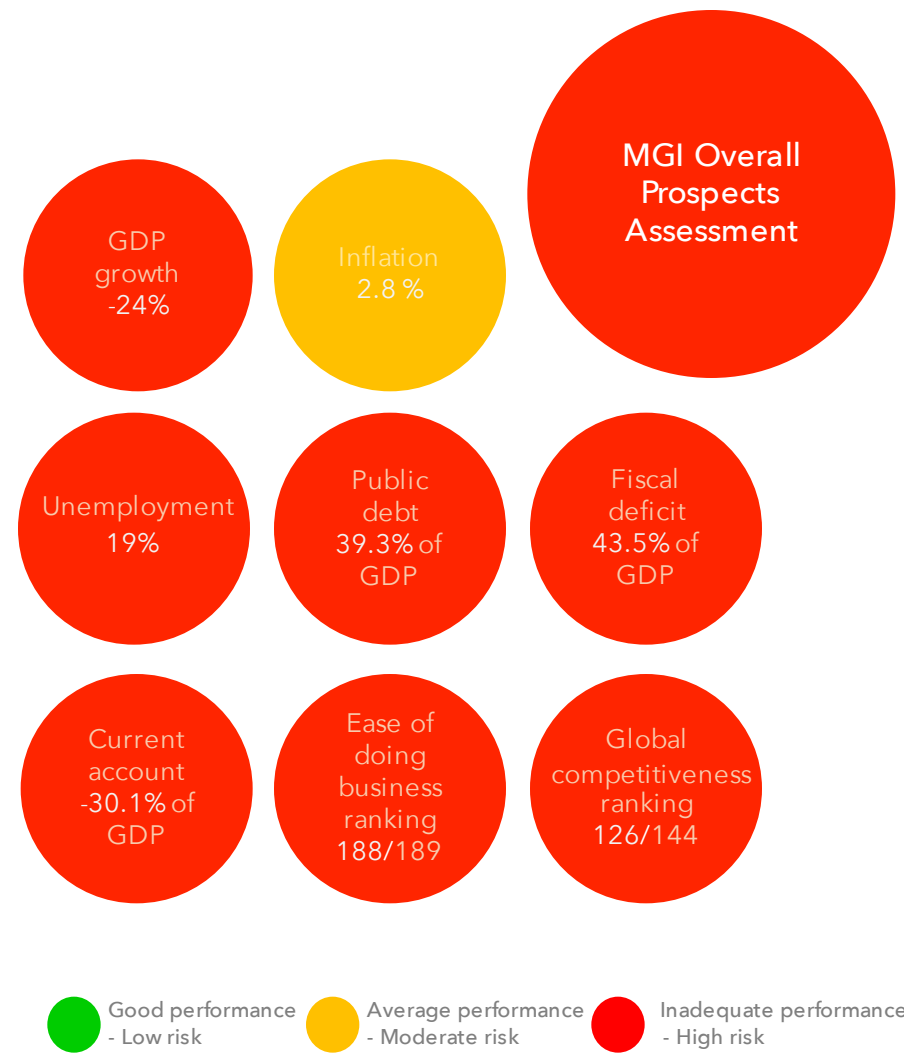
Four decades of a highly corrupt and ineffective government culminated to fierce anti-government protests in early 2011. A civil war broke out and the rebels, with international intervention, overthrew the government and gained power at the end of the year. GDP fell by over 50% during the conflict before recovering in 2012, but violence broke out again in 2013 impacting oil production and leading to another dramatic drop in GDP.

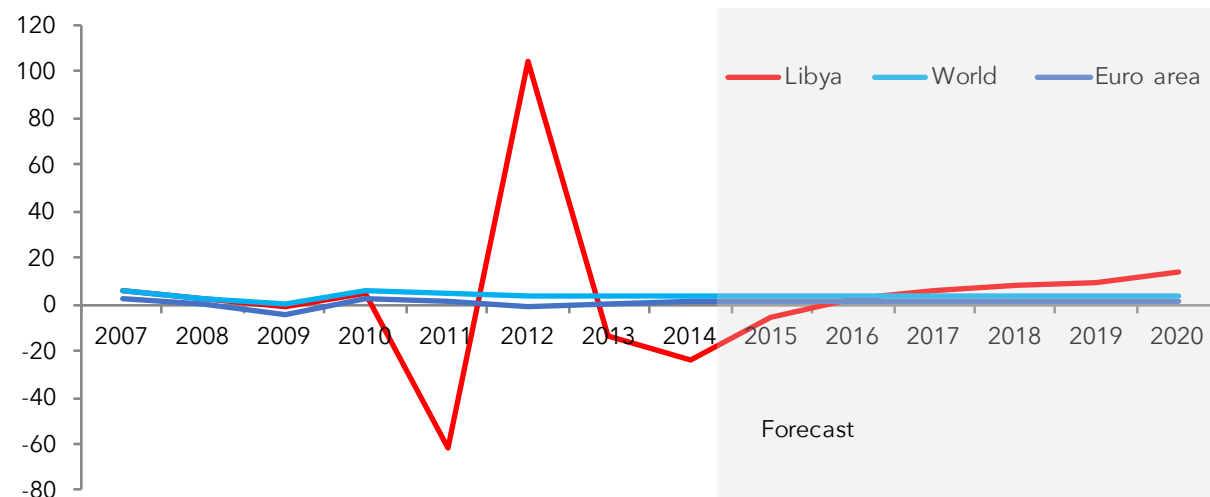
Libya's future depends on the two governments currently operating in the country finding a resolution to the crisis and securing stability.

Governance. Currently, Libya is in conflict with two governments and parliaments fighting for power. In December 2015, under UN guidance, both sides and a number of independent political figures signed an agreement to unify the government, but doubts remain as to whether this will be implemented.

Demography and education. Libya is a young nation with a falling age dependency ratio.

Helped by government funding, the level of education has improved in recent decades. However, the instability is having an impact on students' ability to attend school.



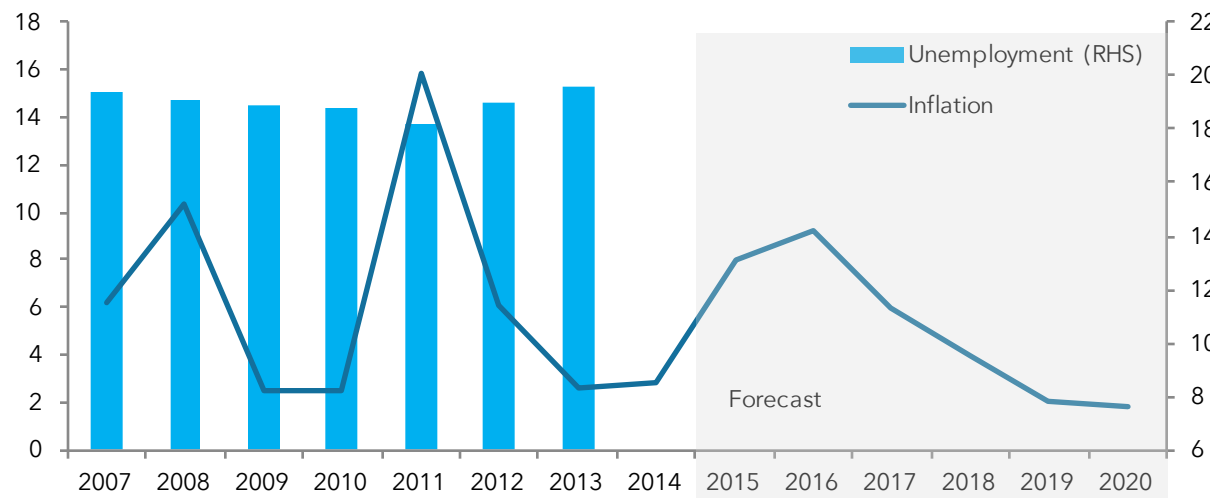


1. Economic growth

With devastating falls in output during the 2011 civil war and the on-going internal conflict, the outlook for growth is highly dependent on whether Libya will be able to regain political stability and security.

GDP fell by 24% in 2014 and the outlook for 2015 is very uncertain, depending on how much oil production recovers, if at all.

Frequency of update: Quarterly



2. Unemployment and inflation

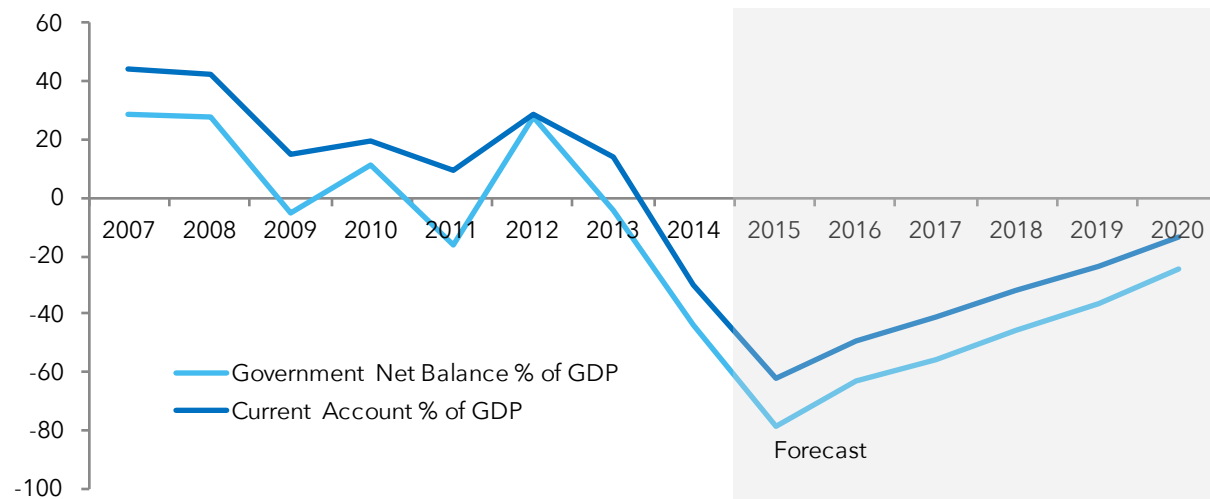
With the outlook for growth very uncertain and reliant on the political and security situation, unemployment is likely to fall only as growth picks up. However, it will remain high even if oil production picks up, as a large part is structural.

Inflation has come down from very high levels during the 2011 civil war, with the government introducing various subsidies and price controls.

Frequency of update: Monthly

3. Consumer and business sentiment

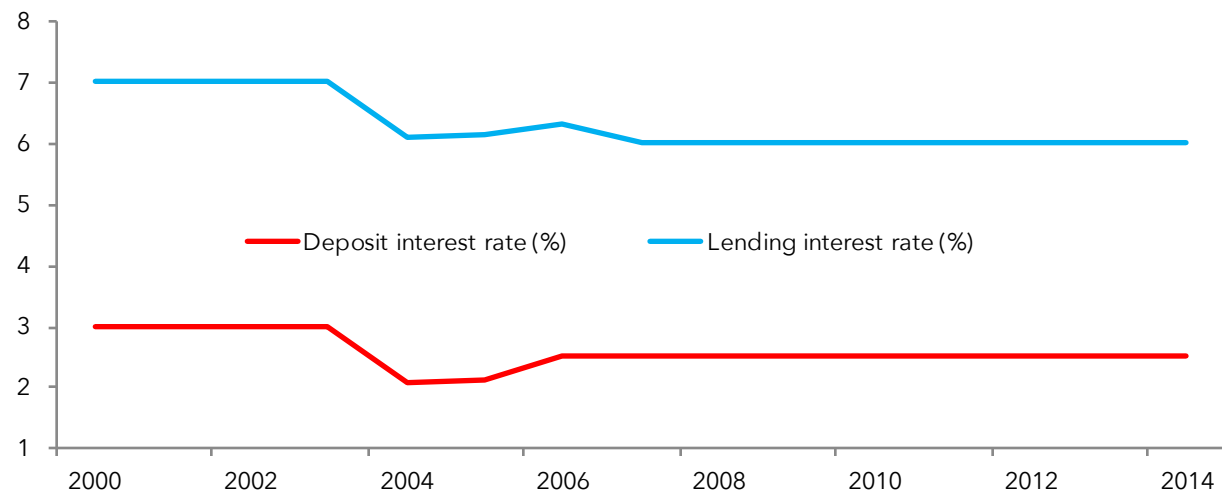
There are no consumer and business sentiment indicators available for Libya.



4. Government finances and external balance

Government and export revenues rely almost exclusively on oil production, and given the ongoing disruption both the fiscal position and the current account have deteriorated sharply. The IMF forecasts that both should recover by 2017, but this rests on the questionable assumption of a return to stability.

Frequency of update: Monthly and Quarterly



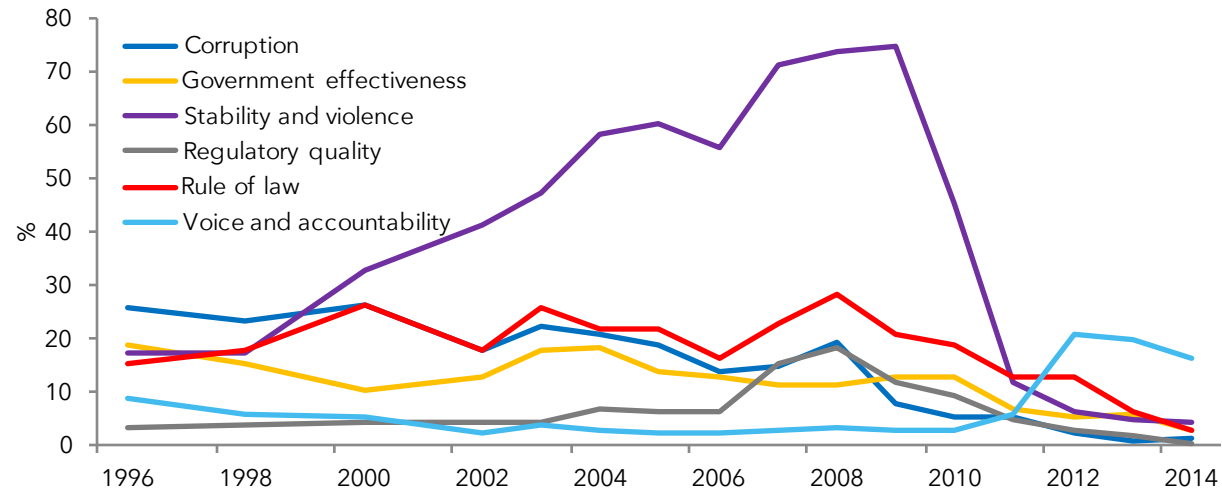
5. Interest rates

Interest rates in Libya remain low.

Frequency of update: Annually

6. Stock prices

There is no stock prices for Libya.



7. Governance

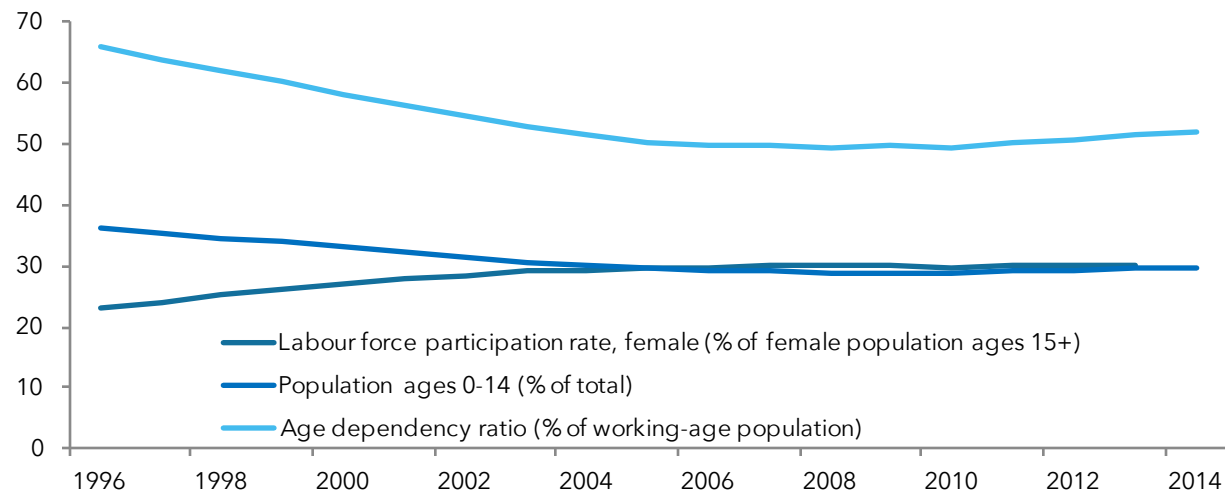
Since 1996, Libya has ranked consistently amongst the bottom 30% of countries globally for all governance indicators, including corruption, rule of law, government effectiveness and regulatory quality. The one bright exception was stability and lack of violence, with Libya moving from the bottom 15% of countries globally in 1996 to the top 25% by 2009.

Following the overthrow of the regime in 2011 Libya entered a period of instability and unrest with two governments fighting for power. In 2014 (the latest year for which data is available) the country ranked at the bottom 5% globally for all governance indicators, including violence and stability. In December 2015 both sides signed a U.N. agreement for a power-sharing arrangement to bring stability to the north African nation, but important doubts remain as to whether it can be successfully implemented.

Frequency of update: Annually

8. Innovation and technology

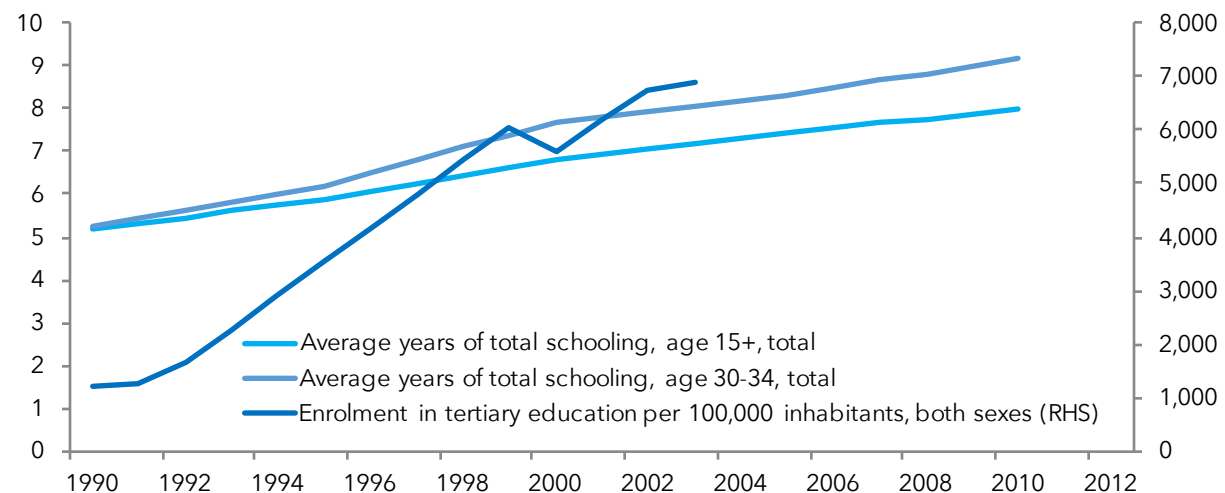
No innovation and technology indicators are available for Libya.



9. Demography and labour force participation

Libya is a young nation with a falling age dependency ratio, as the share of the population aged 0 to 14 is decreasing. Female labour force participation has been rising slowly but remains low. Overall participation remains low at around 53%.

Frequency of update: Annually



10. Education

In the last few decades much focus was placed on improving access to education. Average years of schooling increased as education was provided free of charge.

The civil war has had a negative impact on education, with many schools destroyed or closed.

Frequency of update: Annually (enrolment in tertiary education), 5 years (average years of schooling)

Malta **Overview**

A small but important trading post with excellent economic prospects

Population 2014: 0.43 million – GDP per capita PPP 2013: \$31,856

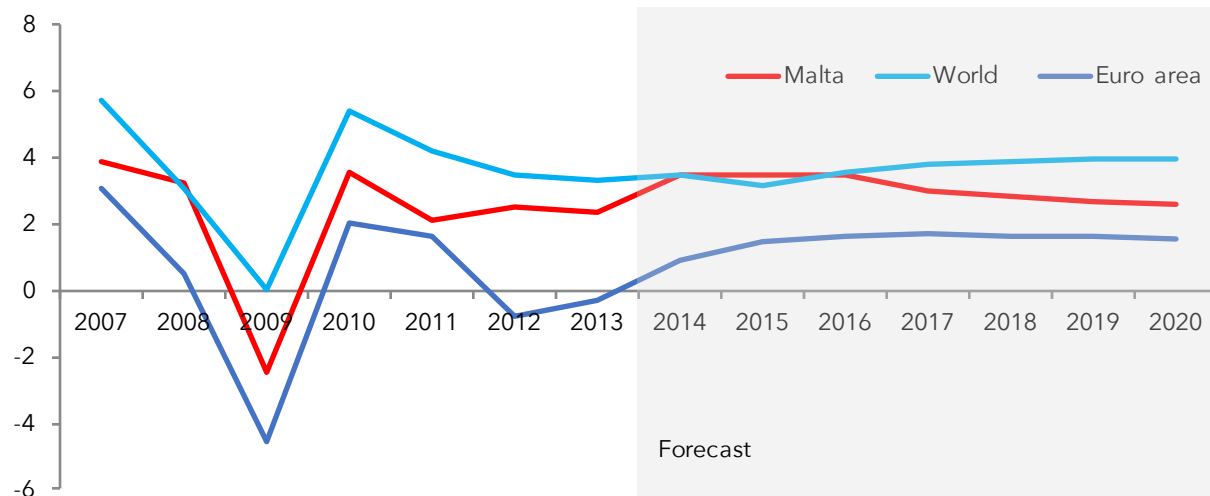
Economy. Malta is the smallest economy in the Eurozone. It is a wealthy, open market economy with diversified sectors. Its main exports are fuel, pharmaceuticals, tourism and online gaming. It also hosts a large offshore banking sector. The economy weathered the financial crisis relatively well with a sound financial system and low government debt-to-GDP ratio. In 2014 the economy grew by 3.5% driven by investment and private consumption. Growth is forecast to remain strong and continue to be driven by consumption and investment, mainly in large scale infrastructure and energy projects.

Governance. Malta has strong governance and a high level of political stability.

Demography and education. Malta is an ageing nation with a low fertility rate, and the age dependency ratio has started to rise in recent years. Average years of schooling and participation in higher education have been increasing but the quality of education could be improved.

Innovation and technology. Malta leads the region in terms of high technology exports per capita.

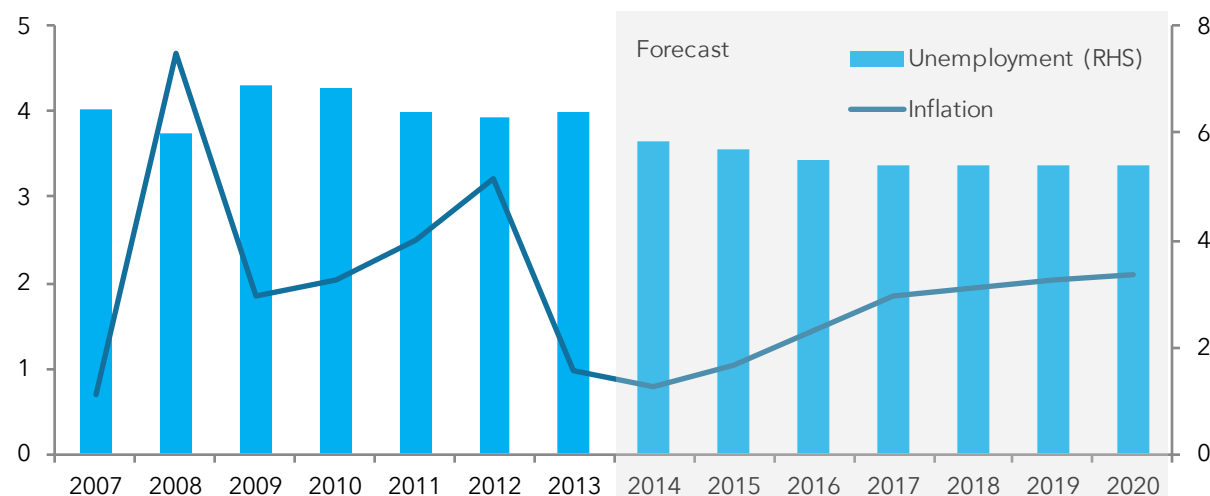




1. Economic growth

Malta has weathered the crisis in the Eurozone better than most other Member States with growth reaching 3.5% in 2014. The economy is forecast to remain strong in coming years, driven by investment in infrastructure and energy projects, as well as strong private consumption.

Frequency of update: Quarterly

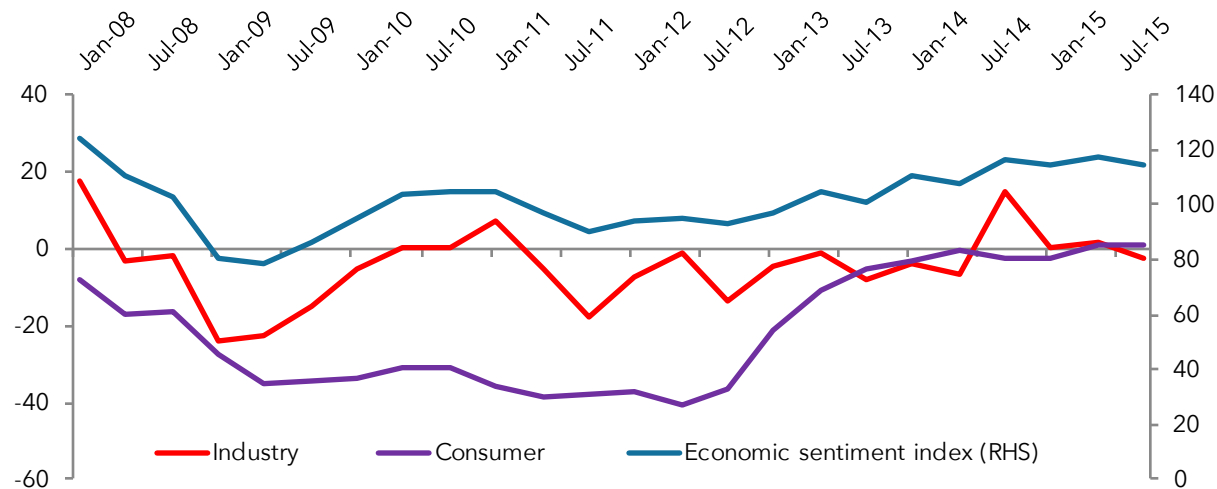


2. Unemployment and inflation

Unemployment rose somewhat following the financial crisis in 2008, but fell quickly as the economy recovered and is now close to historical lows. It is forecast to pick up slightly in coming years.

Inflation fell in 2013 and further in 2014 due to lower global energy prices, a reduction in electrical tariffs for households and low inflation in the Euro area. It is forecast to pick up, as energy prices rise and the economy continues to grow.

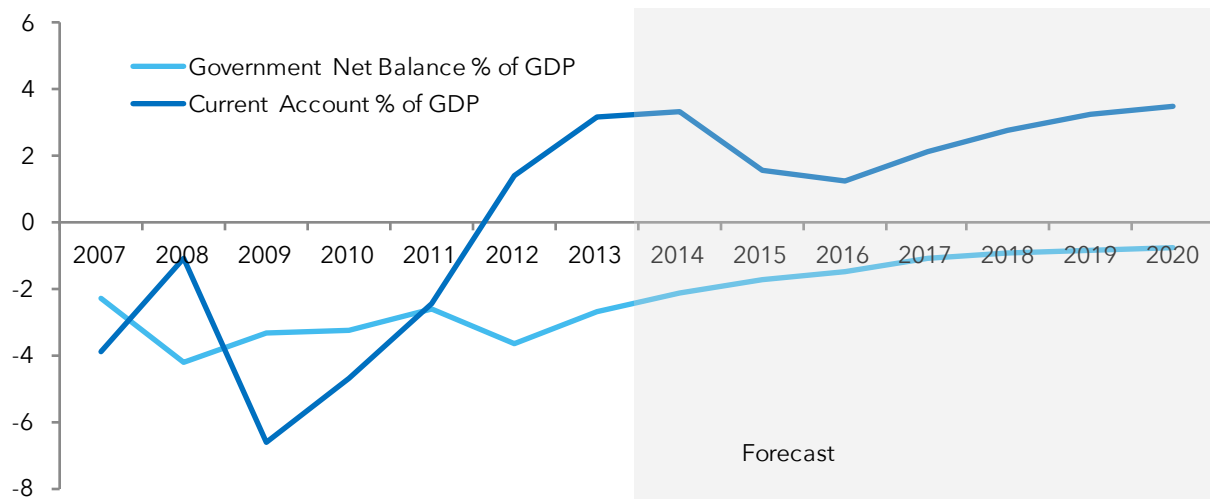
Frequency of update: Monthly



3. Consumer and business sentiment

After a rapid decline in consumer confidence following the financial crisis and the Eurozone crisis, there has been a significant upward trend in confidence since the second quarter of 2012. Overall sentiment has risen notably since the second quarter of 2011, in line with GDP growth.

Frequency of update: Monthly

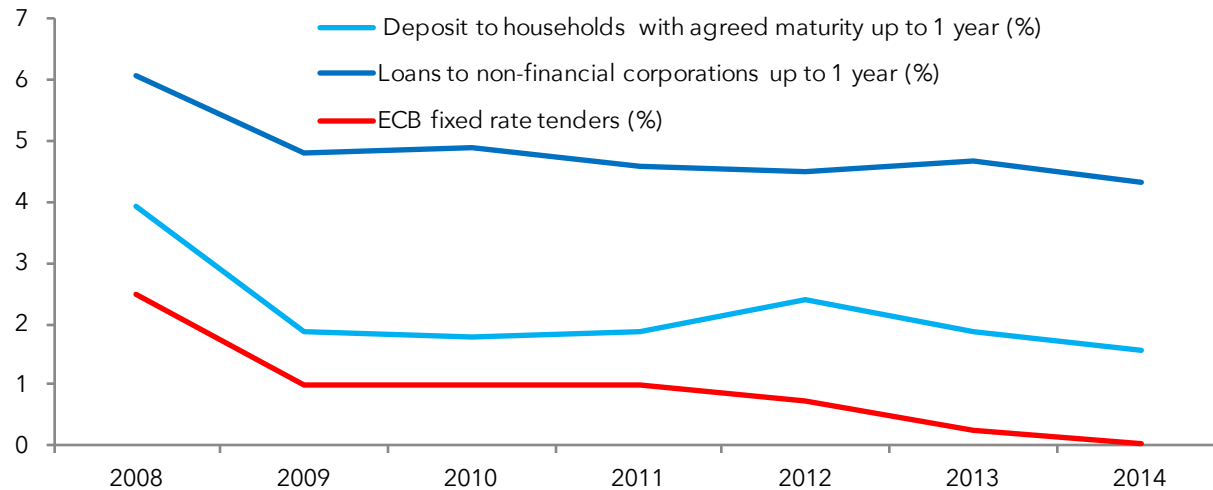


4. Government finances and external balance

The current account went into surplus in 2011 as the trade balance improved, mainly due to stronger exports of services. The current account is forecast to remain in surplus in the coming years.

The government's fiscal position remains strong with a shrinking deficit, as economic growth has supported revenue collection.

Frequency of update: Monthly and Quarterly



5. Interest rates

Interest rates on loans have fallen in recent years as the base rate has come down, however they remain high in comparison to other Eurozone countries. This partly reflects reliance on domestic finances and a relatively high level of non-performing loans.

Frequency of update: Annually

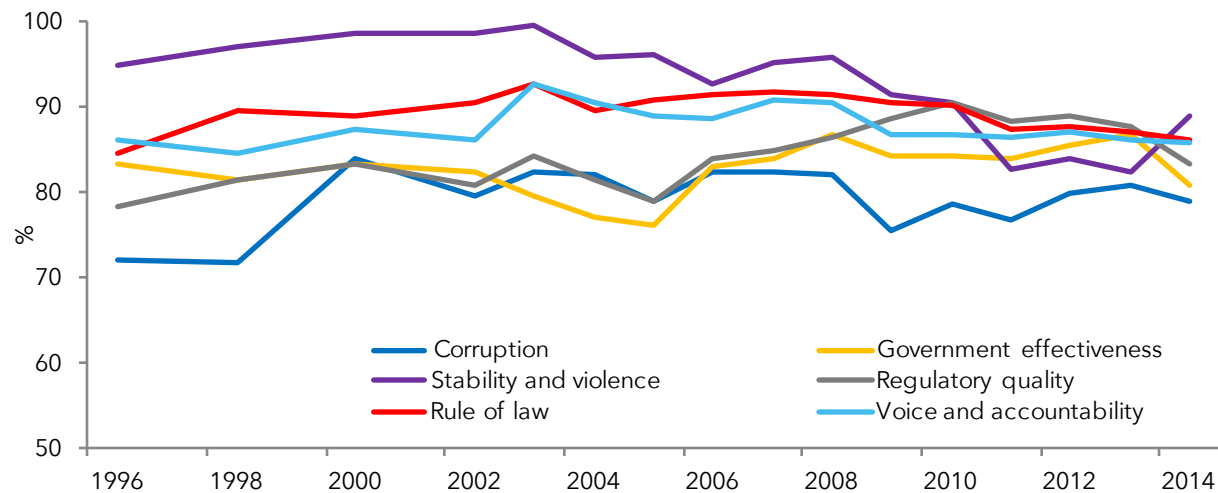


6. Stock prices

Market activity has picked up in recent years, especially in 2014, as the stock exchange recovered from the sharp downturn in 2009.

Stock prices were lower at the end of 2014 compared to the start but have picked up sharply in 2015.

Frequency of update: Monthly

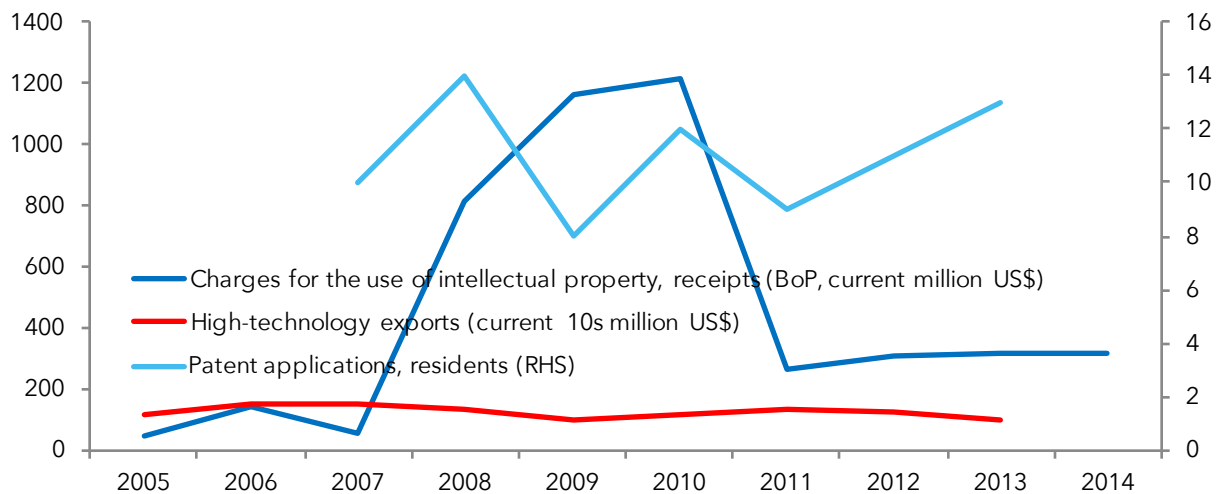


7. Governance

Having peaked around 2003, most governance indicators have slightly declined but remain high.

Since 2005, there has been a significant improvement in government effectiveness and regulatory quality.

Frequency of update: Annually



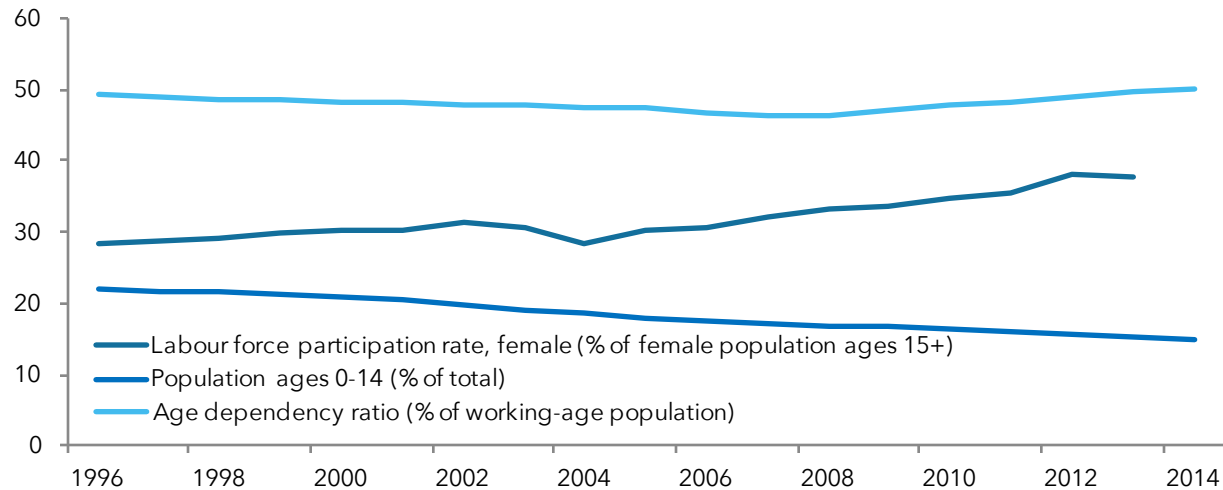
8. Innovation and technology

Malta leads the region in terms of high technology exports per capita.

The efforts of the Malta Council for Science and Technology have strengthened technology activities, while tertiary education offers specialized courses to equip students in this sphere. The government has a stated aim of further increasing the level of innovation and technology.

Frequency of update: Annually



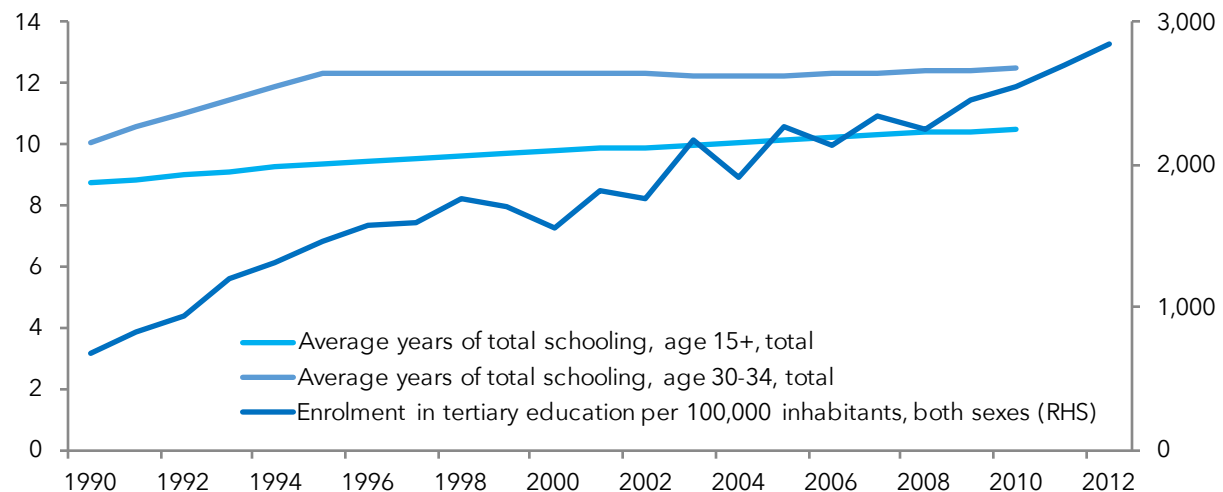


9. Demography and labour force participation

The age dependency ratio appears to have slightly increased recently despite the continuing fall in the share of the population aged 0 to 14, as the share of those aged 65 and over has risen.

The labour force participation rate amongst women remains low but has been rising since 2004.

Frequency of update: Annually



10. Education

Since 1996, average years of total schooling in Malta have increased, while the enrolment rate in tertiary education keeps increasing rapidly with no sign of slowing down.

In the 2009 PISA survey the test results for Malta were below average for the OECD and EU.

Frequency of update: Annually (enrolment in tertiary education), 3 years (PISA data), 5 years (average years of schooling)

Montenegro **Overview**

Making steps towards the EU

Montenegro Overview

Population 2014: 0.62 million – GDP per capita PPP 2013: \$14,670

Economy. Montenegro is a small European country with high dependence on tourism, trade and foreign investment. The economy has been transformed in recent years to a more open market economy with a large scale privatization initiative in place since the start of the century. Montenegro is an EU candidate country and uses the euro as its currency, although it is not a member of the Eurozone.

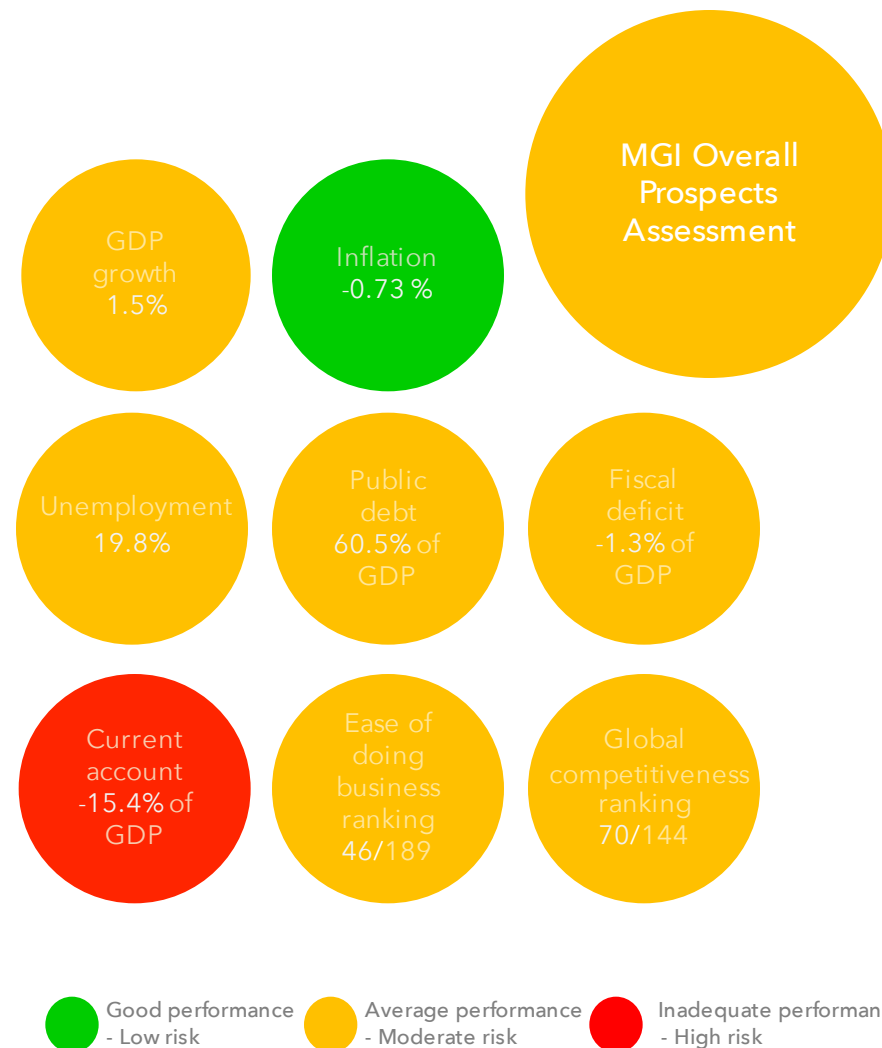
In the run up to the financial crisis GDP growth averaged around 5%, led by increases in domestic demand fuelled by strong credit growth. As the crisis hit, the credit flow reversed affecting demand, leading to a sharp contraction in GDP in 2009, followed by a partial recovery in 2010-2011 and growth turning negative again in 2012.

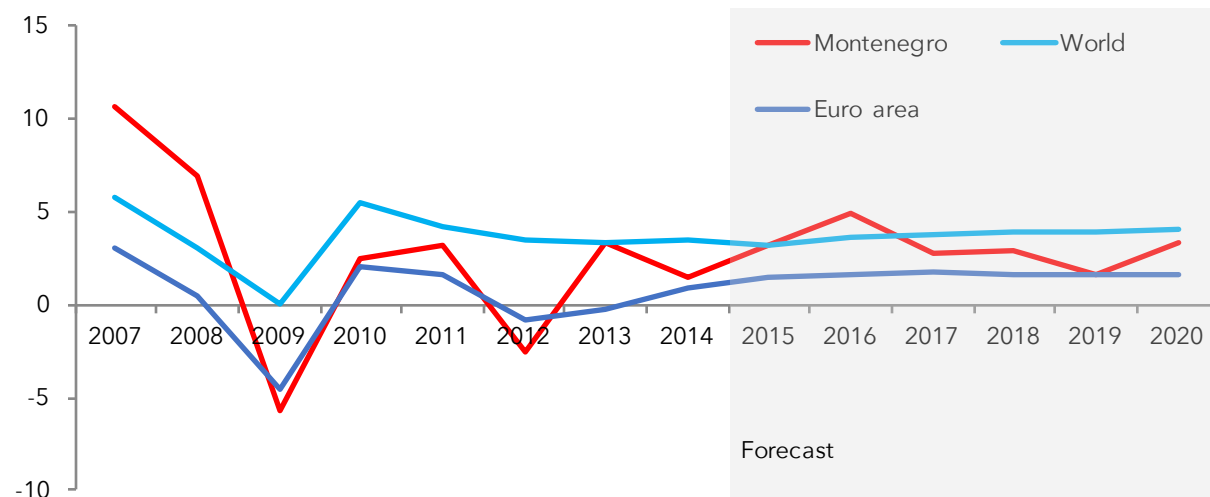
The economy rebounded strongly in 2013, but GDP growth was only 1.1% in 2014, as industrial production declined and tourism showed weaker growth. Montenegro's economic performance is expected to improve in coming years as large infrastructure projects get underway.

Governance. Corruption remains a challenge for Montenegro despite improvements in recent years.

Demography and education. High levels of unemployment and low labour market participation suggest a need for labour market reforms and a rethinking of education policy to promote investment in skills that are in demand. Participation in higher education continues to improve, while the quality of primary education remains a challenge.

Innovation and technology. There is limited activity in innovation and technology in the country.

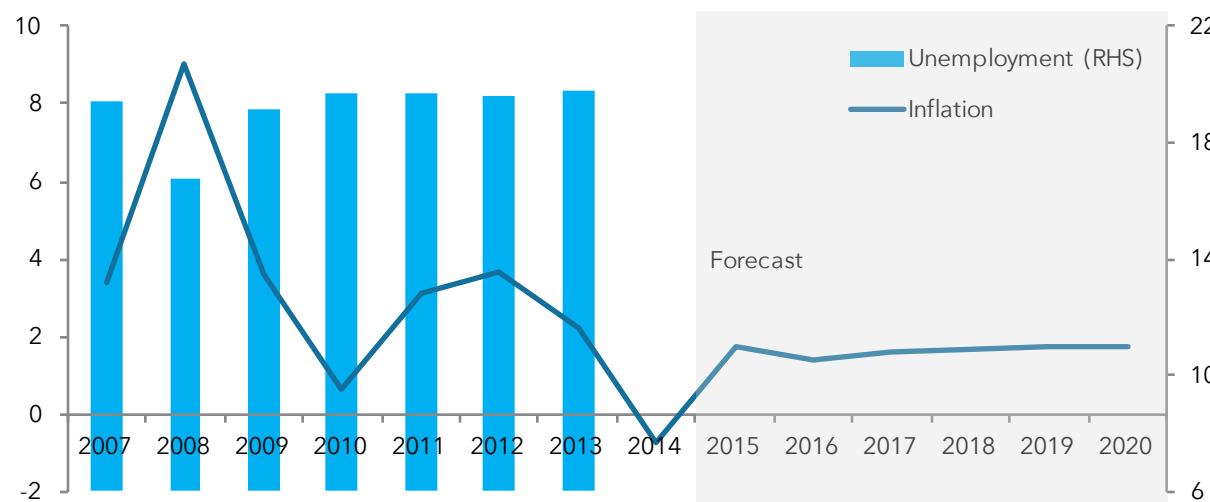




1. Economic growth

The recovery following the financial crisis has been uneven, with growth picking up in 2010 and 2011, before the economy shrank again in 2012 and recorded weak improvement in 2014. GDP growth is forecast to pick up again in 2015, driven partly by large scale infrastructure projects.

Frequency of update: Quarterly



2. Unemployment and inflation

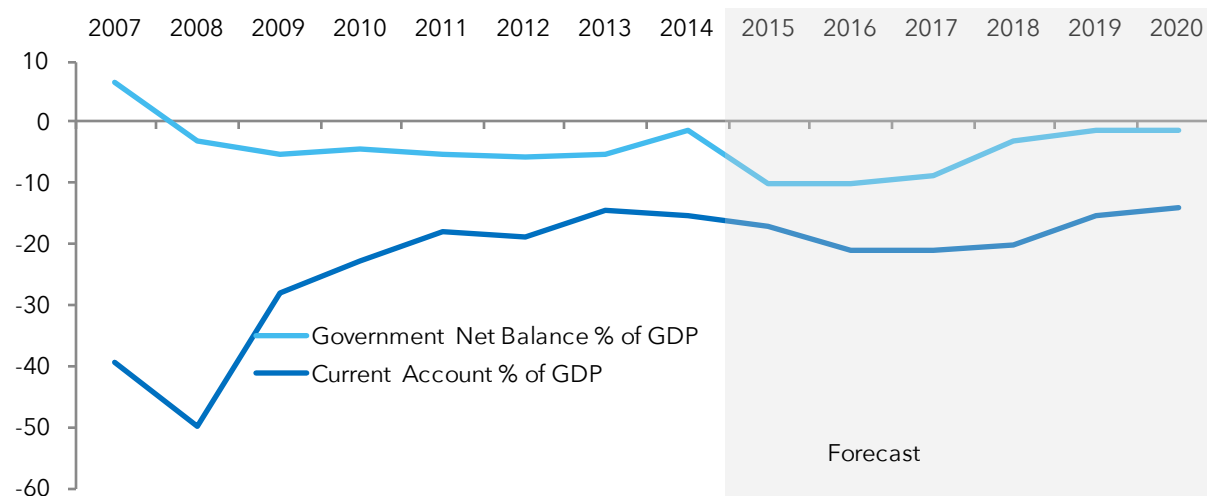
Unemployment remains stubbornly high at just under 20%, with the youth rate reaching even higher values. The labour force participation rate is also low, suggesting that the market is not functioning properly and reforms are needed.

In line with other European countries, inflation fell sharply in 2014 as global energy prices fell, while it is forecast to pick up slowly from 2015.

Frequency of update: Monthly

3. Consumer and business sentiment

There are no consumer and business sentiment indicators available for Montenegro.

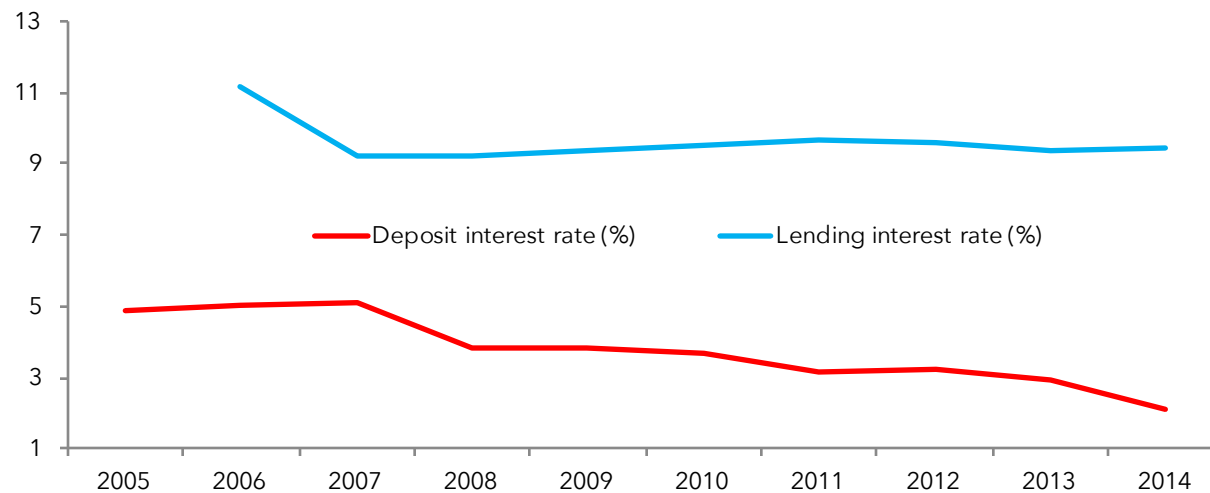


4. Government finances and external balance

Although the credit boom in the run up to the crisis drove the current account deficit close to 50% of GDP, the crisis led to a violent correction as the credit flow was reduced and imports fell. The current account remains deep in deficit reflecting the country's reliance on trade and foreign direct investment. The deficit is set to widen next year, as the base effect of strong electricity exports falls away.

Government finances have improved since the start of the financial crisis with the budget close to achieving balance in 2014, however with large scale infrastructure projects scheduled to start in 2015 the deficit is expected to increase again over the medium-term.

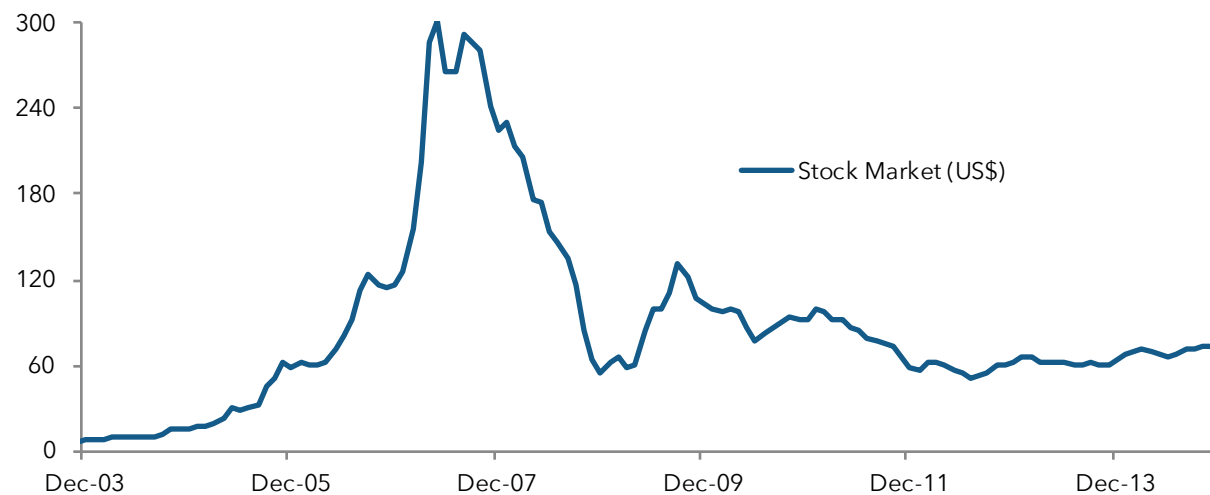
Frequency of update: Monthly and Quarterly



5. Interest rates

Lending rates remain high in the country reflecting the weakness of the banking system, which in turn is partly due to high levels of non performing loans. Credit continues to contract.

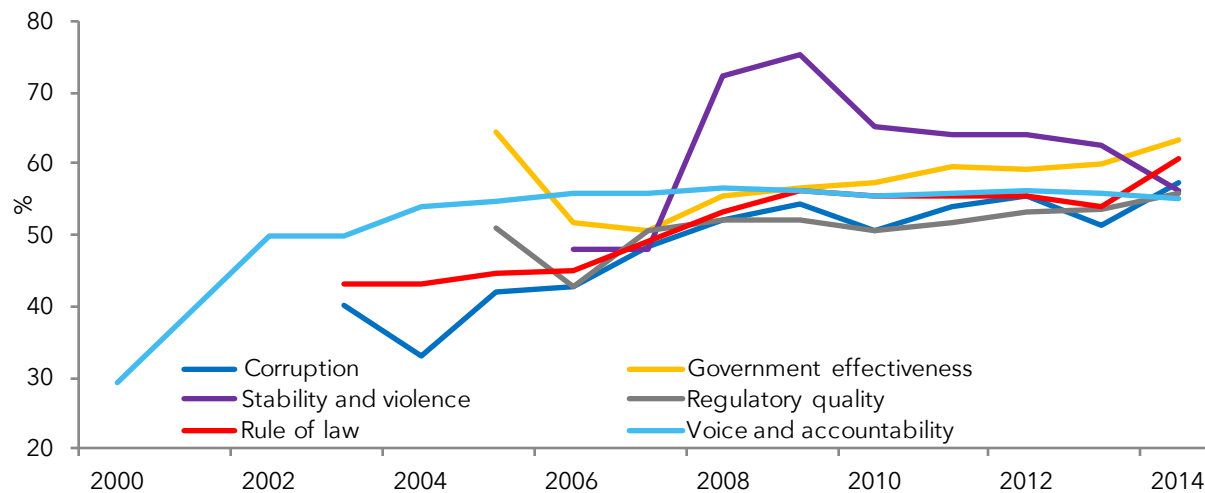
Frequency of update: Annually



6. Stock prices

Market activity rose in tandem and at an incredibly fast rate between 2004-2007. Stock prices fell sharply in the wake of the financial crisis and have been stabilised in recent years.

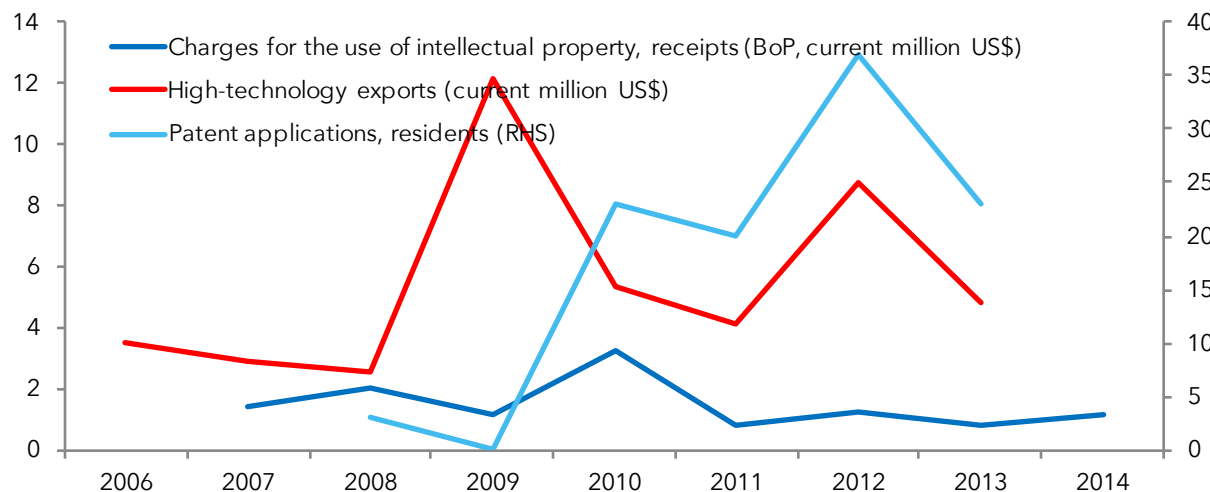
Frequency of update: Monthly



7. Governance

Although all governance indicators have shown improvements during the past decade, corruption in Montenegro remains a serious problem.

Frequency of update: Annually

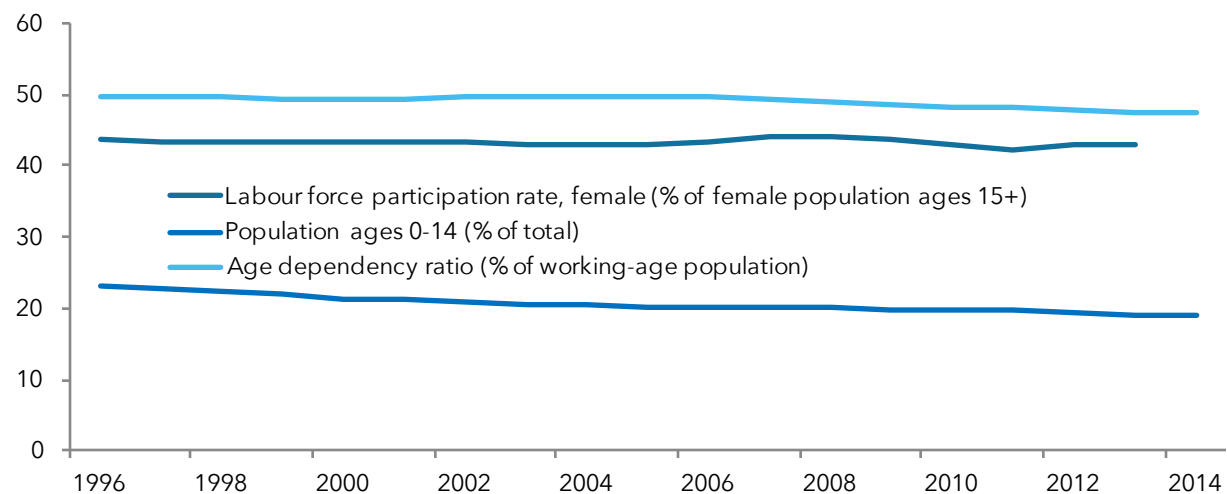


8. Innovation and technology

The level of innovation in Montenegro is low and the academic community is lacking good research groups, while the connections with industry seem to have decreased over time.

Patent applications by residents have increased in recent years but remain at a low level.

Frequency of update: Annually

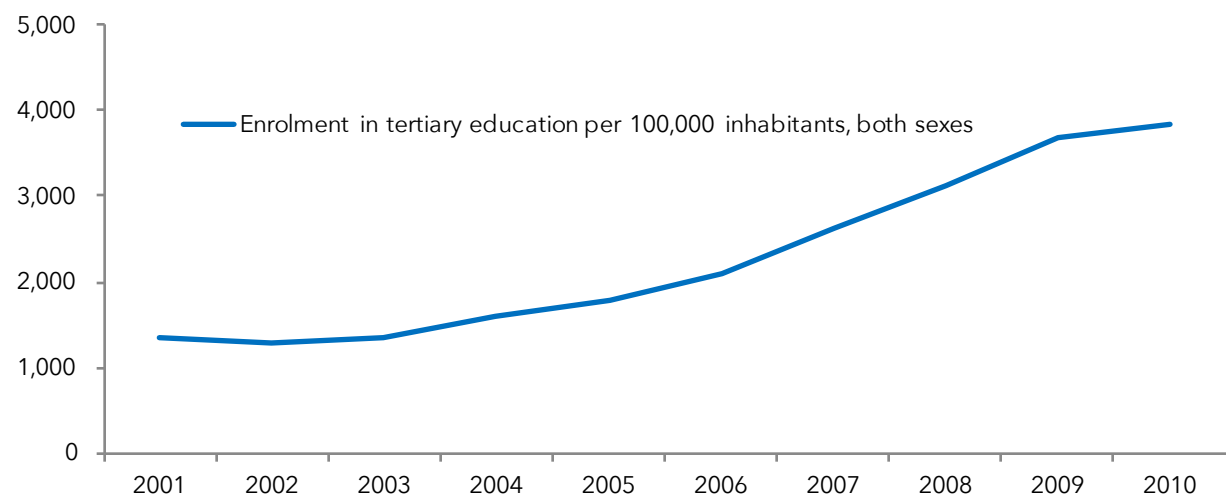


9. Demography and labour force participation

Labour force participation among females remains low but the gender gap in the activity rate has narrowed since 2003.

The age dependency ratio has fallen slowly, as the share of population aged 0 to 14 has decreased.

Frequency of update: Annually



10. Education

Higher education reforms that started in 2001 in Montenegro are continuing. Currently, changes and amendments to the Higher Education Act are under way, primarily focussing on the financing of higher education with special emphasis on the social dimension. The enrolment rate to tertiary education has increased significantly, with no sign of slowing.

Judging from the standardised PISA tests, the quality of education appears to be low, with Montenegro ranking 54th out of 65 countries for mathematics, 56th out of 65 countries for science and 53rd out of 65 for reading.

Frequency of update: Annually (enrolment in tertiary education), 3 years (PISA data), 5 years (average years of schooling)

Morocco **Overview**

Positive growth outlook following successful sectoral reforms

Morocco Overview

Population 2014: 32.2 million – GDP per capita PPP 2014: \$7,813

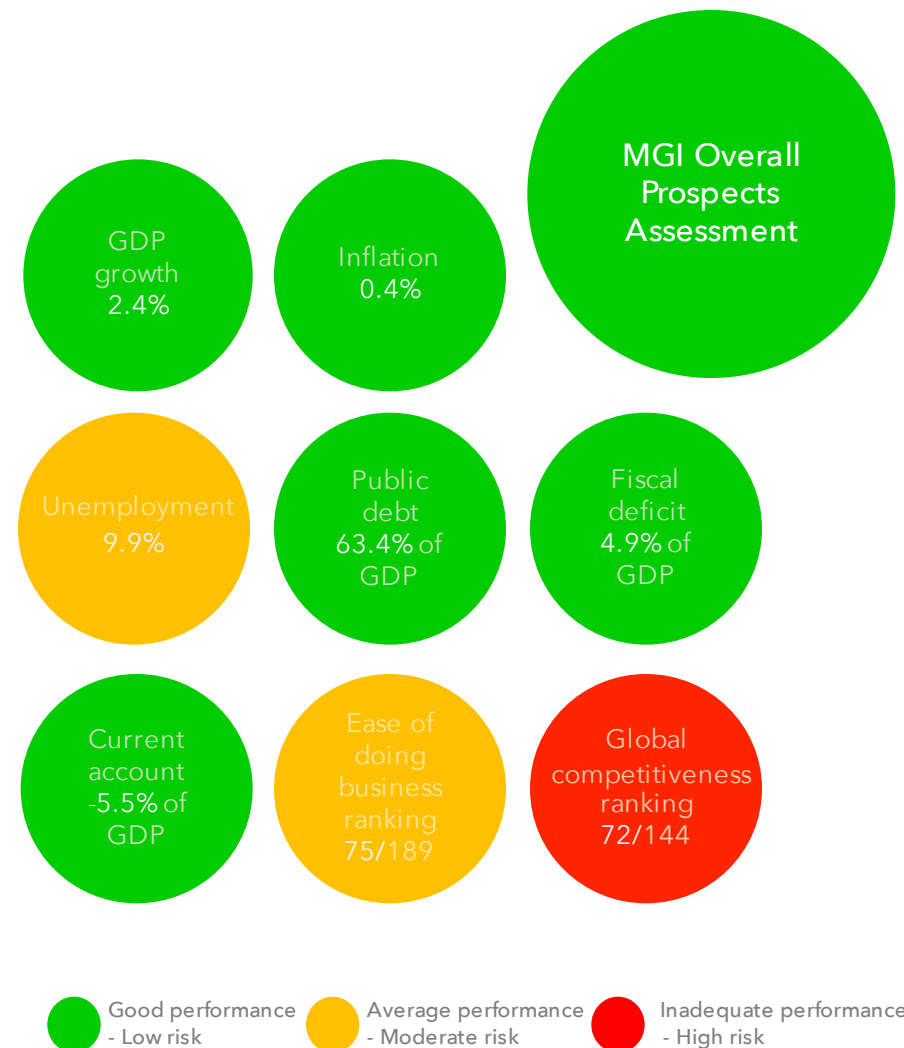
Economy. Since the mid-80s Morocco has embraced free market reforms and transformed its economy, which has coincided with improved public finances. Similar to other African countries, the country is reliant on its natural resources - in the case of Morocco it is phosphate, an ingredient used in many fertilisers. Unlike many other African countries, it imports most of its energy but has started to increase its investment in solar power. Agriculture also forms a large part of the economy, while other sectors, such as tourism and the service industries, are developing strongly.

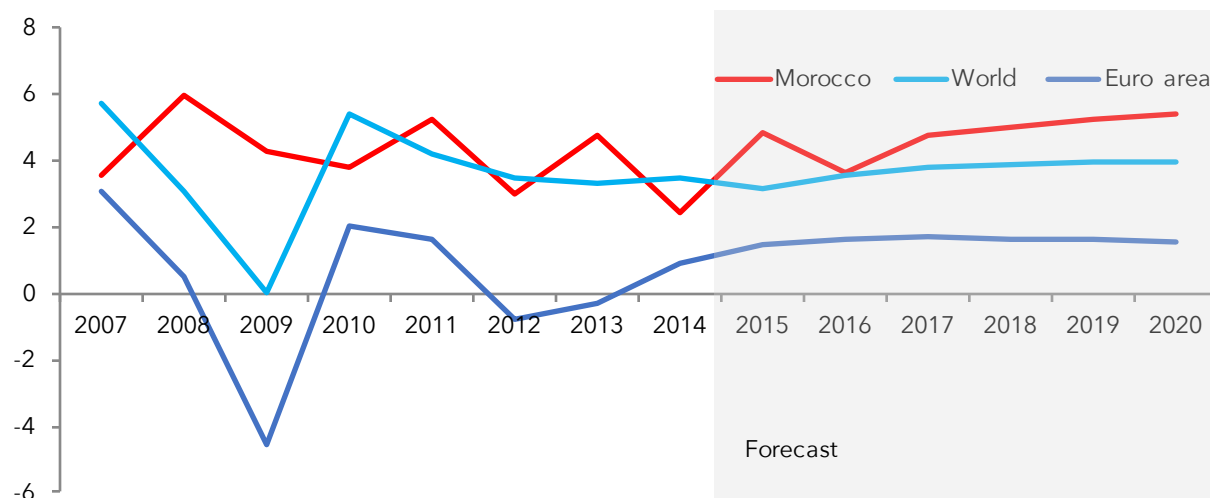
Growth has been relatively stable - around 4% in recent years - and inflation measured below 2%, while unemployment remains very high. Economic prospects are positive and GDP is expected to pick up further in coming years, with structural reforms paying off and new sectors emerging.

Governance. Morocco is considered by many the most stable country in North Africa. The country had a limited impact from the Arab uprisings and it has undertaken a programme of wide-ranging reforms adopting a new constitution in 2011. The constitution set the basis for a more open and democratic society, a more modern state of law and institutions, and increased decentralization.

Demography and education. Morocco is a young nation with favourable demographics. The quality of education has room for improvement, while youth unemployment remains a challenge for the country.

Innovation and technology. Low enrolment levels in higher education are probably the largest hindrance to improve the weak innovation and technology field.



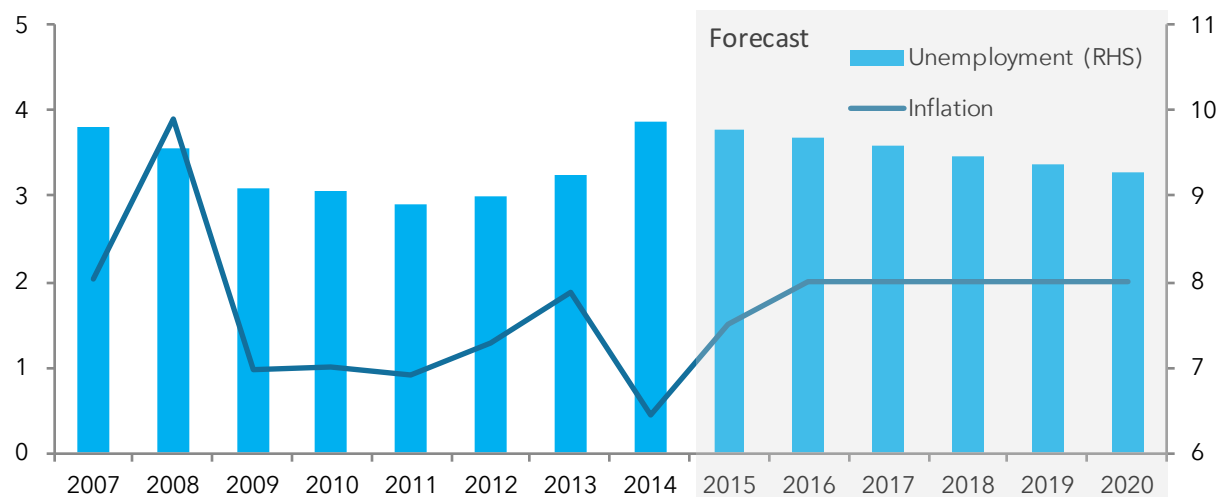


1. Economic growth

GDP fell slightly in 2014 due to a poor harvest and weak external demand. It is expected to pick up again in 2015, as crop yield and non-agricultural sectors are forecast to improve.

The growth rate is forecast to be around 5% in the medium-term. The main drivers are the emergence of recently developed sectors and the modernisation of the agricultural sector, while firms in Morocco are also expected to benefit from reaching new markets.

Frequency of update: Quarterly

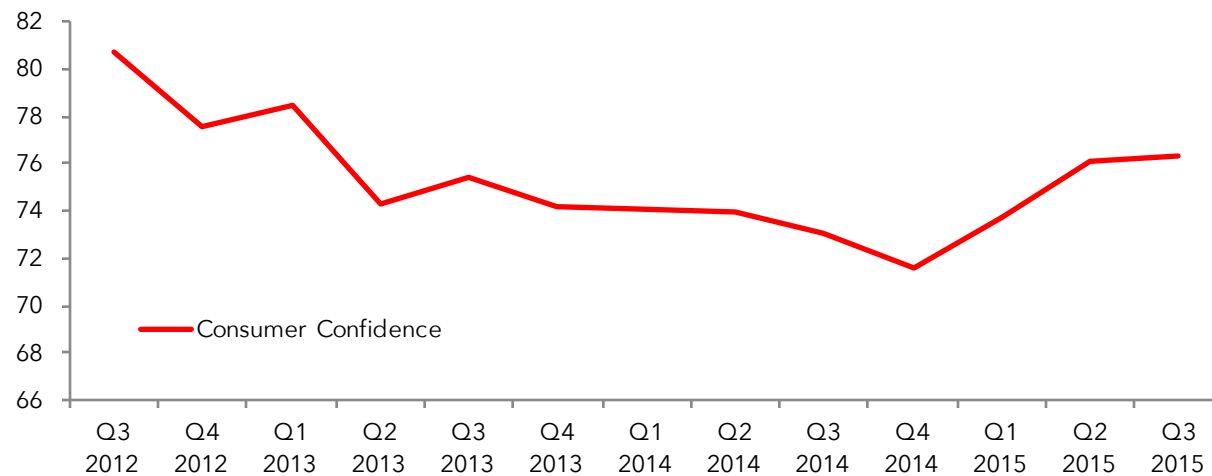


2. Unemployment and inflation

Unemployment stood at around 10% in 2014 and it is forecast to slowly improve over the next few years. The rate remains relatively high in urban areas, particularly amongst young people.

Inflation declined in 2014 due to a drop in food prices and it is expected to stabilise at around 2% in coming years.

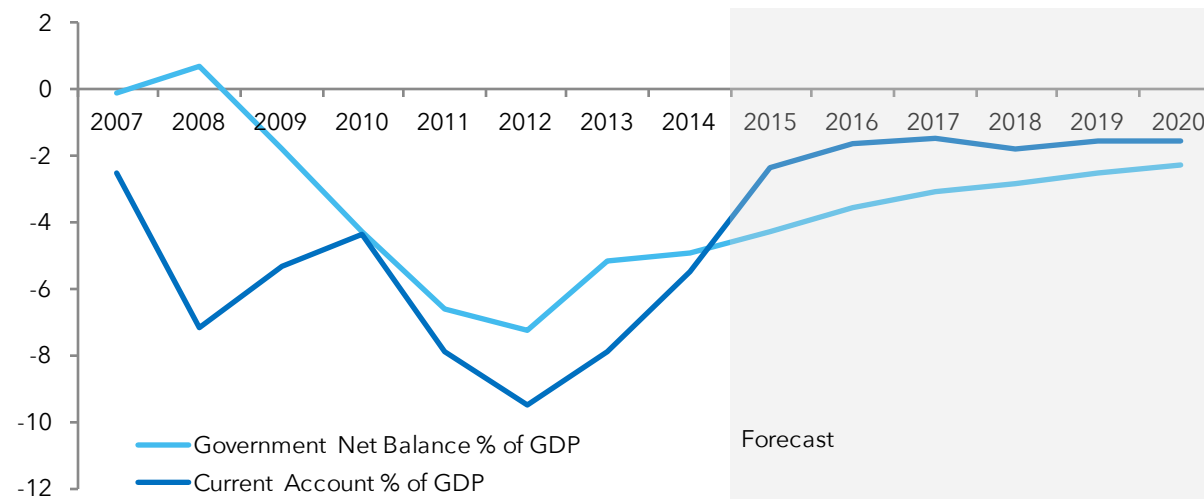
Frequency of update: Monthly



3. Consumer and business sentiment

The consumer sentiment indicator had been on a downward trend since the end of 2012 in line with weaker economic activity. It started showing significant improvement in 2015, pointing towards an increase in economic growth.

Frequency of update: Quarterly

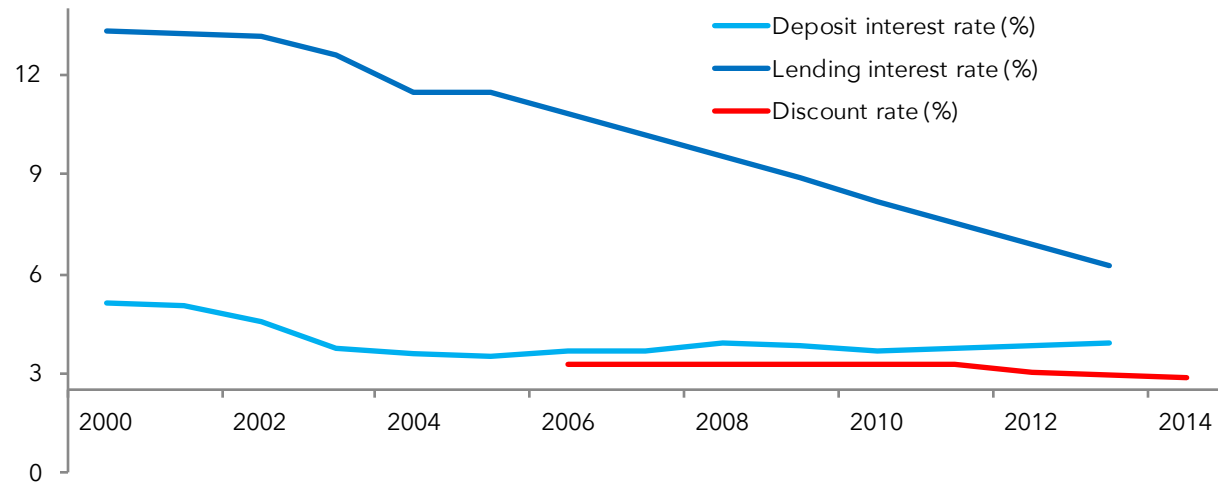


4. Government finances and external balance

The current account deficit narrowed in 2014, driven by the lower value of energy imports and higher exports of phosphates and derivatives, and it is forecast to shrink further in coming years.

The budget deficit has followed a similar path to the current account, and it is also expected to keep shrinking over the next few years.

Frequency of update: Monthly and Quarterly



5. Interest rates

The lending rate has fallen sharply since 2000, leading to a significant narrowing of the spread between interest rates charged on deposits and loans.

Frequency of update: Annually

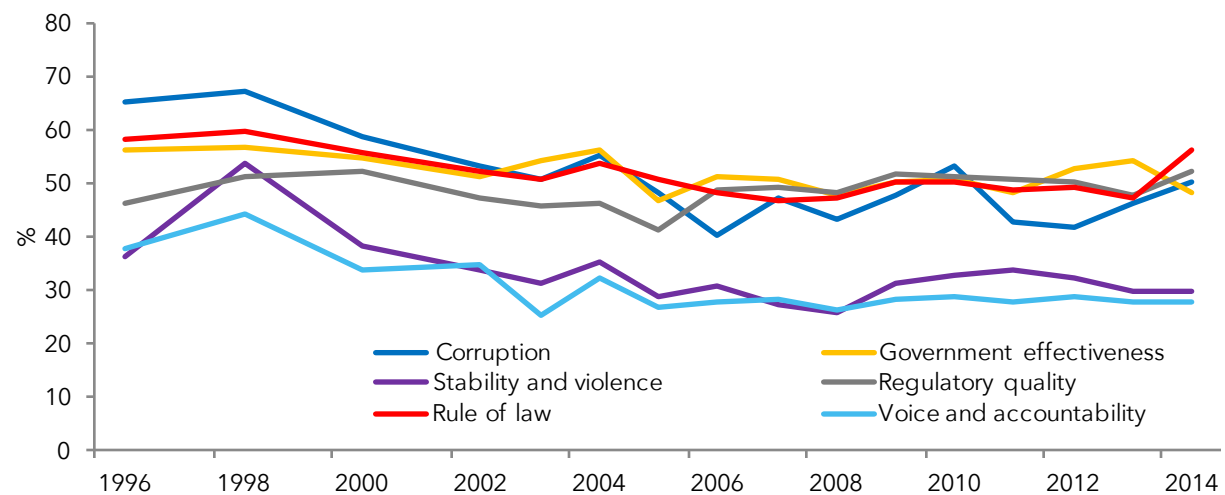


6. Stock prices

After peaking in 2008, market value fell by 25% in 2009, recovered slightly in 2010 and 2011 before declining again in 2012 and 2013.

In 2014 prices were at 65% of their peak value and have been on a downward trend in 2015.

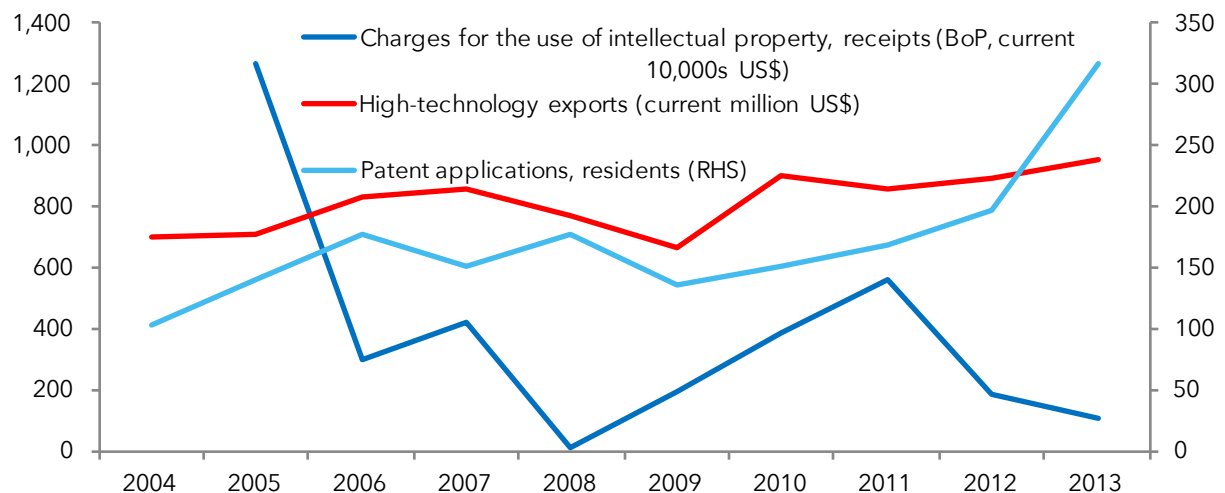
Frequency of update: Monthly



7. Governance

Most governance indicators reflect the reasons Morocco is considered by many the most stable country in North Africa. Political stability and voice and accountability have been on a flat trend after falling in the early 2000s, but remain weak compared to other governance indicators.

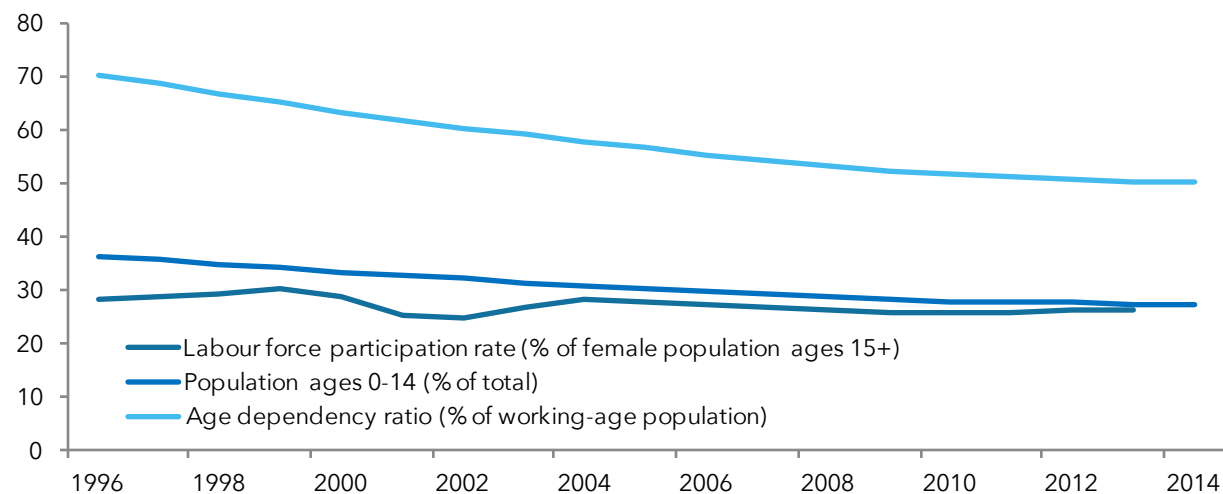
Frequency of update: Annually



8. Innovation and technology

Innovation and technology activities in Morocco remain limited. That said, high technology exports are rising, while patent applications jumped in 2013.

Frequency of update: Annually

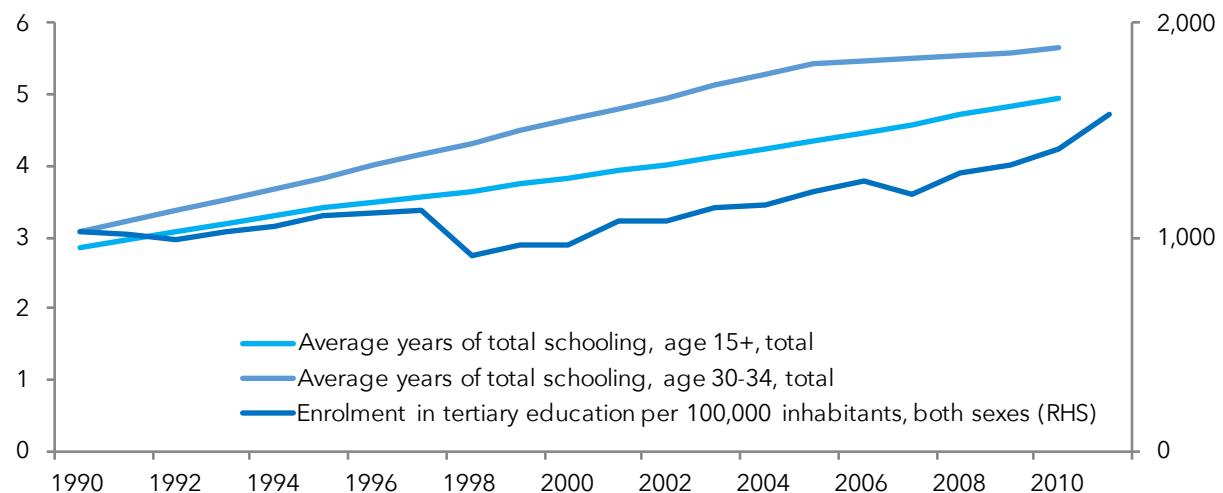


9. Demography and labour force participation

Morocco is a young nation with favourable demographics reflected in a low and falling dependency ratio, partly due to a fall in the share of population aged 0 to 14.

Labour force participation amongst women remains low and has actually decreased slightly over the past two decades.

Frequency of update: Annually



10. Education

All indicators have been on an upward trend since the early 1990's. However, the quality of education remains a challenge for the country, best reflected in the low enrolment levels in tertiary education.

Frequency of update: Annually (enrolment in tertiary education), 5 years (Average years of schooling)

Slovenia **Overview**

End of political turmoil?

Population 2014: 2.6 million – GDP per capita PPP 2014: \$29,866

Economy. Slovenia was the first former Yugoslav republic to join the EU and made the transition to a free market economy with more ease than the others. The country joined the Eurozone in 2007, and was praised as one of the best performing new EU members.

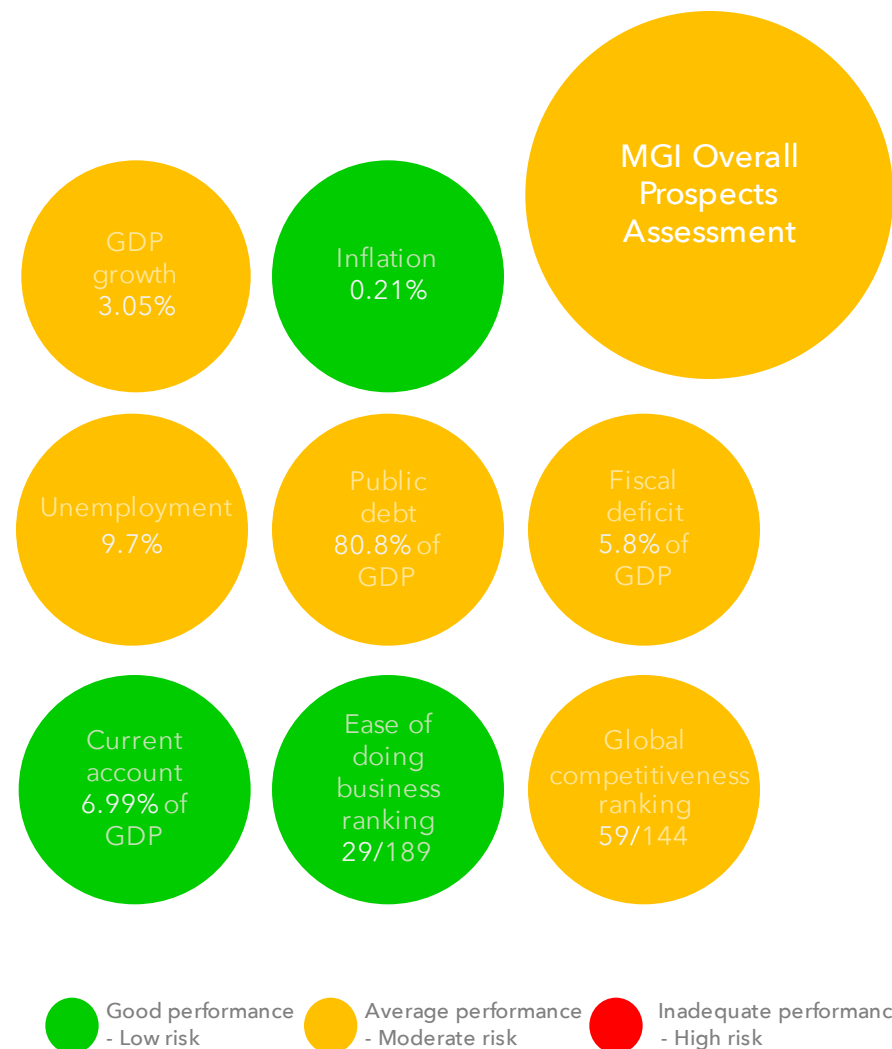
The economy is highly reliant on exports, and was therefore hit hard by the global recession in 2009 both via the export and finance channels. After a modest recovery in 2010 and 2011, the economy contracted again in 2012. The highly leveraged business sector struggled, leading to a sharp increase in non-performing loans and a drop in credit, culminating in a bank bail-out by the state.

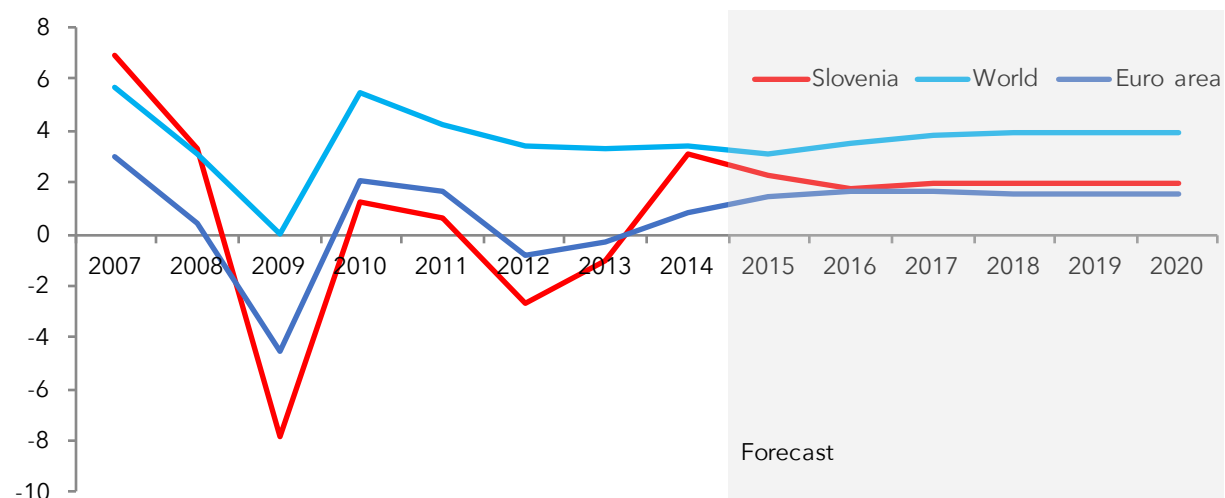
The economy picked up in 2014 driven by a rebound in exports and infrastructure investment projects funded by the EU. These factors are expected to keep driving growth moving forward.

Governance. The country has experienced political turmoil following two early elections being called in the last few years, with the new government taking office in September 2014. Slovenia has been slowly sliding down the World Bank governance indicators global rankings over the past two decades, but still ranks amongst the top 30% of countries across the board.

Demography and education. Slovenia is an ageing country with a low fertility rate and an increasing dependency ratio. It has a highly educated population compared to other Med countries, and high female labour force participation.

Innovation and technology. Innovation and technology activity is relatively weak in a global context, but it has been increasing in recent years and remains strong compared to other Central and Eastern European transition economies.

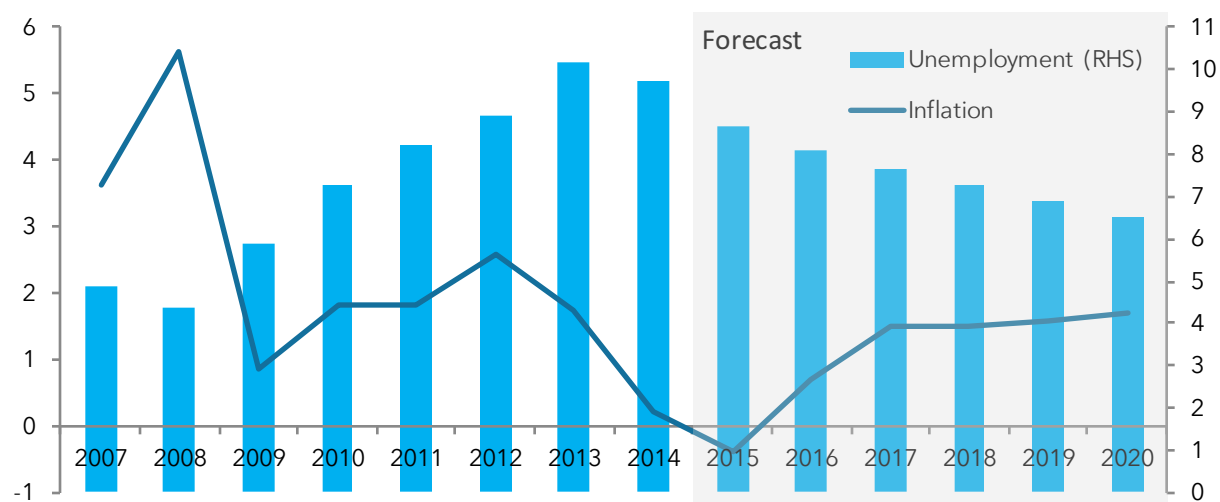




1. Economic growth

After another one-year recession from 2012 to 2013, the economy started growing again in 2014, with GDP growth reaching 3% led by a rebound in exports and infrastructure investment. These factors will keep feeding growth in 2015 and 2016, while private consumption is also forecast to pick up gradually over the next few years.

Frequency of update: Quarterly

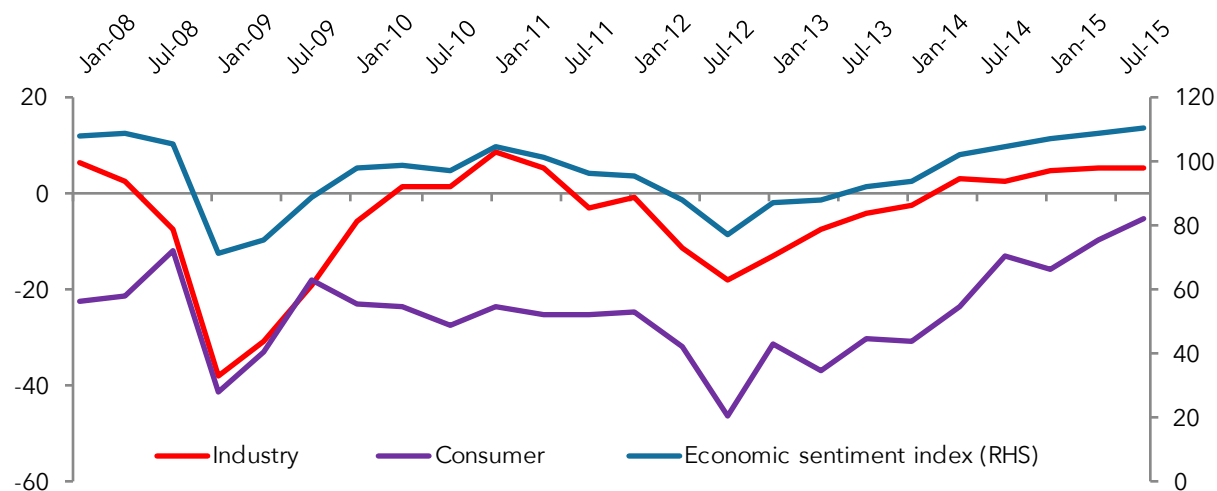


2. Unemployment and inflation

Unemployment fell for the first time in six years in 2014, as economic activity picked up. It rose sharply following the financial crisis and remains above 9%, and even higher amongst young people. Unemployment is expected to decline over time as the economy recovers.

Inflation fell in 2014 and is forecast to be negative in 2015, due to low energy prices and low inflation in the euro area. It is expected to pick up as domestic demand recovers and energy prices increase.

Frequency of update: Monthly

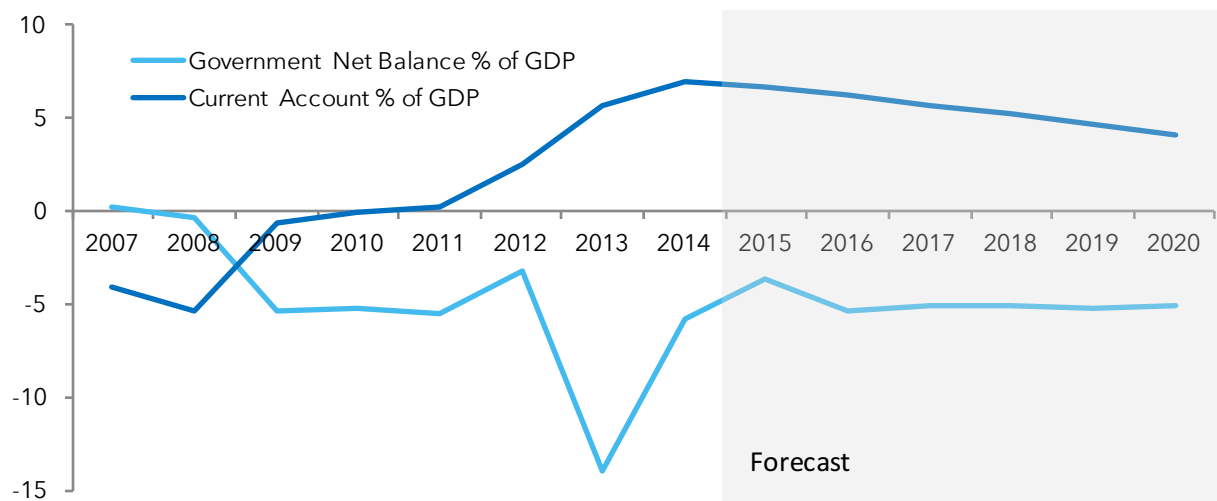


3. Consumer and business sentiment

In the wake of the global financial crisis both consumer and industry confidence declined sharply. There was some rebound in 2010 and 2011- especially in industry sentiment - as the economy recovered.

Following the 2012 recession sentiment fell again, but it has been improving consistently since September 2012 pointing to optimism about the country's economic prospects.

Frequency of update: Monthly

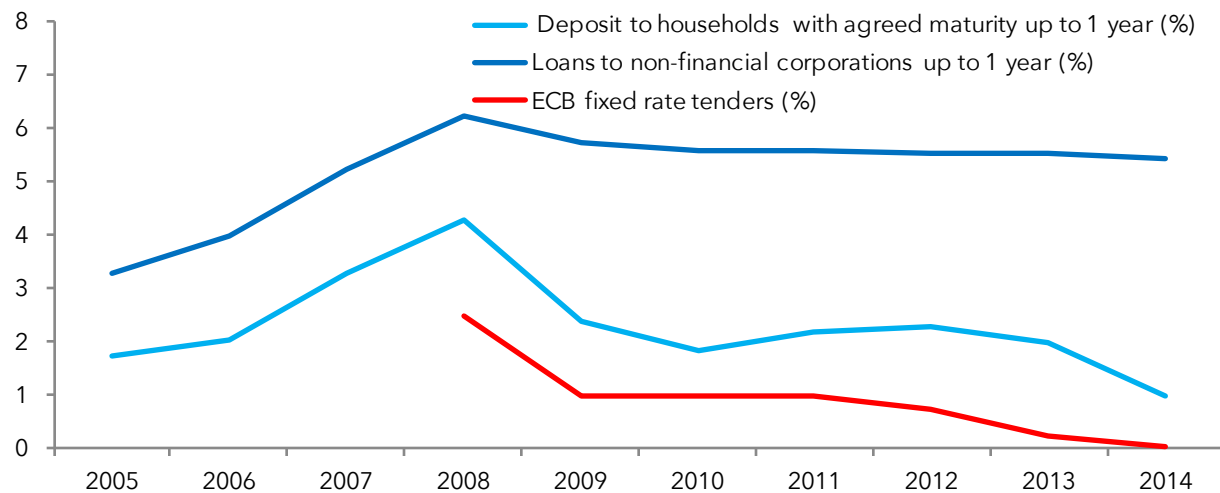


4. Government finances and external balance

The current account was in deficit before the financial crisis as domestic banks enjoyed cheap foreign funding. This flow was reversed in the wake of the crisis and led to a sharp fall in imports, while exports remained more resilient. The current account is now in surplus and is forecast to remain at this level in coming years mainly due to strong exports.

The government's balance was in surplus before the 2007-08 financial crisis but deteriorated during the recession as revenue fell and spending increased. Government finances were hit badly in 2013 but have improved since then, with the deficit expected to stabilise at around 5% of GDP from 2016 onwards.

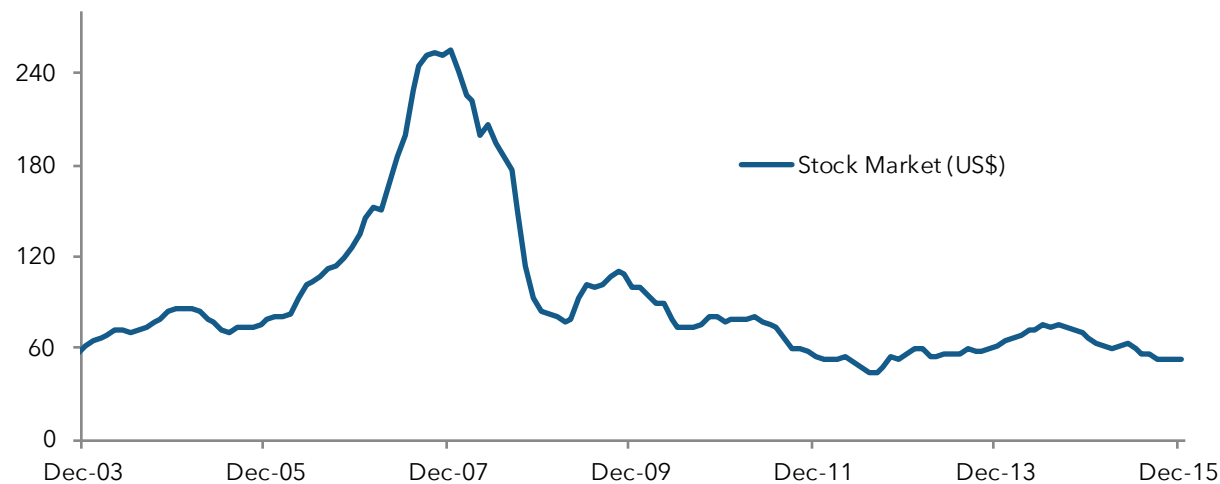
Frequency of update: Monthly and Quarterly



5. Interest rates

Since 2008 lending rates have fallen by less than the reduction in the ECB base rate, while deposit rates have fallen by more, reflecting continuing weaknesses in the banking sector.

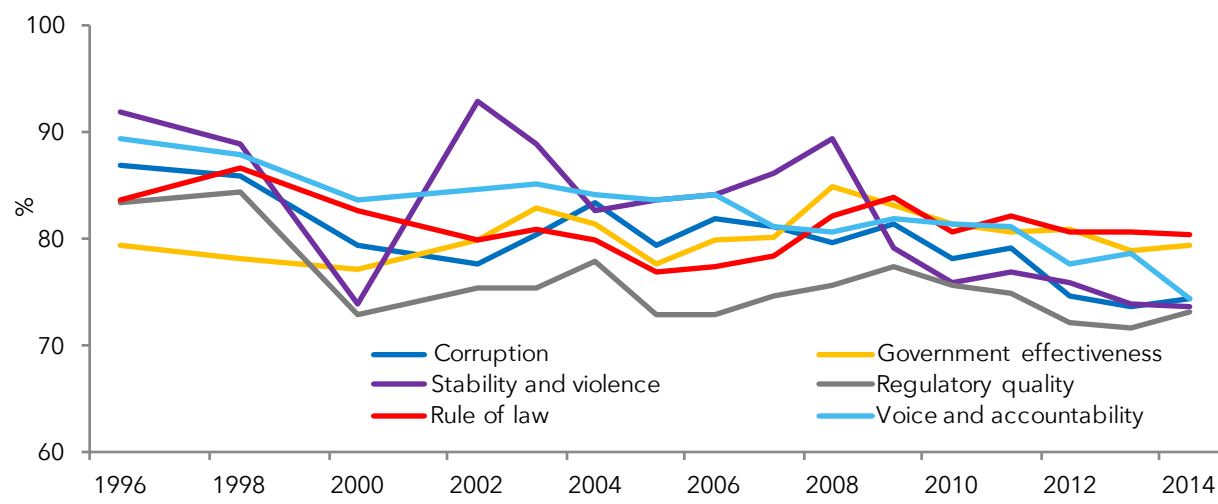
Frequency of update: Annually



6. Stock prices

Market activity fell sharply in 2008 and continued on a downward trend until 2013. Stock prices rose almost 20% in 2014 and fell around 11% during 2015.

Frequency of update: Monthly

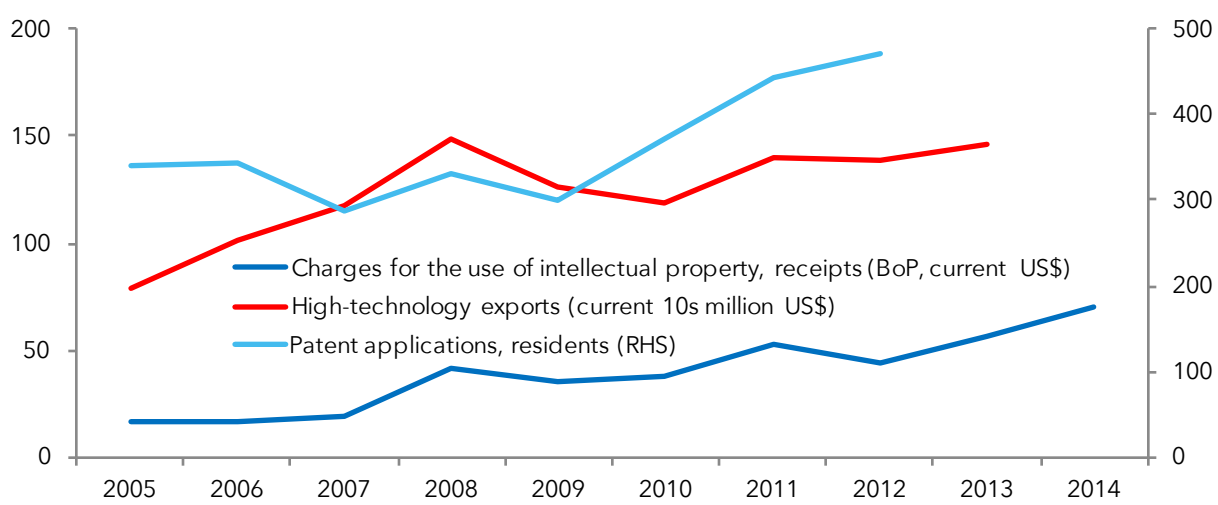


7. Governance

The country has experienced political turmoil following two early elections being called in the last few years, with the new government taking office in September 2014. Slovenia has been slowly sliding down the World Bank governance indicators global rankings over the past two decades - with the pace accelerating from 2009 onwards - but still ranks amongst the top 30% of countries across the board.

(No data is available for the political stability and absence of violence indicator for Slovenia.)

Frequency of update: Annually

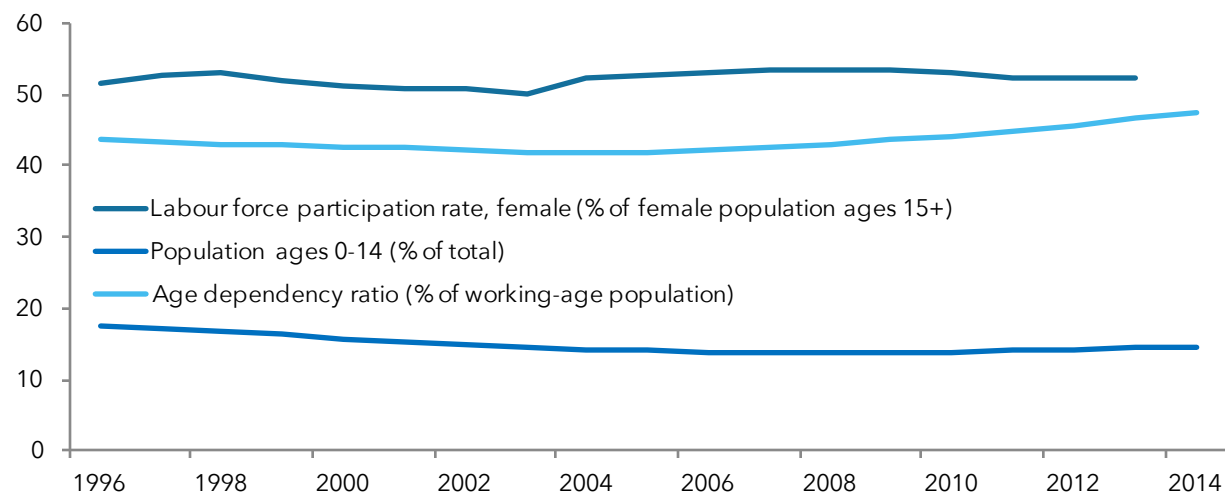


8. Innovation and technology

Since 2005 Slovenia has witnessed a remarkable jump in high technology exports, as well as increasing revenue from intellectual property charges.

Patent applications by residents have also increased over the past decade.

Frequency of update: Annually

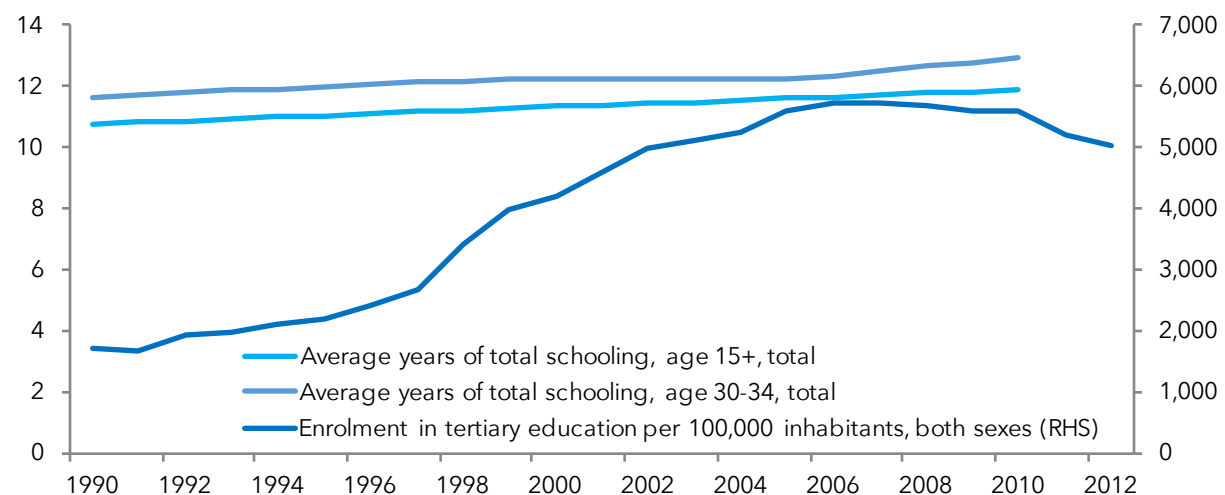


9. Demography and labour force participation

The age dependency ratio has been rising in recent years, despite a general decrease in the share of the population aged 0 to 14.

Labour force participation by women remains one of the highest among Mediterranean countries.

Frequency of update: Annually



10. Education

Average years of total schooling continue on a positive trend.

Enrolment levels in tertiary education more than tripled between 1990 and 2007, but have since fallen somewhat.

Judging from the standardised PISA 2012 tests, the quality of education is relatively high, with Slovenian students having recorded scores above average in mathematics and science and ranking 21st among 65 countries. Reading performance was much lower and Slovenia ranked 38th out of the 65 participant countries.

Frequency of update: Annually (enrolment in tertiary education), 3 years (PISA data), 5 years (average years of schooling)

Spain **Overview**

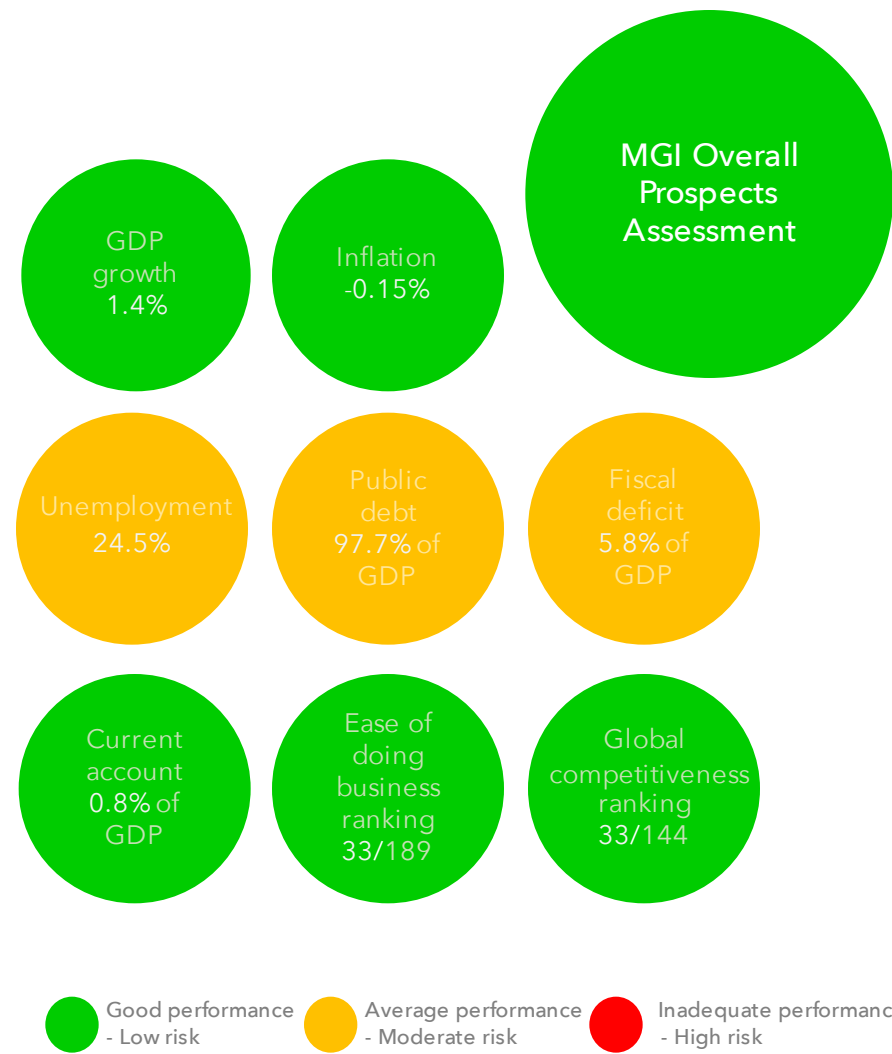
Glimmer of light after a long and painful economic contraction

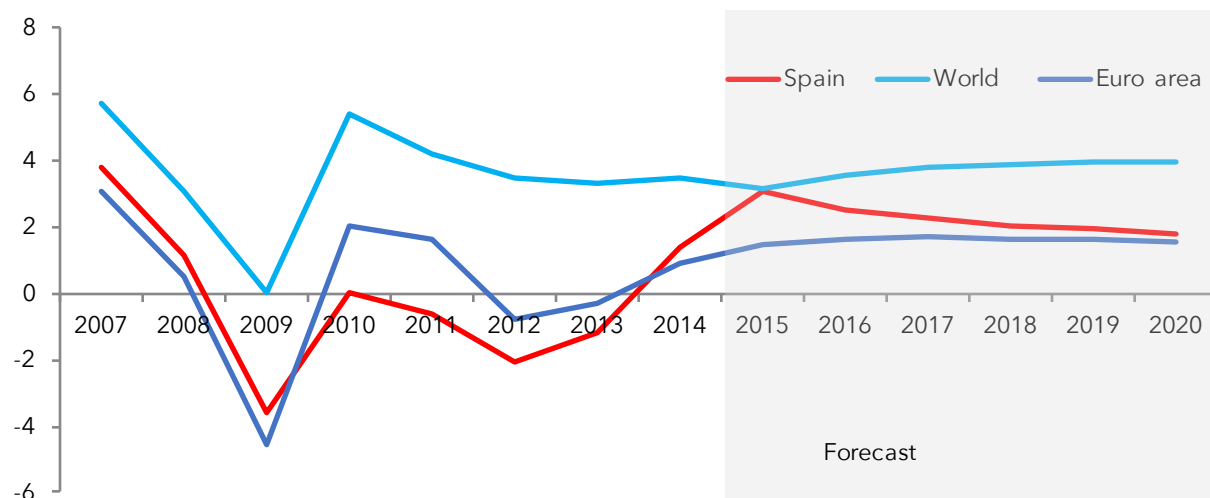
Economy. The Spanish economy entered the global financial crisis with an overstretched banking sector - with high exposure to the housing market in particular - and a highly leveraged private sector. After a long recession and a sharp rise in unemployment, growth returned in 2014, picking up further in 2015 and expected to stay in positive territory moving forward. Government reforms, better financial conditions, improved labour market prospects, favourable external developments and a less restrictive fiscal stance are the main drivers of the country's economic recovery.

Governance. Spain ranks very highly in terms of most governance indicators, with the notable exception of political stability, which remains a weakness. Recent elections (December 2015) proved inconclusive, with negotiations to form a coalition government still in progress at the time of writing.

Demography and education. Spain is an ageing country with a high and rising age dependency ratio. It has high unemployment and a relatively low labour force participation rate, although this has been rising over the last decade - especially amongst women. The quality of education has room for improvement, with PISA scores remaining just above average compared to other OECD countries.

Innovation and technology. The Spanish economy has historically been characterised by weak innovation and technology applications, but the country intends to become a leader and strongly supports activities in this field.

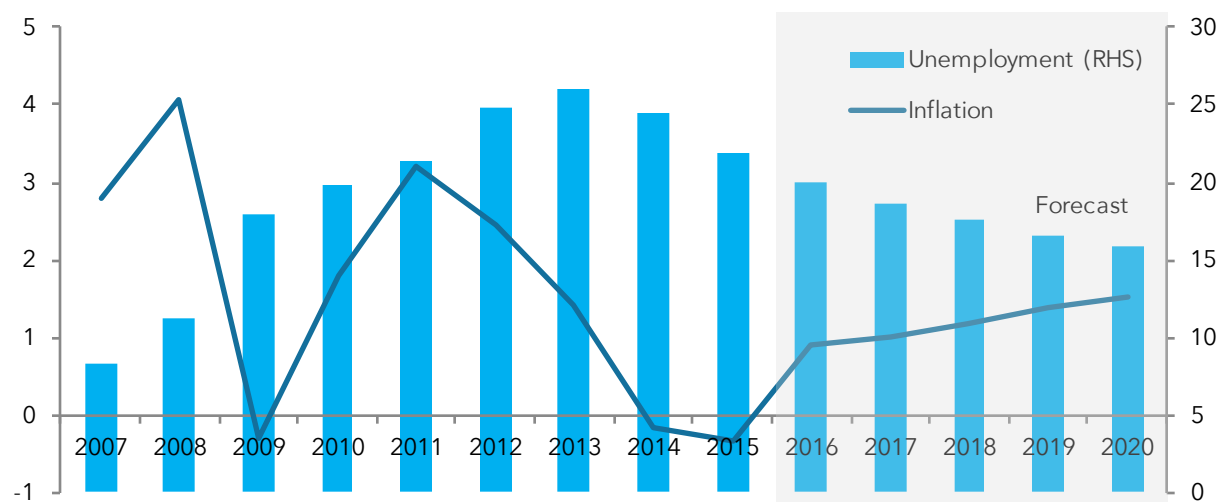




1. Economic growth

After years of recession, the economy finally turned a corner in 2014 with GDP growing by 1.4%. Growth is forecast to pick up further in 2015 driven by an improved labour market, better financial conditions and a more favourable external environment.

Frequency of update: Quarterly

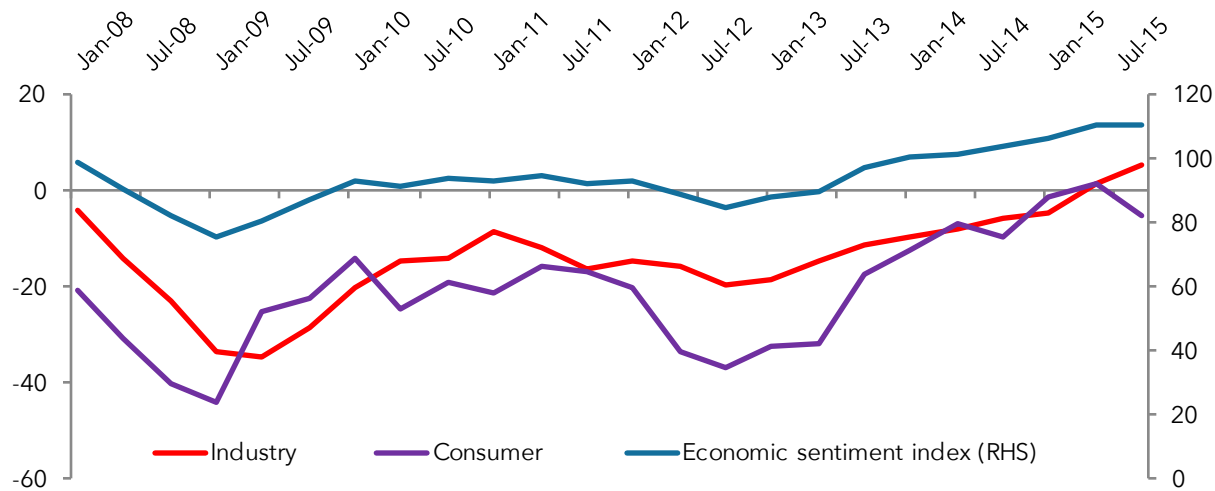


2. Unemployment and inflation

Unemployment rose sharply in the wake of the global financial crisis and reached 26% in 2013, before falling slightly in 2014. The rate is especially high amongst young people and remains one of Spain's most pressing economic and social problems. Labour market reforms and improved economic performance are set to slowly push the rate down, with unemployment forecast to be 16% in 2020.

In line with other Eurozone countries, inflation fell sharply in 2014 and is set to be below zero in 2015 before picking up in 2016, in line with increased economic activity.

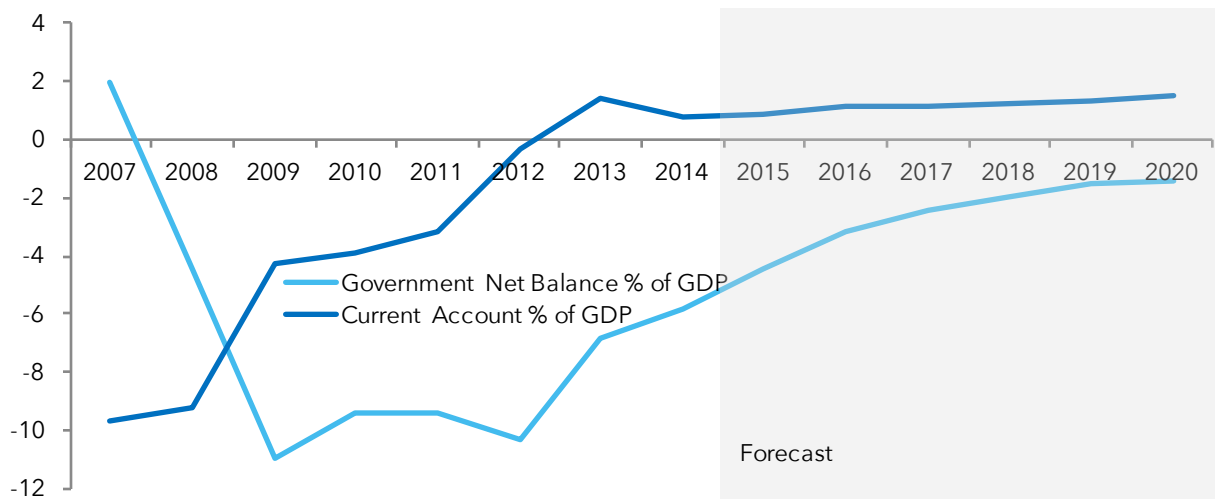
Frequency of update: Monthly



3. Consumer and business sentiment

Both consumer and industry sentiment have maintained their pace of improvement since September 2012, in line with improved economic performance. Economic sentiment has climbed above pre-crisis levels.

Frequency of update: Monthly

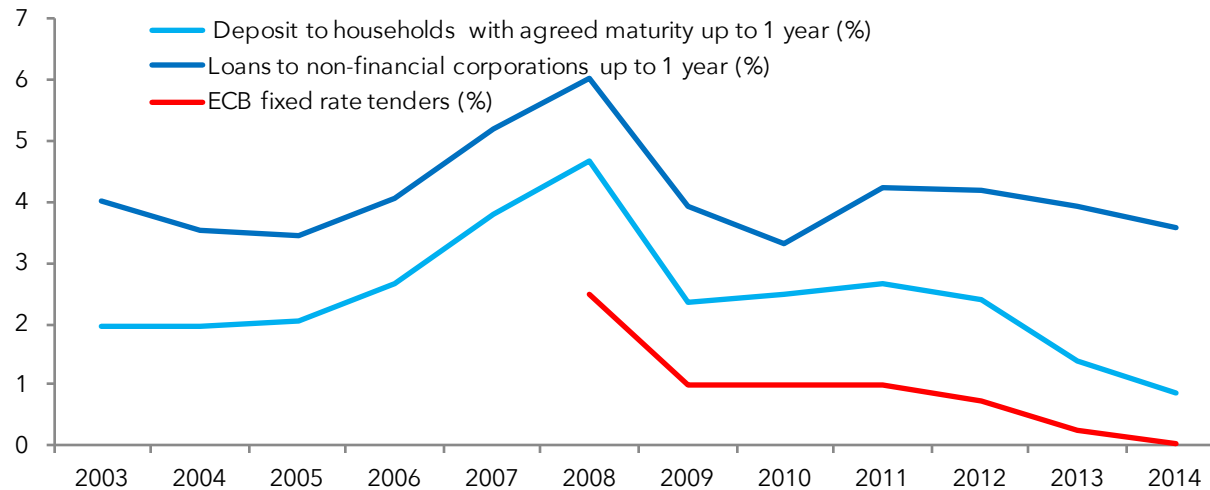


4. Government finances and external balance

The current account went into surplus in 2013 for the first time since 1986 helped by tourism and increased competitiveness. The forecast is for a slight surplus in coming years as competitiveness continues to improve.

As the global financial crisis struck, Spain's budget surplus turned into a large deficit and public debt increased. The deficit has already narrowed and is forecast to shrink further in coming years, stabilising at 2% of GDP by 2019.

Frequency of update: Monthly and Quarterly



5. Interest rates

After falling in 2009 in line with the ECB's base rate, interest rates rose again as the sovereign debt crisis spilled over to the country. With conditions improving, rates have gradually come down since 2011 but remain high compared to other Eurozone countries, while credit to the private sector continues to shrink.

The spread between lending and deposit rates keeps increasing - reflecting continued weaknesses in the banking sector - and it is currently at its highest level since at least 2003.

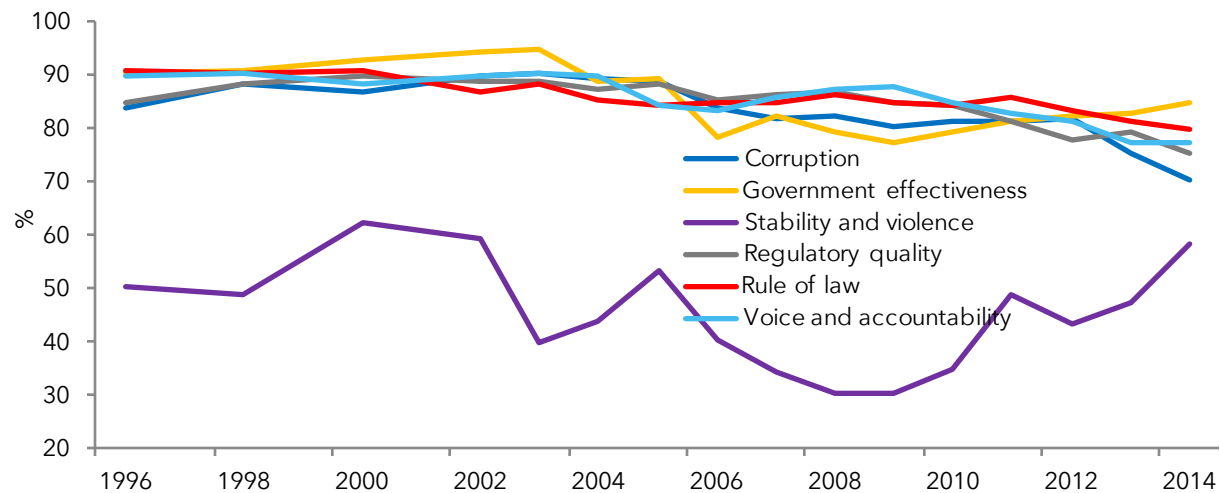
Frequency of update: Annually



6. Stock prices

The Spanish stock market fell sharply between 2007 and 2012. Prices have been on an upward trend since then but remain well below their pre-crisis peak.

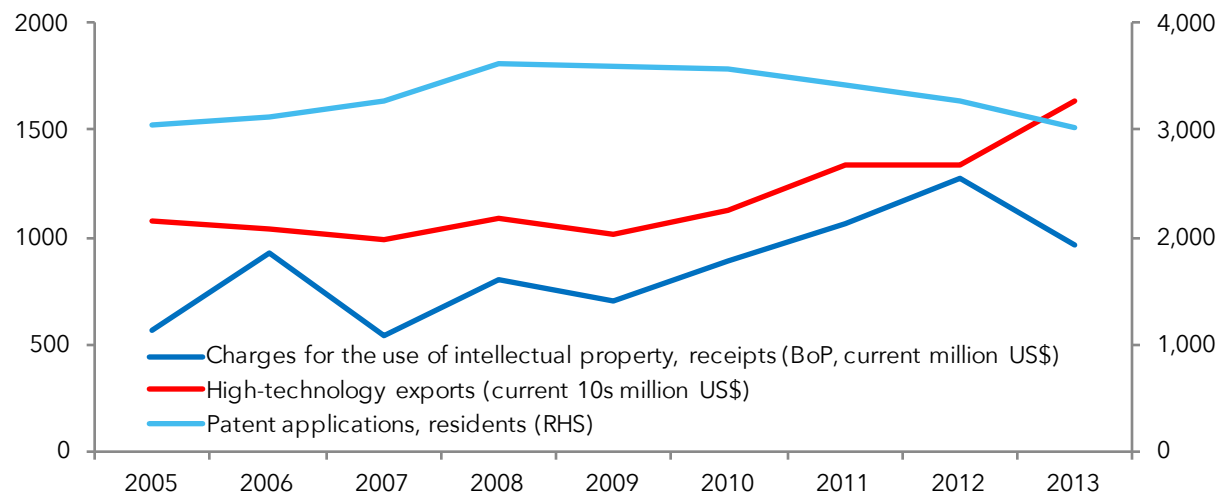
Frequency of update: Monthly



7. Governance

Most governance indicators remain high although they have deteriorated since 1996. Political stability and control of violence remain weak compared to other indicators; having bottomed-out in 2008 they have been on an upward trend in recent years.

Frequency of update: Annually

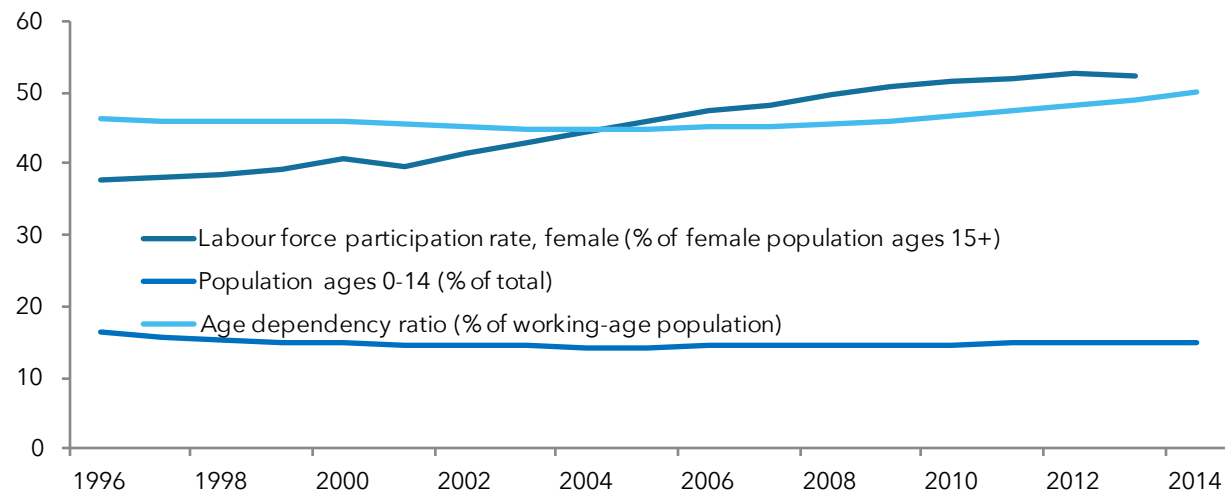


8. Innovation and technology

High technology exports and revenue from the use of intellectual property have increased since 2005. Spain has stated its intention to become a leader in this field by supporting specialisation in industries which depend on innovation and technology applications.

Patent applications, after a slow improvement since 2005, have levelled-off recently.

Frequency of update: Annually

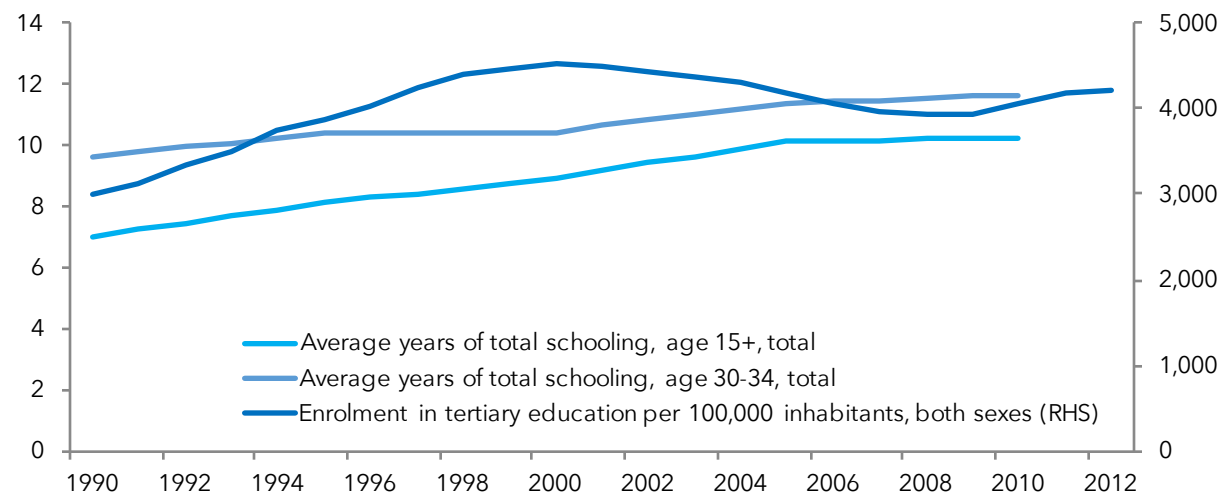


9. Demography and labour force participation

The age dependency ratio in Spain has increased slightly in recent years, while the share of population aged 0 to 14 remains low - 15.3% in 2013 - due to low fertility rates and increased longevity.

Although the labour force participation rate amongst women plateaued recently, it had been on a strong upward trend prior to the crisis and may resume its rise when labour market conditions improve.

Frequency of update: Annually



10. Education

Since 1990 average years of total schooling in Spain have been on an upward trend, while the rate of enrolment in tertiary education has remained at around the same level since the beginning of the century.

Judging from the PISA 2012 tests, the quality of education has room for improvement, with Spain ranking 33rd out of 65 countries for mathematics, 29th out of 65 countries for science and 30th out of 65 for reading.

Frequency of update: Annually (enrolment in tertiary education), 3 years (PISA data), 5 years (average years of schooling)

Tunisia **Overview**

A bright spot of democratic transition; a fragile economic revival

Economy. Tunisia is one of the region's success stories. Following a series of reforms over the past few decades, the country has emerged as a market driven, diversified economy with impressive growth performance. Exports, foreign investment and tourism have become major drivers of the economy.

In 2011, there was an uprising which was fuelled by anger at the lack of employment opportunities and at government corruption. Following the subsequent government collapse the country entered a period of uncertainty which in turn impacted economic performance and led to a fall in foreign investment. Growth remains weak compared to Tunisia's historical standards but it is forecast to increase as the country completes its political transition.

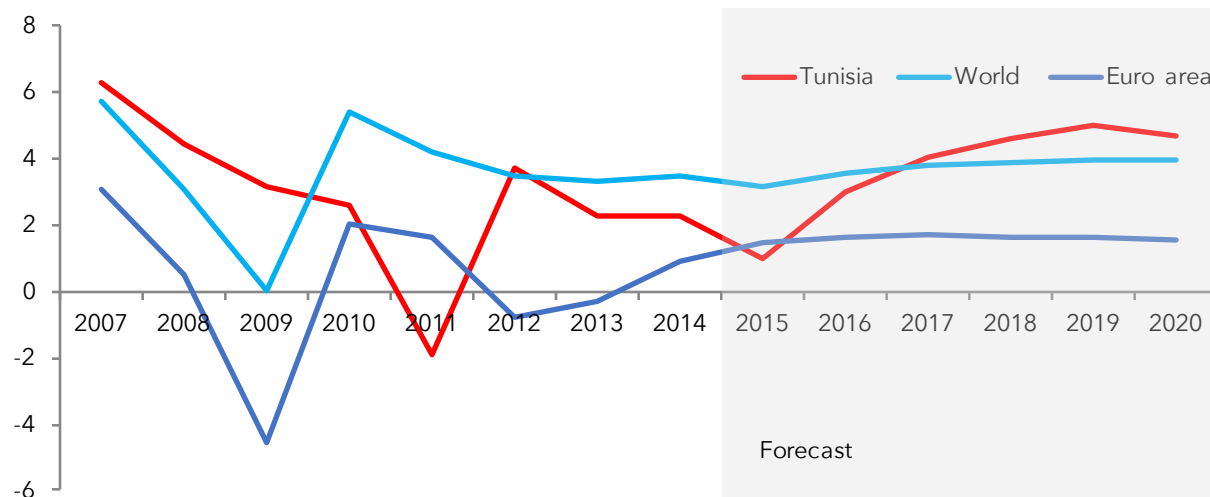
The recent terrorist attacks may impact performance this year, and there are other medium-term risks related to continuing social tensions, slow growth amongst trading partners, and possible spill-overs from regional conflicts.

Governance. Corruption has been a long-standing problem in Tunisia and was partly to blame for the uprising. With a largely successful transition towards a more demographic system and a new government in place, wide-ranging improvements are expected across a number of areas despite the increased risk from fundamentalists and terrorism.

Demography and education. The education system in Tunisia has improved in recent decades, with enrolment rates in higher education rising sharply. Tunisia is a young nation with favourable demographics.

Innovation and technology. The country has embraced innovation as a key driver of economic growth and has invested considerable funds in this area.



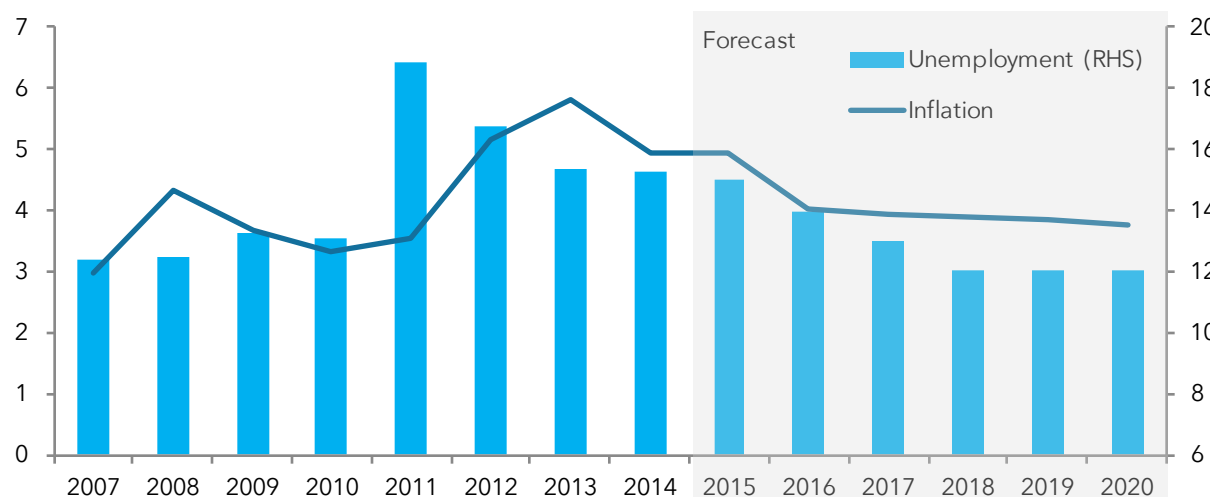


1. Economic growth

The GDP growth rate was 2.3% in 2014 and prior to the terrorist attacks in June was forecast to pick up in 2015 as the country took further steps towards completing its political transition. GDP growth is now expected to fall to 1% in 2015, as tourism accounts for around 7% of the country's GDP.

In the medium-run, GDP growth is expected to stabilise at around 5% per annum.

Frequency of update: Quarterly



2. Unemployment and inflation

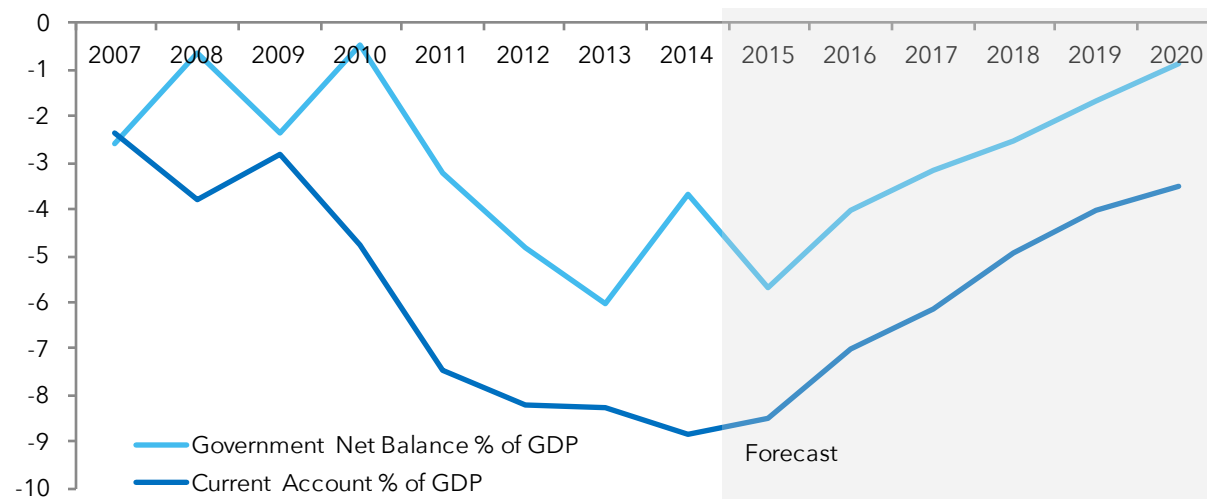
Unemployment rose sharply in 2011. Since then, it has fallen but still remains high - at around 15% - especially amongst graduates. Unemployment is forecast to slowly fall as economic activity picks up, while labour market reforms are top of the agenda of the new government.

Inflation was 5% in June 2015, and it is expected to fall slightly and stabilise at 4% from 2017 onwards.

Frequency of update: Monthly

3. Consumer and business sentiment

There are no consumer and business sentiment indicators available for Tunisia.

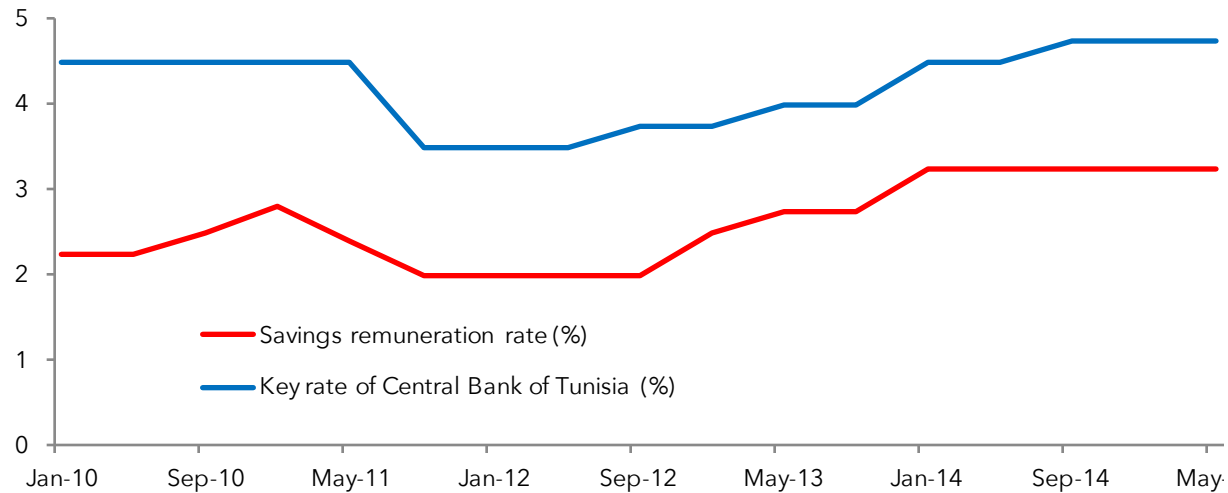


4. Government finances and external balance

In the wake of the uprising in 2011 public finances took a hit and the budget deficit increased from around 1% in 2010 to over 6% in 2013. Consolidation efforts started in 2014 and are set to continue in coming years, with planned tax rate increases and intensified collection efforts.

The current account has been affected by a worsening trade balance, with a widening energy deficit due to the decline in national oil production and lower volumes of gas transiting through the Algeria-Italy gas pipeline. The current account is forecast to move closer to balance in 2015 following a fall in the price of food and energy imports, although there is uncertainty about the impact on the tourism industry following the Bardo Museum and Sousse terrorist attacks this year.

Frequency of update: Monthly and Quarterly



5. Interest rates

To help curb inflation - partly by shoring up the currency - the Central Bank has been raising its key rate since 2011, setting it to 4.75% in September 2014. The Central Bank has declared its intention to raise rates further shall inflation expectations pick up.

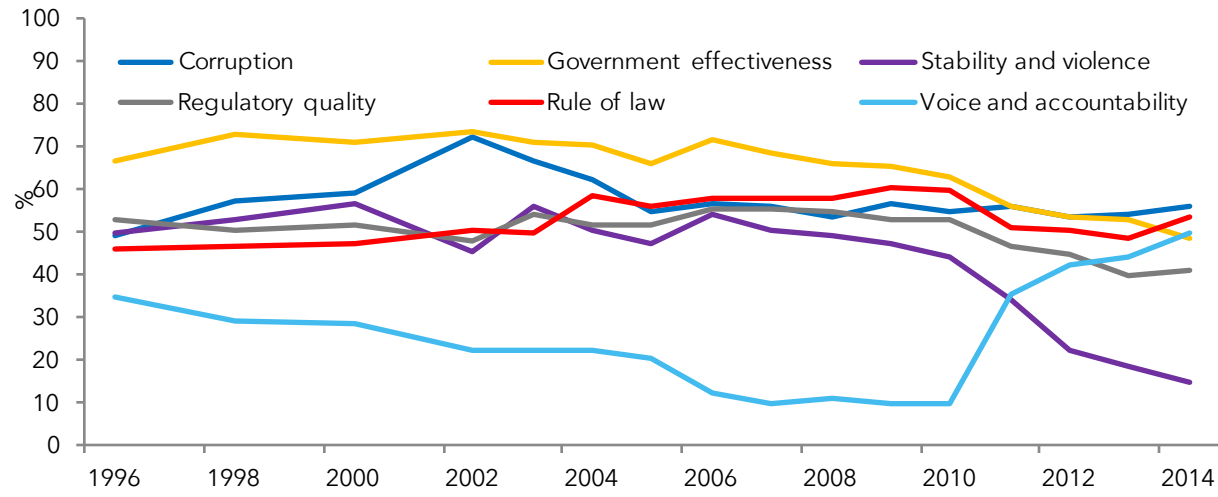
Frequency of update: Monthly



6. Stock prices

Stock prices started falling in 2011 and continued on a downward trend until 2014. After rising in the beginning of 2015 in line with improved economic and fiscal performance, market activity has slightly fallen in recent months.

Frequency of update: Monthly

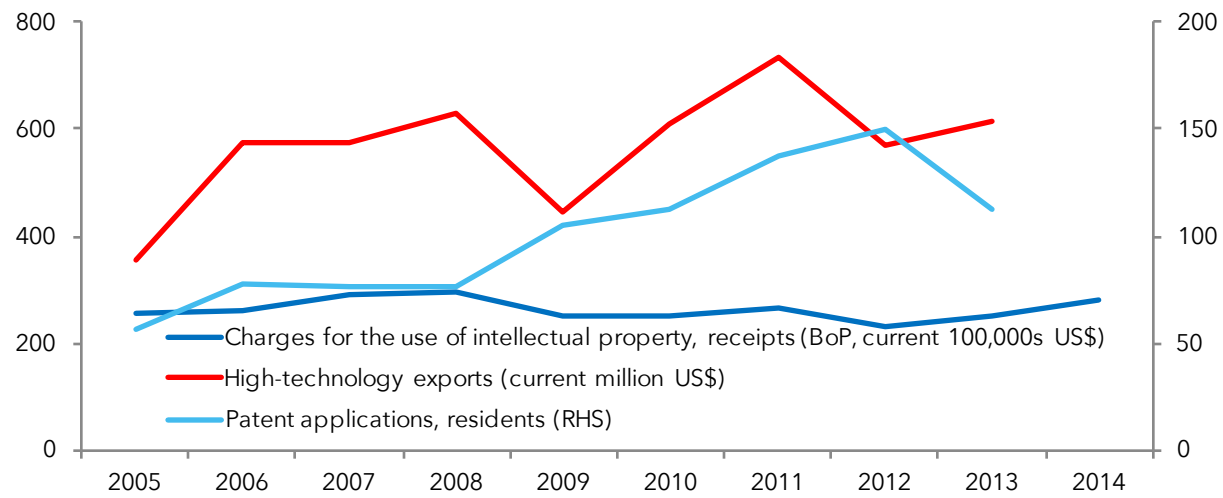


7. Governance

Most governance indicators had been stable or falling until the Arab uprisings in 2011, with 'voice and accountability' in particular worsening to the extent that Tunisia ranked amongst the bottom 10% of countries in the world.

Following Tunisia's one-year revolution, and despite the fact other governance indicators were adversely affected, the dramatic improvement in 'voice and accountability' highlights Tunisia's largely successful transition towards a more democratic regime.

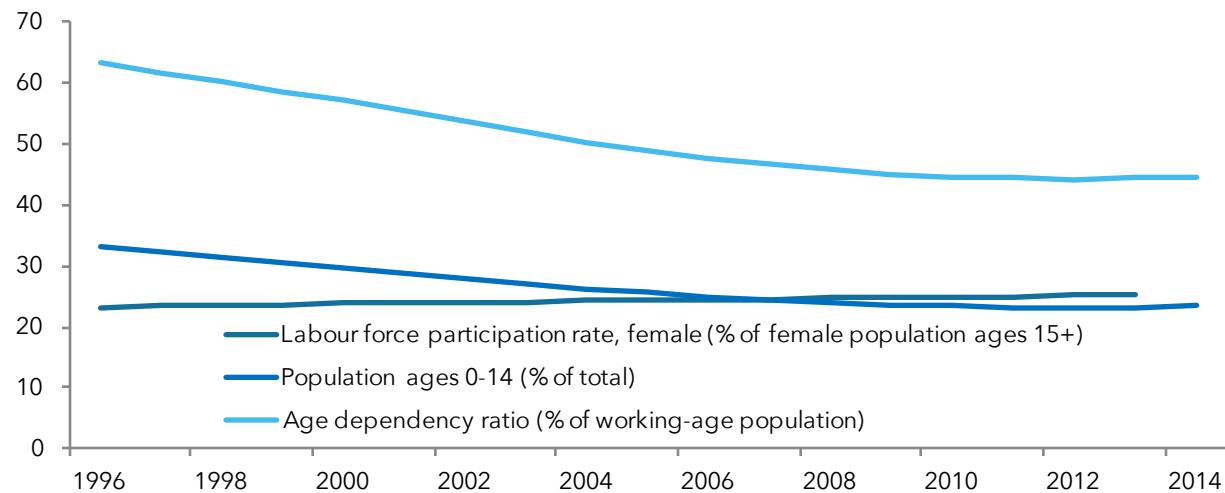
Frequency of update: Annually



8. Innovation and technology

Technology activities in Tunisia are very advanced, having enjoyed strong support from the government for a number of years. High technology exports and patent applications are on an upward trend, with Tunisia having embraced innovation as a key driver to economic growth and having invested considerable funds in this area.

Frequency of update: Annually

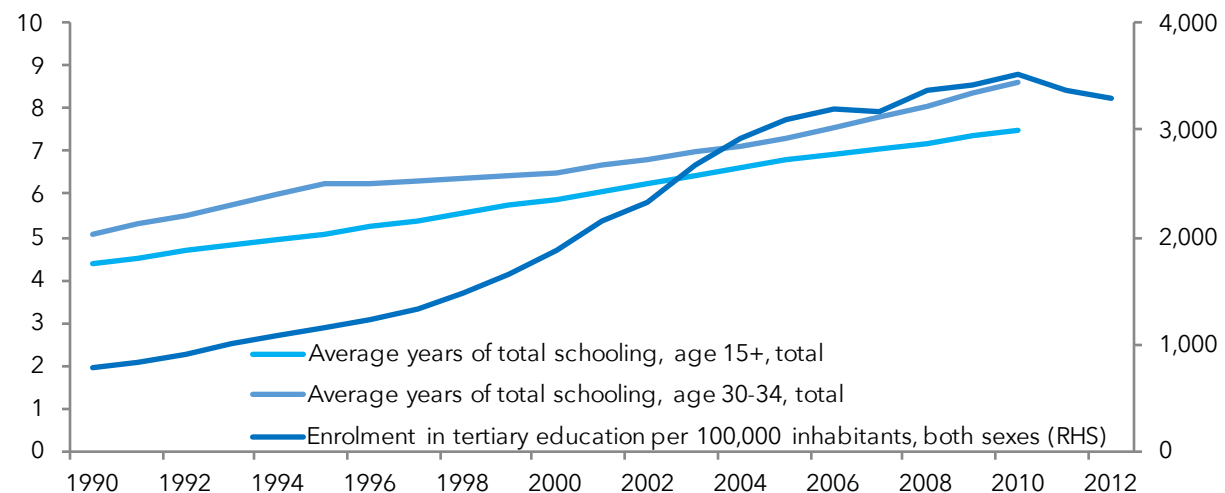


9. Demography and labour force participation

The age dependency ratio has had a remarkable decline, from 63% in 1996 to 44% in 2014, partly due to a fall in the share of population aged 0 to 14.

Participation in the labour force amongst women remains low and increasing at a very slow rate despite improvements in education and low fertility rates.

Frequency of update: Annually



10. Education

Average years of schooling in Tunisia have increased significantly, while enrolment rates in tertiary education have risen six-fold since 1990.

Judging from the standardised PISA 2012 tests, quality of education is one of the lowest amongst participating countries, with Tunisia ranking 59th out of 65 countries for mathematics, 61st out of 65 countries for science and 56th out of 65 for reading.

Frequency of update: Annually (enrolment in tertiary education), 3 years (PISA data), 5 years (average years of schooling)

Turkey **Overview**

Impressive progress and potential, but serious domestic and regional political risks need to be carefully handled

Turkey Overview

Population 2014: 76.9 million – GDP per capita PPP 2013: \$19,041

Economy. Turkey has evolved from a largely agricultural society to a diversified service and industry driven economy. Helped by large scale economic, financial and fiscal reforms following the financial crisis in 2001, income per capita has nearly tripled. Turkey's economic growth rate averaged more than 6% a year until 2008, with FDI flows rising sharply in line with increased global competitiveness.

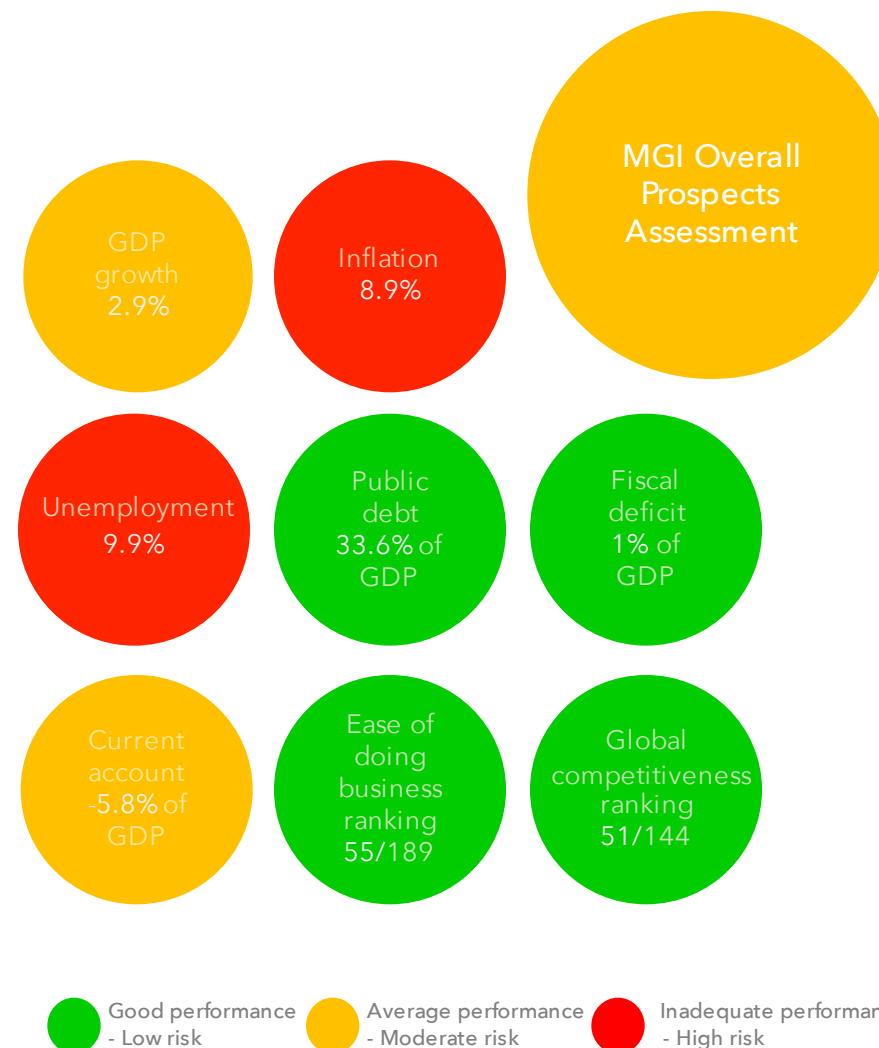
Turkey weathered the global financial crisis well, helped by a strong, recently reformed financial system. However, GDP growth fell in 2008 as the world economy slowed and was negative in 2009, before rebounding sharply in 2010 helped by an increase in exports.

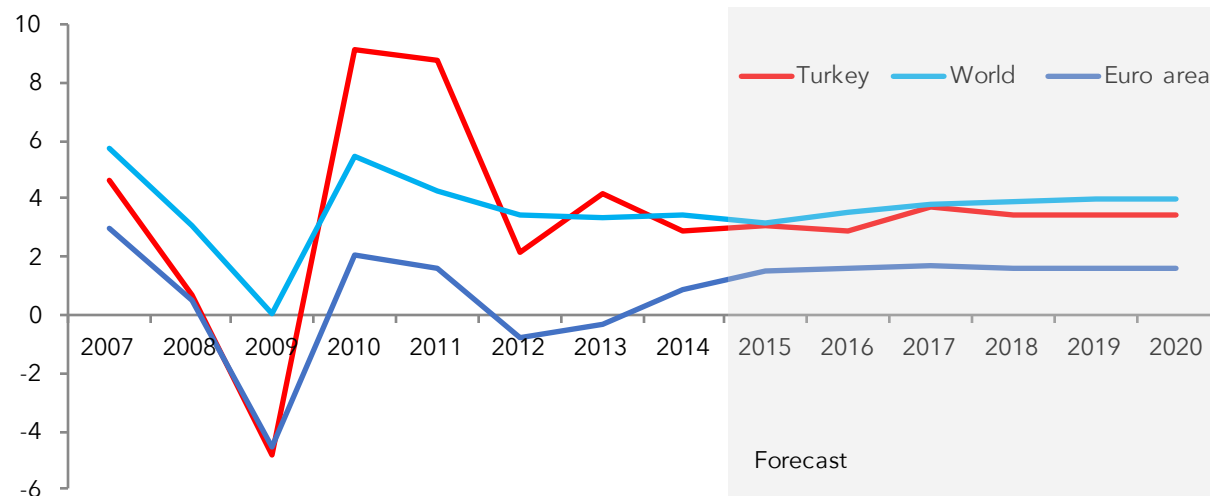
The growth rate fell to just under 3% in 2014, due to weak consumer demand in Turkey and abroad as well as lower investment. It is expected to pick up gradually from 2015 onwards, as a rate cut filters through and tensions dissipate.

Governance. Political stability remains a serious problem in Turkey, while control of corruption has jumped significantly over the last decade.

Demography and education. Turkey is a young nation with a low and falling age dependency ratio, while the quality of education seems to be improving over time.

Innovation and technology. The level of innovation and technology, although currently at a low level, is increasing and the government has placed a special focus on R&D investment in recent years.

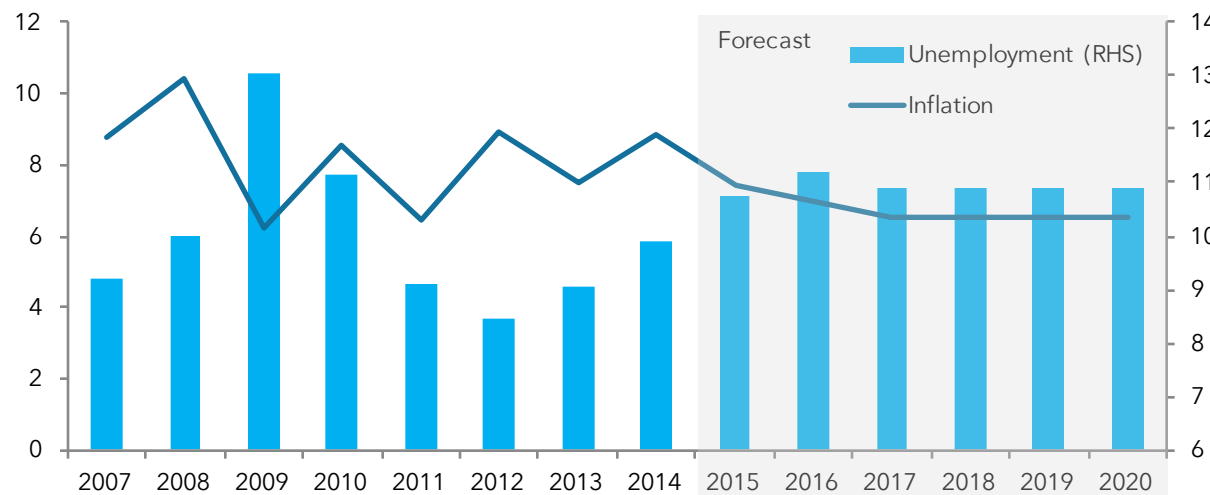




1. Economic growth

The Turkish economy responded well to the global financial crisis, helped by the large scale financial reforms it had undertaken in the wake of its 2001 crisis. GDP rebounded strongly in 2010 and 2011, while growth weakened in 2014 due to lower domestic and external demand linked to higher interest rates, political uncertainty and geopolitical tension in the region. The GDP growth rate is forecast to increase in 2015 and to remain around 4% in coming years, as the political situation is resolved and a rate cut filters through.

Frequency of update: Quarterly

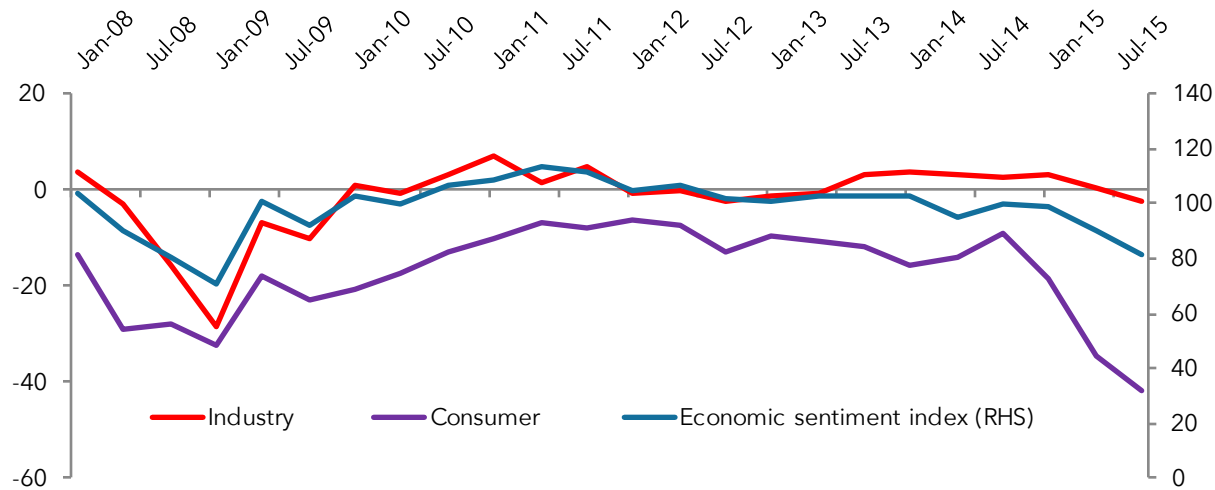


2. Unemployment and inflation

After a sharp increase in 2009, unemployment fell again in 2010-2012, while it rose again in 2013 as growth slowed. It is forecast to peak at 11.2% in 2016, before gradually improving in line with strong economic growth.

Inflation has been stubbornly high in Turkey, just under 9% in 2014, influenced by the sharp fall in the currency. It is a large risk for the economy as monetary policy has been relatively lax in recent years with the focus on growth rather than controlling inflation. It is forecast to decrease gradually and stabilise at 6% from 2017 onwards.

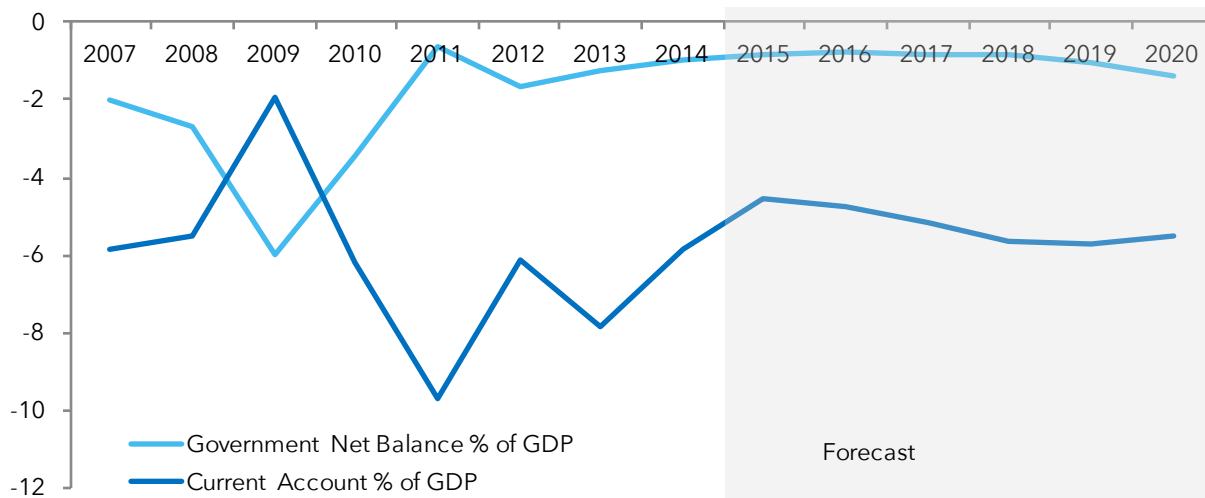
Frequency of update: Monthly



3. Consumer and business sentiment

While business sentiment has remained relatively stable since January 2010, consumer confidence has fallen to levels last seen following the global financial crisis. The main drivers are the current political uncertainty, the geopolitical tension in the region, and currency volatility.

Frequency of update: Monthly

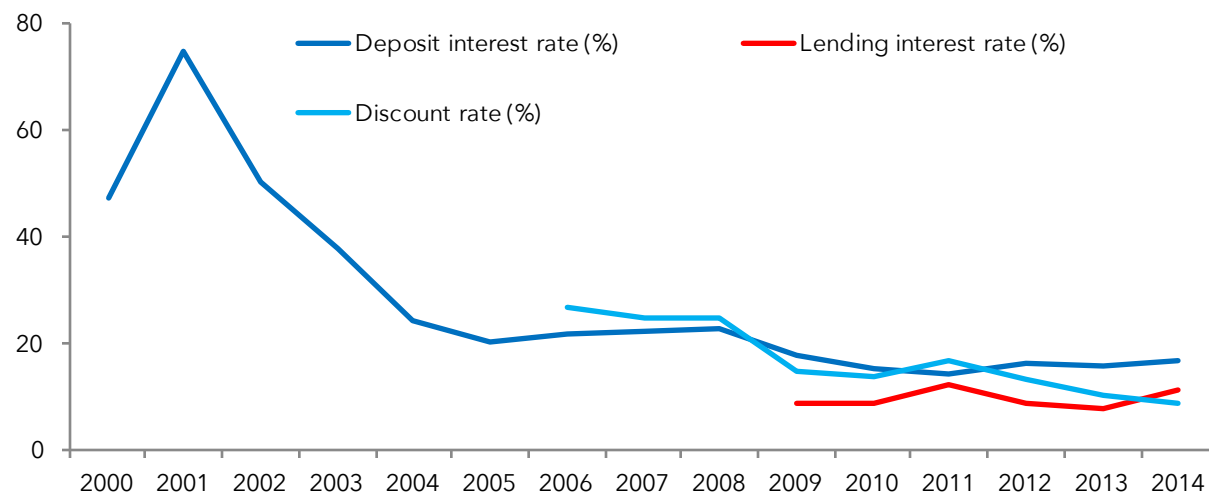


4. Government finances and external Balance

The current account deficit widened sharply in 2010 as the economy rebounded and FDI flows returned. It has since narrowed and is forecast to continue on this path in 2016.

Despite the government's fiscal position deteriorating dramatically in 2009, prudent fiscal policy ensured the deficit shrunk to below 1% by 2011. It is forecast to remain around 1% of GDP over the medium-term.

Frequency of update: Monthly and Quarterly



5. Interest rates

After a gradual decline in interest rates since 2010, the Central Bank hiked policy rates in 2014 in the wake of a sharp drop in the Turkish Lira. Since then the rate has fallen again to 7.5%.

Frequency of update: Annually

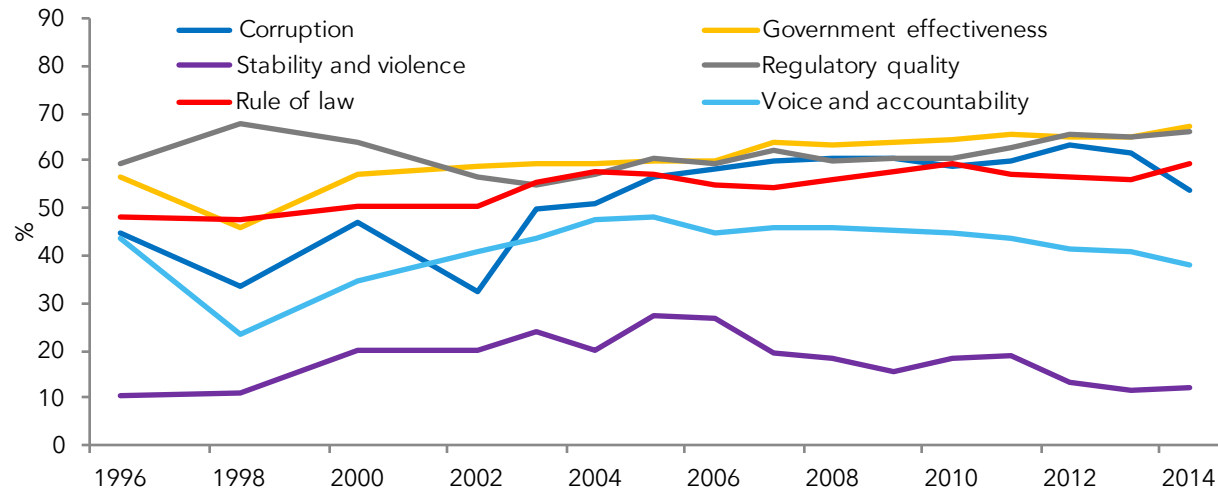


6. Stock prices

Although the stock market has experienced fluctuations over the years, it has been on a strong upward trend since 2003 helped by extensive privatizations and large scale economic reforms.

Stock prices were affected by the global financial crisis in 2009 but rebounded sharply in 2010. Following the local elections in March 2014, stock prices increased by more than 20%, while the market fell just under 10% in 2015.

Frequency of update: Monthly

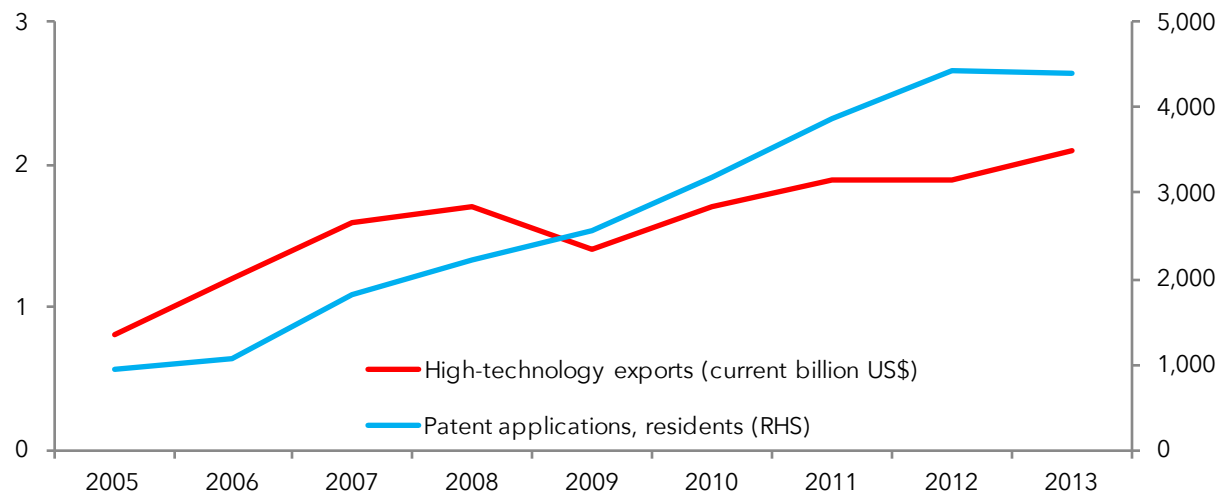


7. Governance

Since 2003, Turkey has climbed the rankings in terms of most governance indicators. Most impressively, it has made huge strides in terms of controlling corruption - moving from being ranked in the bottom third of countries globally in 2002 to the top 40% in 2013.

Turkey has failed to make improvements in terms of 'voice and accountability' and 'stability and violence' continuing to rank in the bottom quartile globally for both indicators.

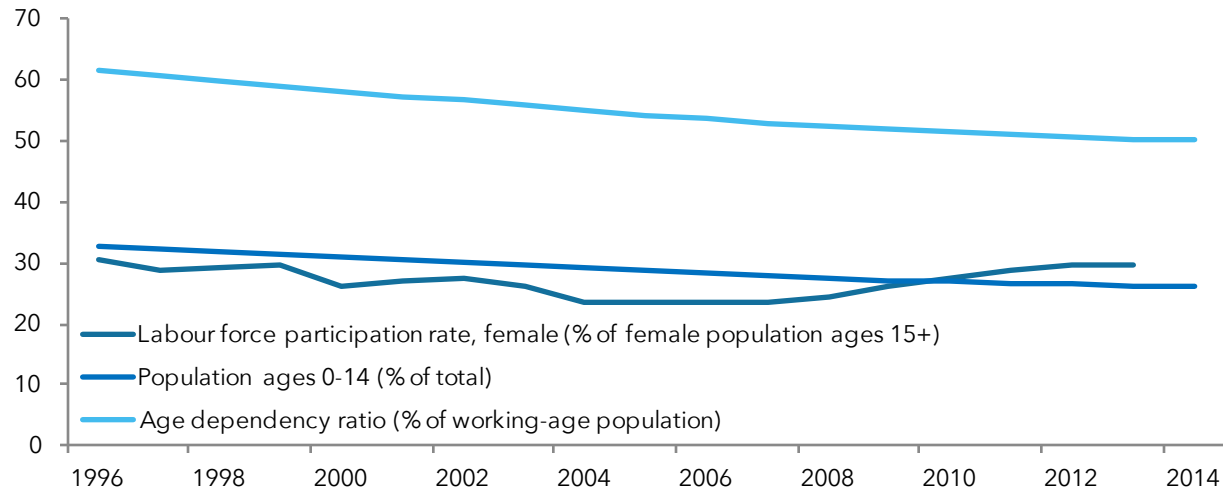
Frequency of update: Annually



8. Innovation and technology

Innovation and technology activities have proliferated and Turkey continues to invest heavily in this area. Both patent applications and high technology exports have increased rapidly during the past decade.

Frequency of update: Annually

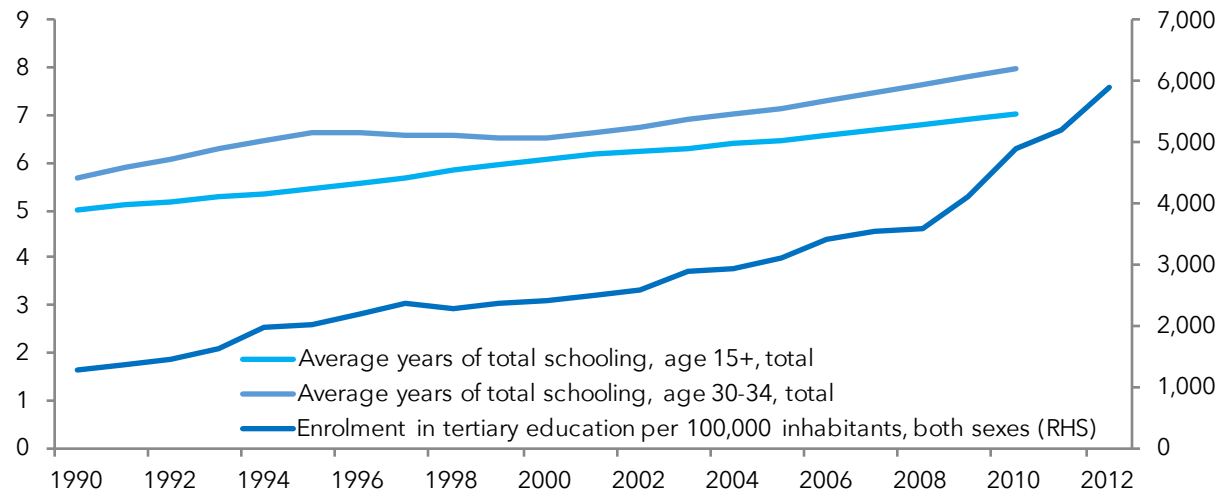


9. Demography and labour force participation

In Turkey, the age dependency ratio has fallen continuously since 1996, having gone from 61% in 1996 to 50% in 2014 and with no sign of the trend reversing.

The labour force participation rate amongst females remains below 30%, but it has increased in recent years - from 24% in 2008 to 29% in 2013.

Frequency of update: Annually



10. Education

Average years of total schooling have been on an upward trend, while enrolment rates in tertiary education have significantly increased.

Based on the standardised PISA 2012 tests, Turkey is ranked 44th out of 65 countries for mathematics, 43rd out of 65 countries for science and 41st out of 65 for reading, having recorded an average four-point improvement in all three skills compared to 2003 scores.

Frequency of update: Annually (enrolment in tertiary education), 3 years (PISA data), 5 years (average years of schooling)

Sector Focus: Energy and transport

Mediterranean countries account for around **7%** of world population and **10%** of world GDP (2014 data).

The region consumes just over **9%** of the world's electricity while producing just under **9%**. France, Spain, Turkey, Egypt and Algeria are net electricity exporters, while Italy, Croatia and Montenegro are net importers.

Italy, Algeria and Greece are big oil exporters - with exports significantly larger than imports. Algeria is also a big exporter of natural gas. The region imports around **13%** of world oil and exports around **10%**.

The biggest mismatch in terms of natural resources is observed with coal - with imports by Mediterranean countries being many times the level of exports. Imports of coal amount to around **9%** of total world imports, while exports represent a mere **0.3%**.

The region has extensive rail and road transport networks that are used both for passenger and freight transportation. Around **5.5%** of world air freight, **10%** of world ship freight and **9%** of air passenger traffic goes through the region.

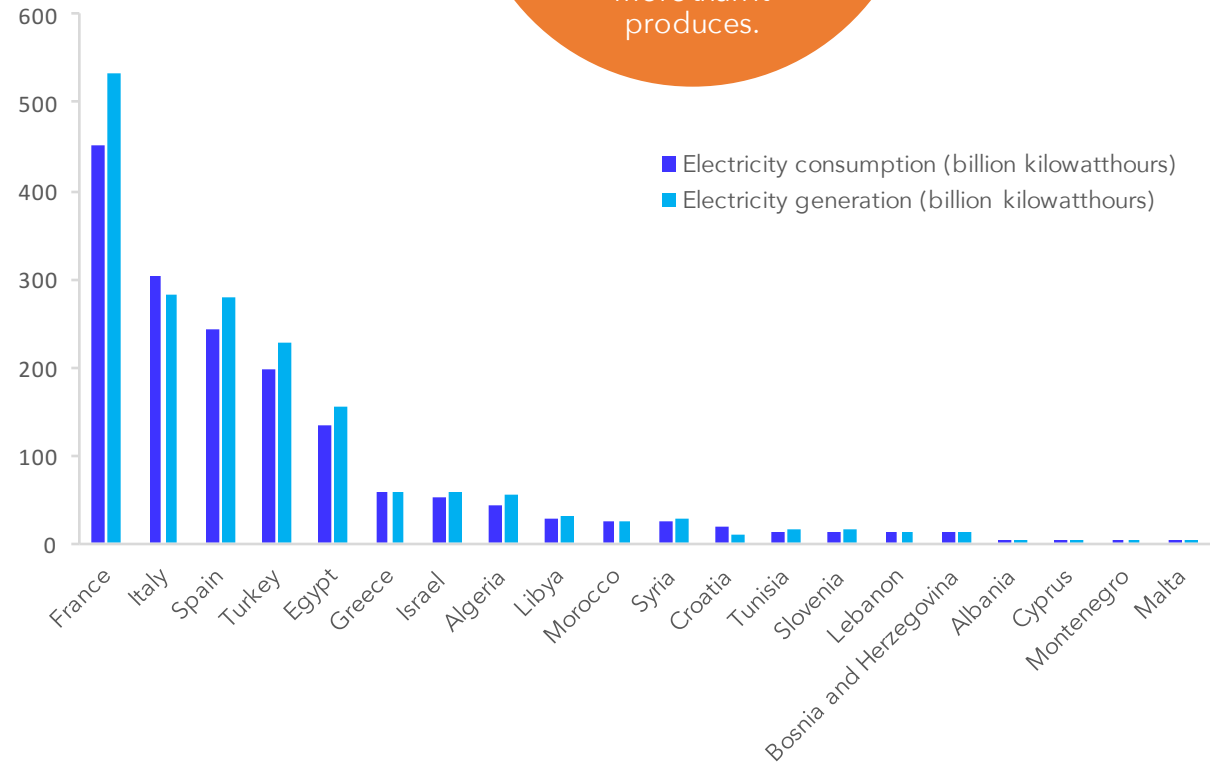
- Total electricity consumption: 1,648 billion kilowatt-hours
- Total electricity production: 1,817 billion kilowatt-hours
- Electricity consumption per capita: 3,449 kWh
- Share of electricity production from renewables sources: 8.2%

- Total coal imports: 13,021 thousand tons
- Total coal exports: 4,700 thousand tons
- Total petroleum imports: 3,063 thousand barrels per day
- Total petroleum exports: 2,395 thousand barrels per day

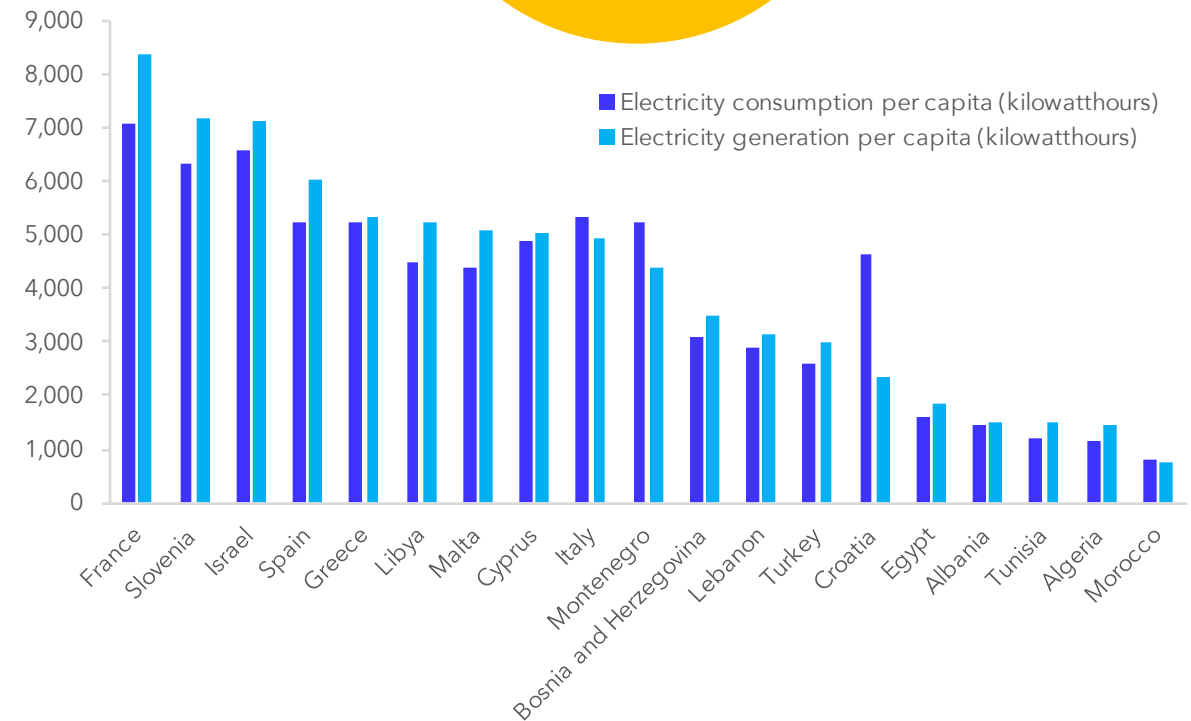
- Total natural gas imports: 7,082 billion cubic feet
- Total natural gas exports: 2,191 billion cubic feet
- Total air freight transport: 10,123 million tons
- Total passengers using air: 286 billion

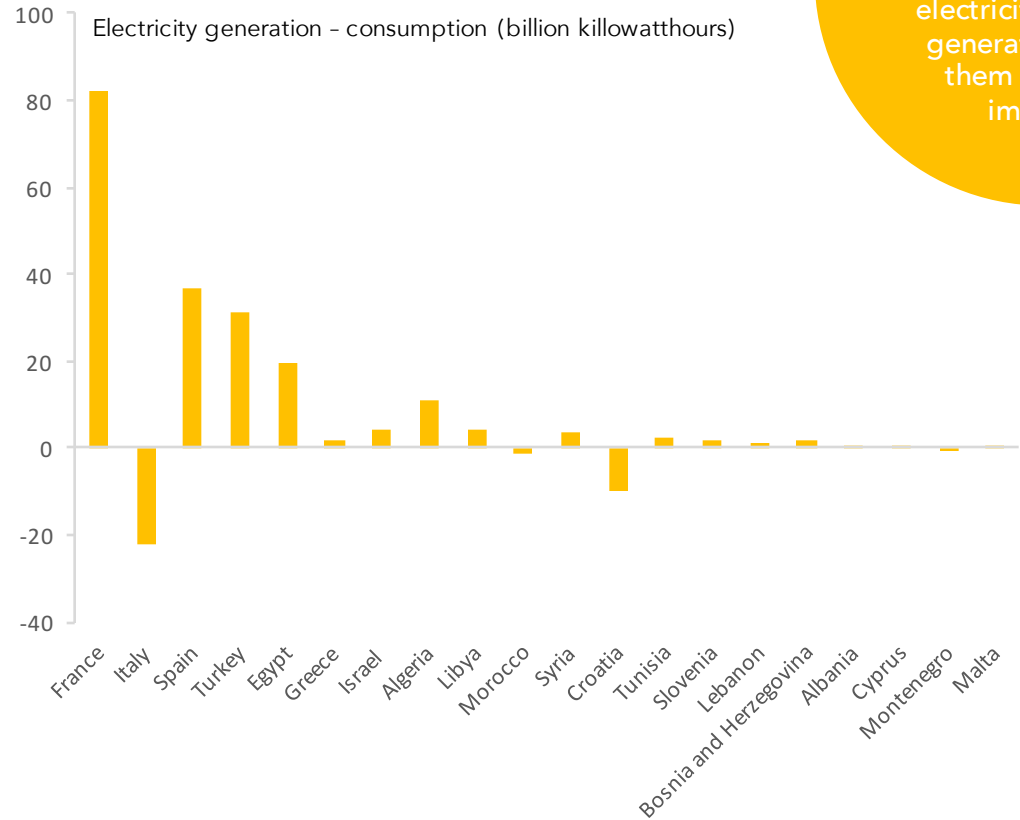
- Total rail freight transport: 824 billion
- Total passengers using rail: 206 billion
- Total road freight transport: 1,082 billion tons
- Total passengers using road: 2,307 billion
- Total sea container transport: 62,792 billion TEU

France, Italy, Spain and Turkey produce and consume the largest amount of electricity in absolute terms, with Italy the only country amongst this group consuming more than it produces.

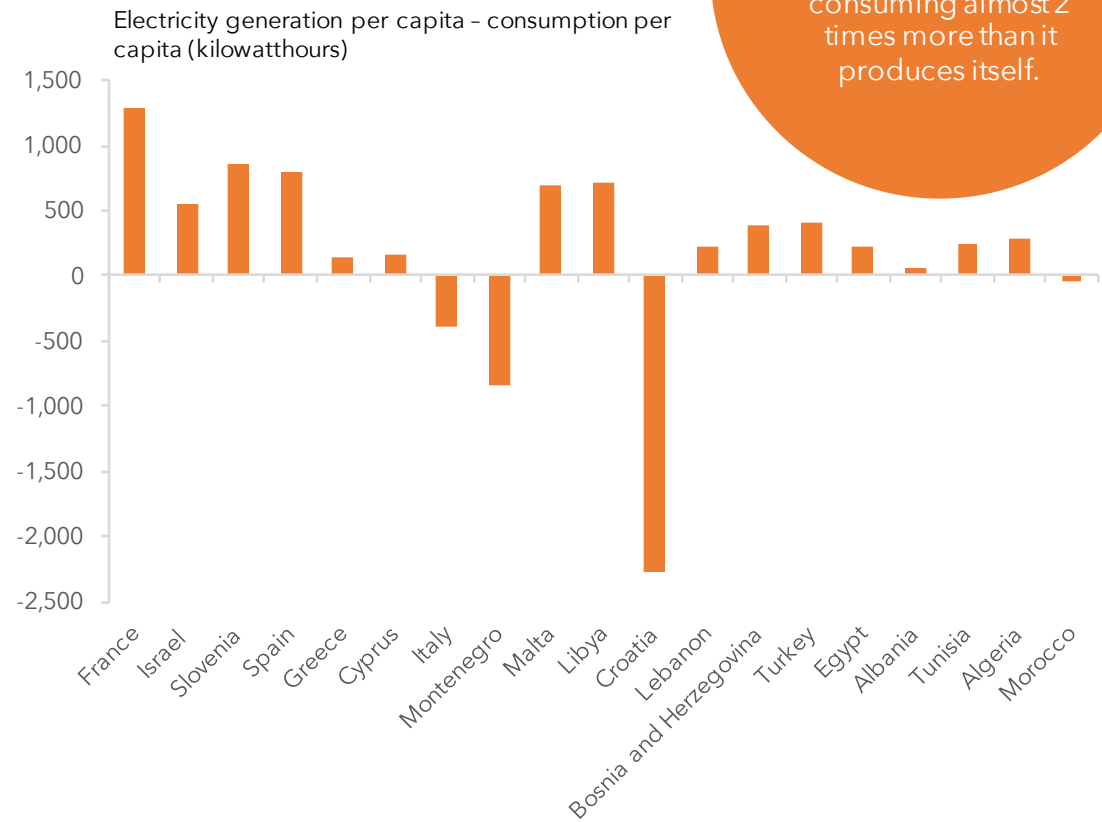


France, Slovenia and Israel produce and consume over 7,000 kWh electricity per capita per year, more than anywhere else in the region.

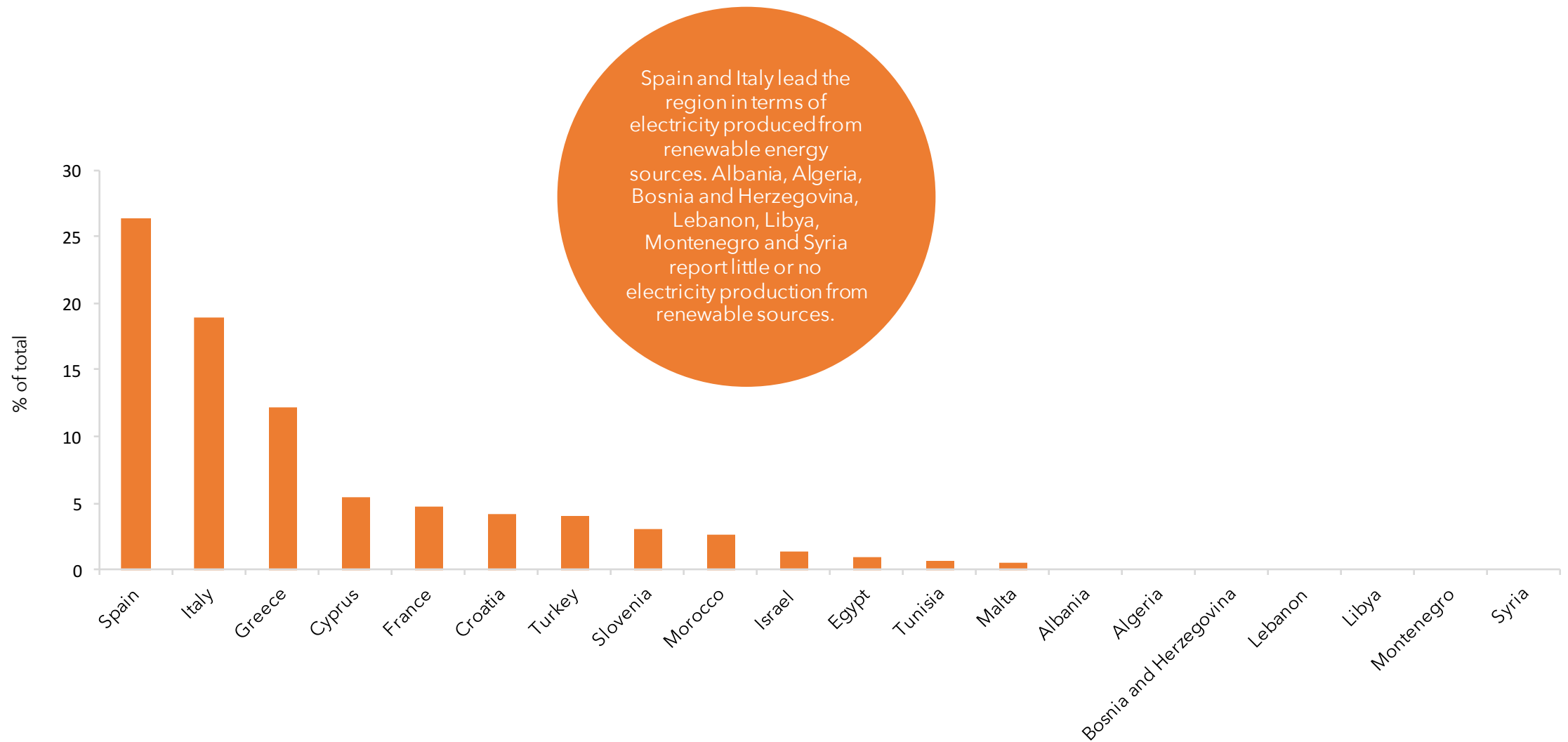




Italy, Croatia, Montenegro and Morocco are the only Med countries which consume more electricity than they generate, making them reliant on imports.

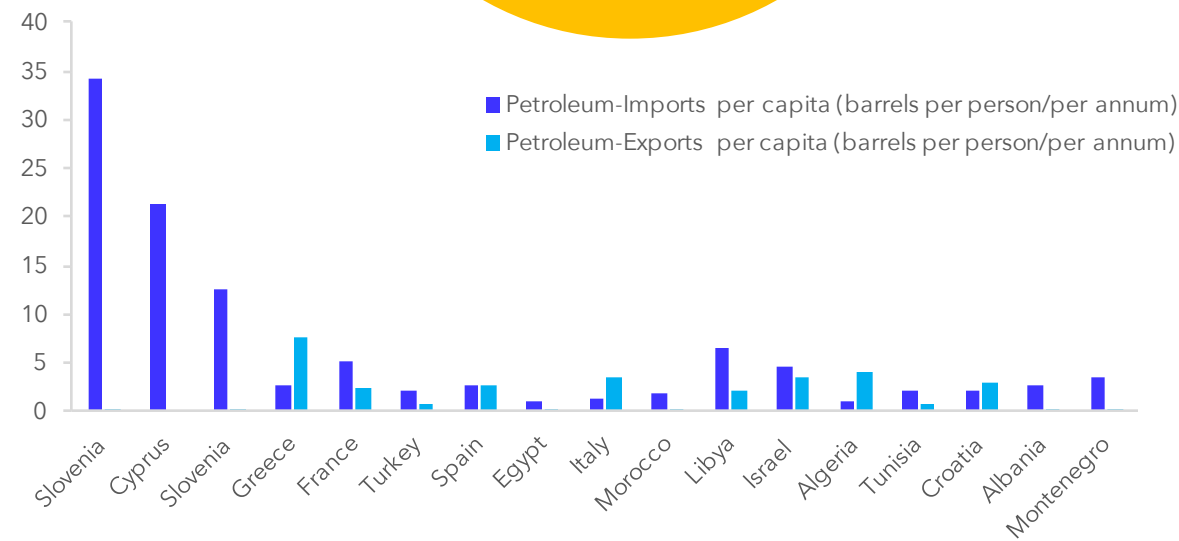
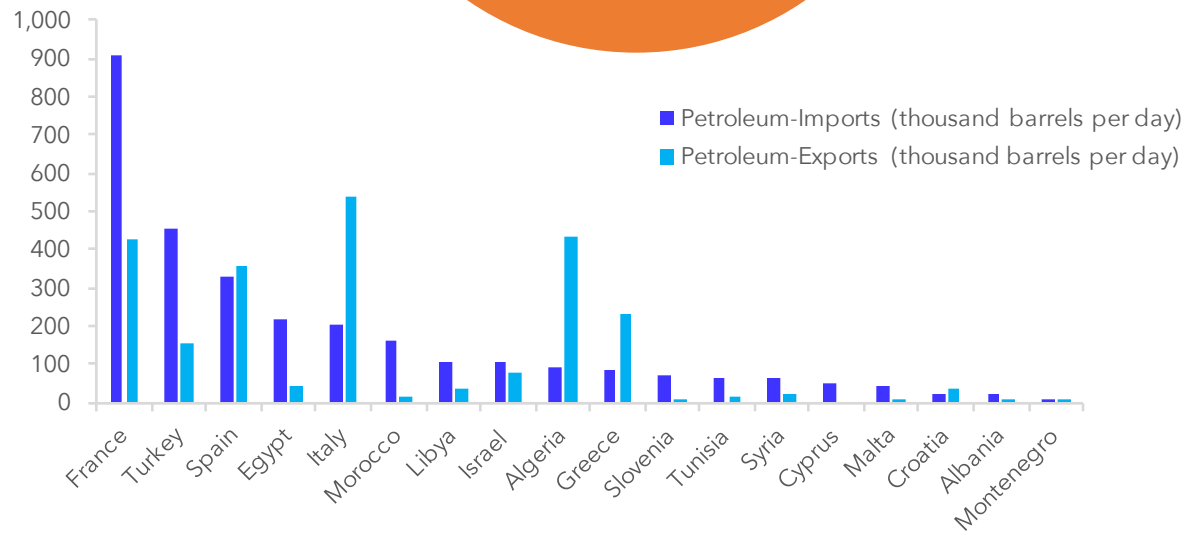


Croatia leads the region in terms of its per capita electricity generation deficit, consuming almost 2 times more than it produces itself.



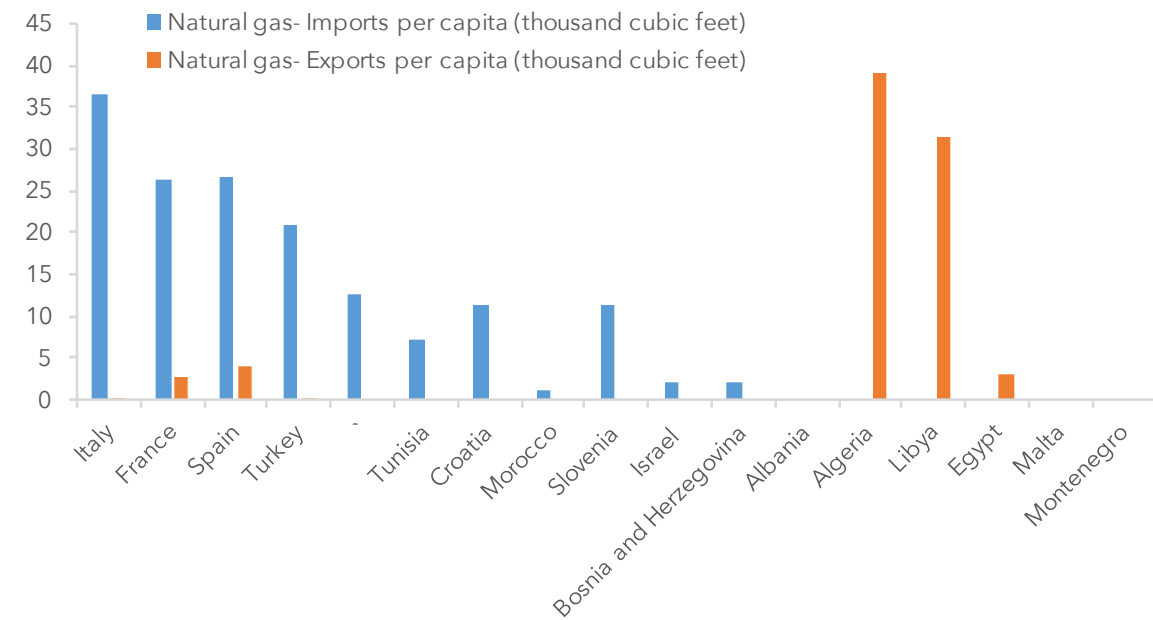
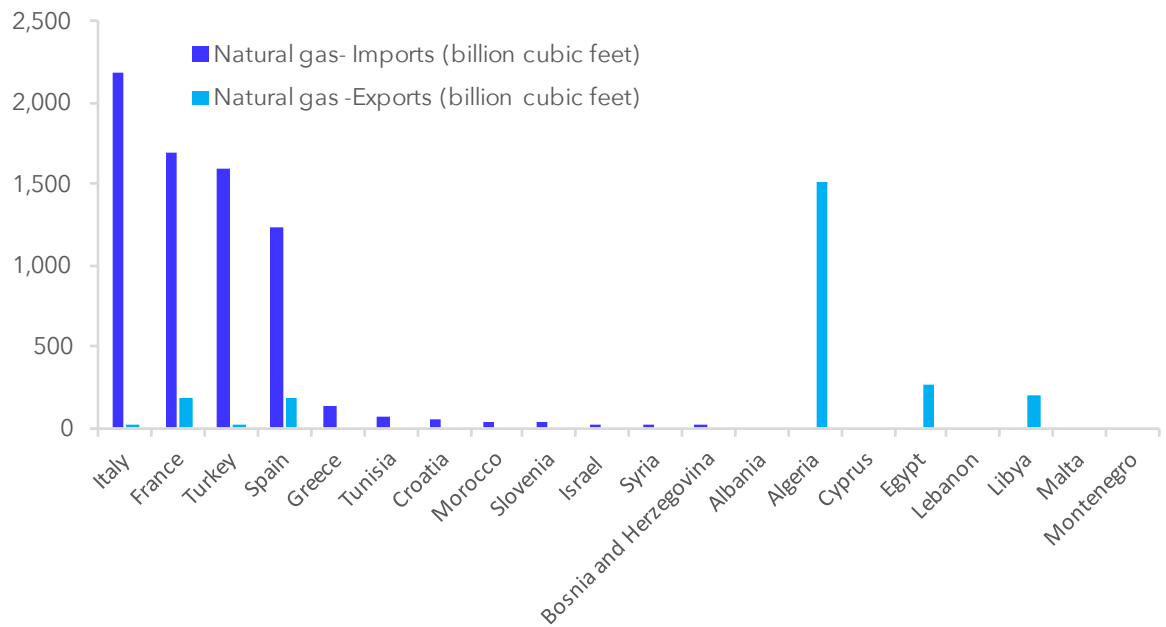
Most Med countries import more petroleum than they export, the exceptions being Italy, Algeria, Spain, Greece and Croatia. The Algerian economy in particular is highly reliant on oil revenue from exports.

Slovenia imports around 35 barrels of petroleum per person per year, while Cyprus and Slovenia are not far behind with almost 20 and 15 barrels for each consumer respectively. Greece leads the region in terms of exports per capita at around 8 barrels per year, almost exclusively consisting of refined petroleum products rather than primary production.



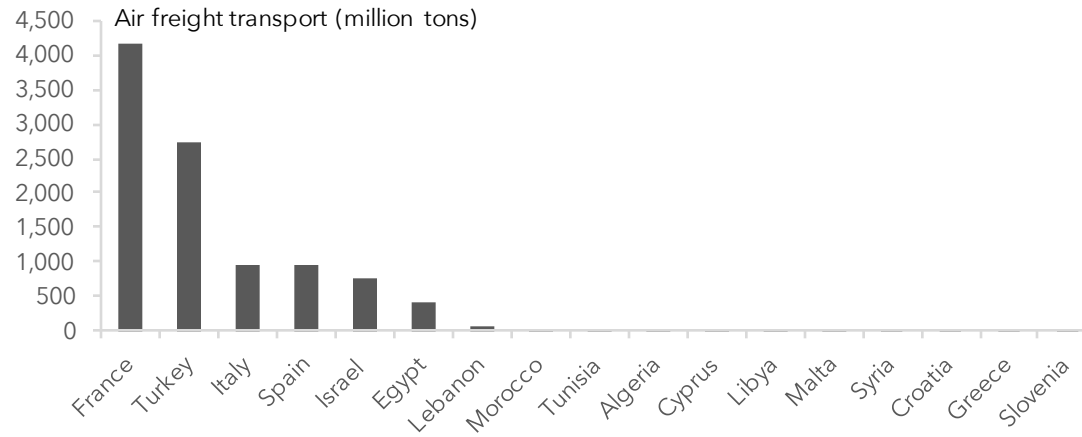
Italy is the largest natural gas importer, while France, Turkey and Spain also report large natural gas imports. Algeria, Egypt and Libya are large exporters.

Italy also leads the region in terms of imports per capita, while Algeria and Libya report the largest amount of exports with almost 40,000 and 30,000 cubic feet per capita respectively.

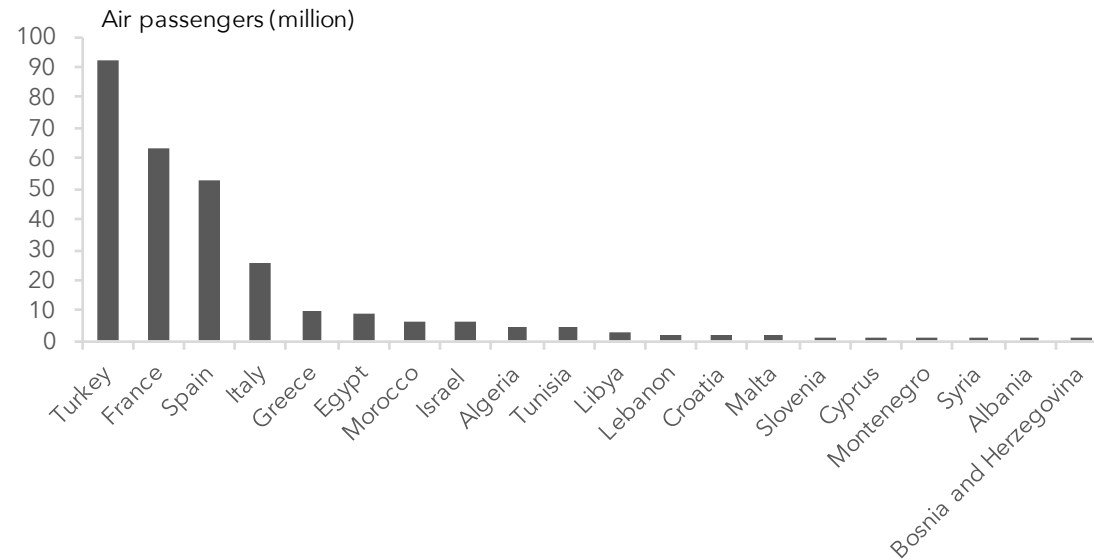


Algeria, France and Italy have the longest pipeline networks in the region. All countries, apart from Lebanon, are penetrated by both gas and oil pipelines, while only Algeria and Egypt have pipelines for liquid petroleum gas.

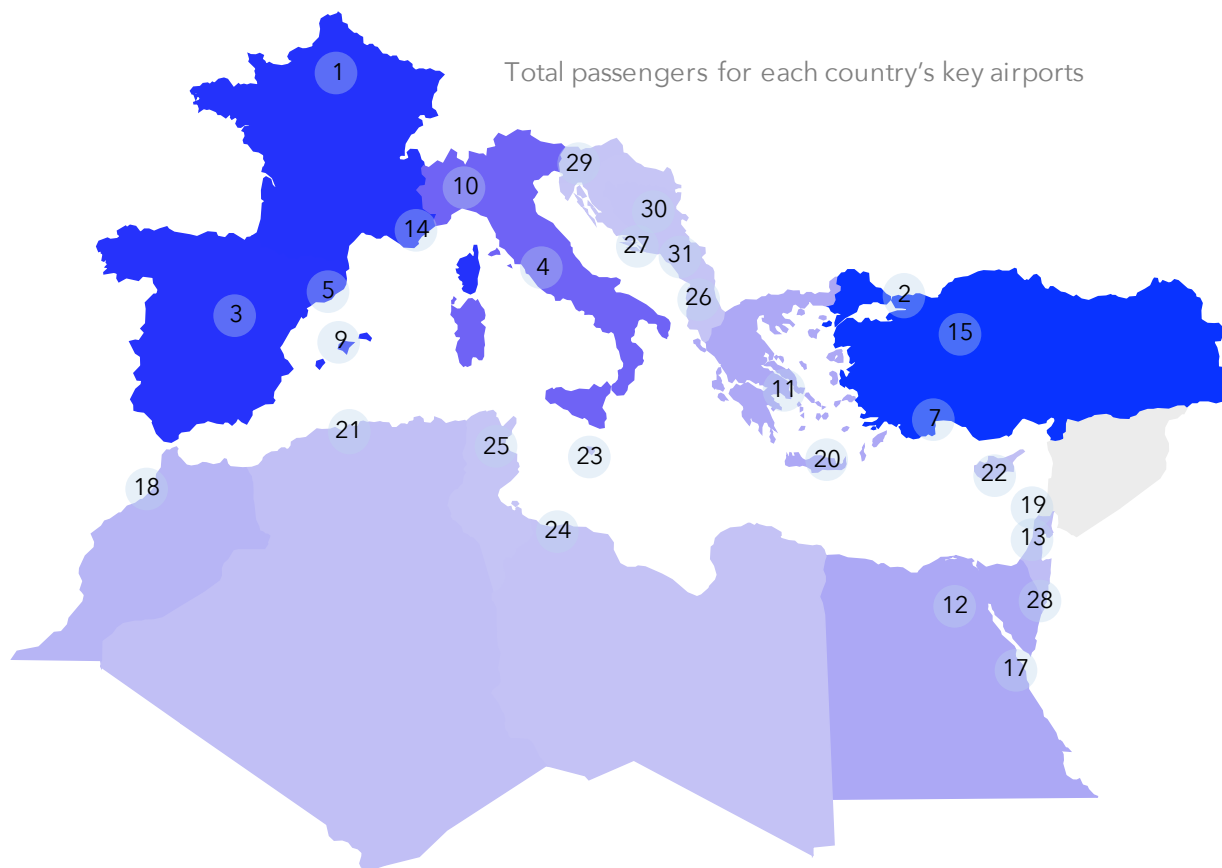
Country	Total length (km)	Gas (km)	Oil (km)	Condensate (km)	Liquid petroleum gas (km)	Refined products (km)
Albania	610	331	279			
Algeria	29.642	16.415	7.036	2.600	3.447	144
Bosnia and Herzegovina	156	147	9			
Croatia	3.020	2.410	610			
Egypt	15.660	7.986	5.225	486	957	895
France	23.345	15.322	2.939			5.084
Greece	1.423	1.329	94			
Israel	1.466	763	442			261
Italy	23.190	20.223	1.393			1.574
Lebanon	88	88				
Libya	11.630	3.743	7.005	882		
Morocco	1.389	944	270			175
Slovenia	849	844	5			
Spain	14.558	10.481	616			3.461
Syria	5.199	3.170	2.029			
Tunisia	5.013	3.111	1.381	68		453
Turkey	15.641	12.603	3.038			



France and **Turkey** record the **largest quantities of air freight per year** amongst Med countries. Italy, Spain, and Israel recorded almost 1,000 million tons, while none of the other countries record significant carried quantities.

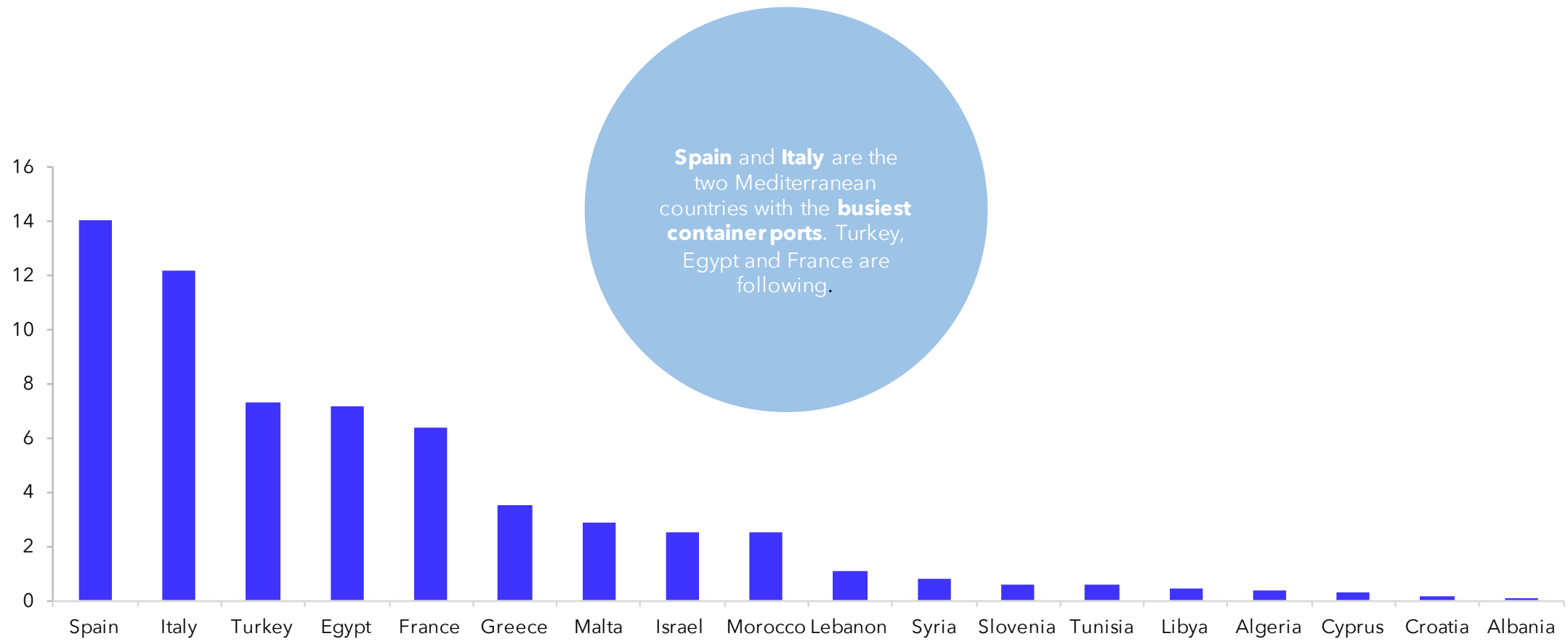


Almost **100 million domestic and international air passengers** are carried by carriers registered in **Turkey** every year. Second in the ranking is France and third is Spain with almost 60 and 50 million passengers respectively.

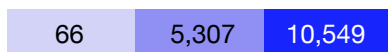
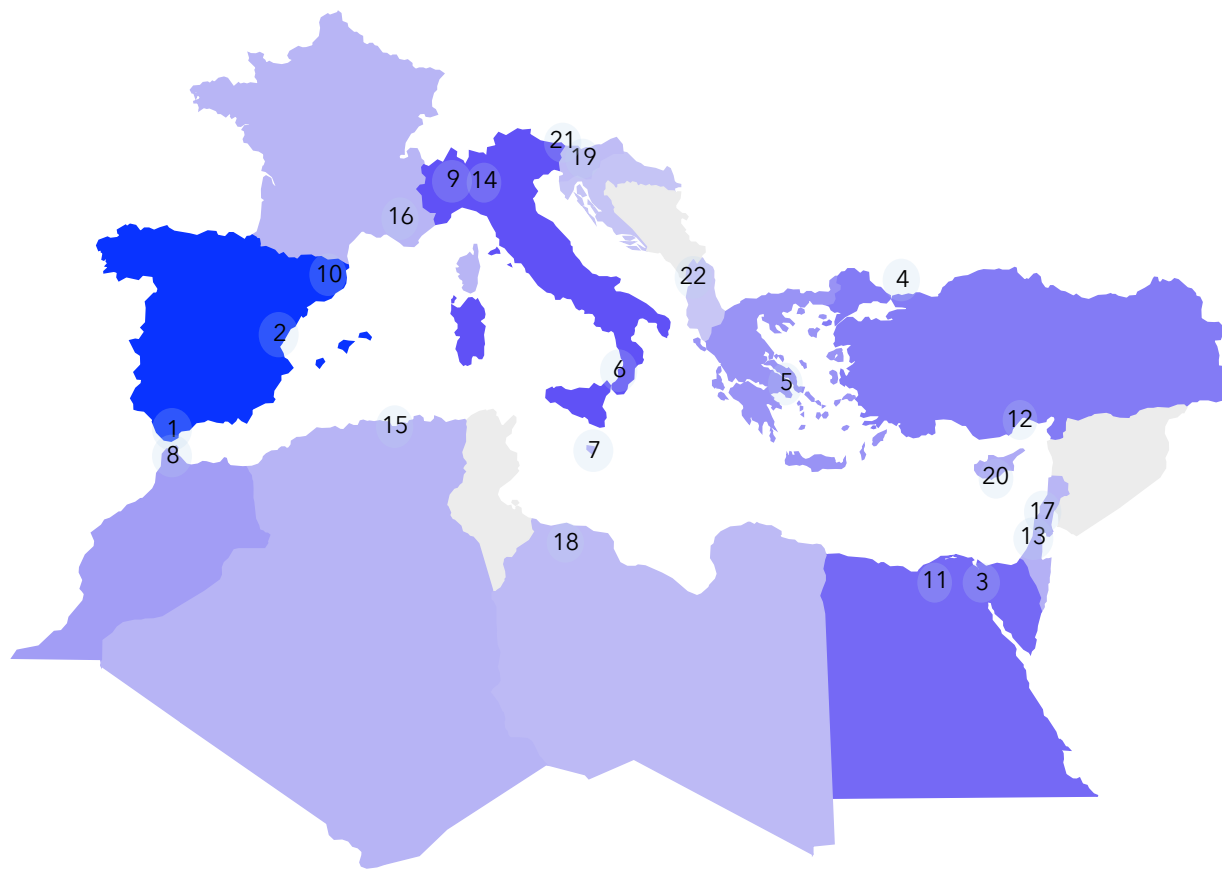


Data for each country are the latest available.
 Egypt, Morocco, Tunisia: 2012. Algeria: 2011. All other countries: 2014

	City	Airport	Passengers
1. France	Paris	Paris-Charles de Gaulle airport	63.8
2. Turkey	Istanbul	Istanbul Ataturk airport	56.9
3. Spain	Madrid	Adolfo Suarez Madrid-Barajas airport	41.8
4. Italy	Rome	Leonardo da Vinci-Fiumiccio airport	38.5
5. Spain	Barcelona	Barcelona El Prat airport	37.5
6. France	Paris	Paris-Orly airport	28.8
7. Turkey	Antalya	Antalya airport	28.3
8. Turkey	Instabul	Sabiha Gokcen airport	23.6
9. Spain	Palma de Mallorca	Palma de Mallorca airport	23.1
10. Italy	Milan	Malpensa airport	23.1
11. Greece	Athens	Athens International airport	15.1
12. Egypt	Cairo	Cairo International airport	14.7
13. Israel	Tel Aviv	Ben Gurion airport	13.1
14. France	Nice	Nice core d' Azur	11.6
15. Turkey	Ankara	Esenboga International airport	11
16. Italy	Milan	Linate airport	9
17. Egypt	Hurghada	Hurghada International airport	7.1
18. Morocco	Casablanca	Mohammed V International airport	7.1
19. Lebanon	Beirut	Beirut-Rafic International airport	6.5
20. Greece	Heraklion	Heraklion International airport	6
21. Algeria	Algiers	Houary Boumedienne airport	5.4
22. Cyprus	Larnaca	Larnaca International airport	5.3
23. Malta	Luqa	Malta International airport	4.2
24. Libya	Tripoli	Tripoli International airport	3
25. Tunisia	Enfidha	Enfidha airport	2.1
26. Albania	Tirana	Tirana International airport	1.8
27. Croatia	Cilipi	Dubrovnik airport	1.6
28. Israel	Eilat	Eilat airport	1.4
29. Slovenia	Ljubljana	Ljubljana Joze Pucnik airport	1.3
30. Bosnia and Herzegovina	Sarajevo	Sarajevo International airport	0.7
31. Montenegro	Podgorica	Podgorica airport	0.7



Total TEUs for each country's key container ports

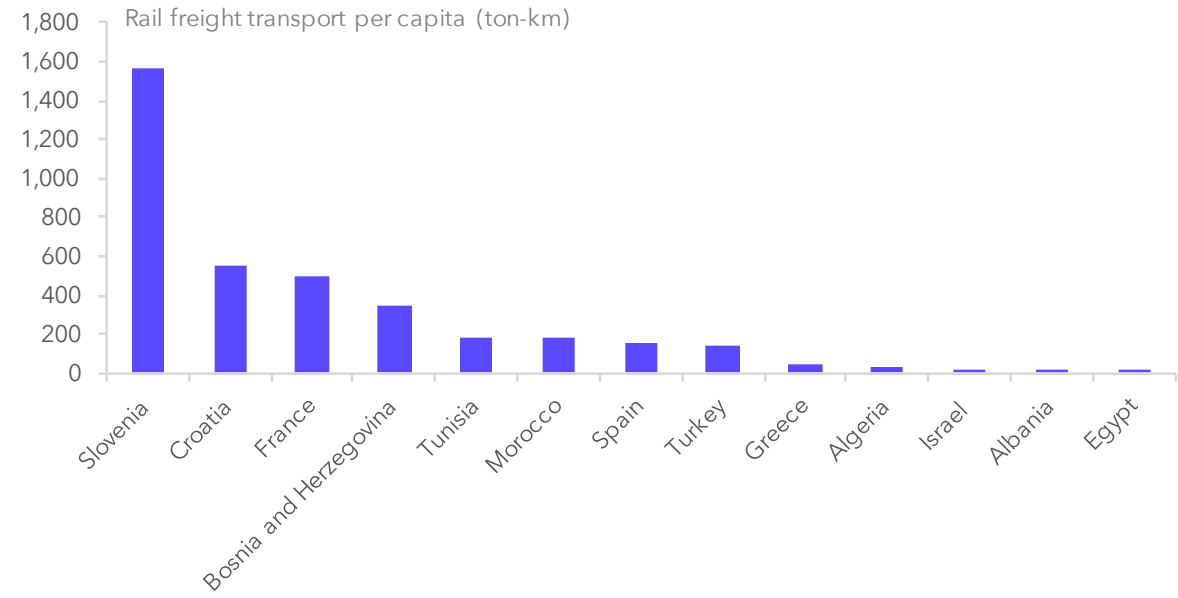
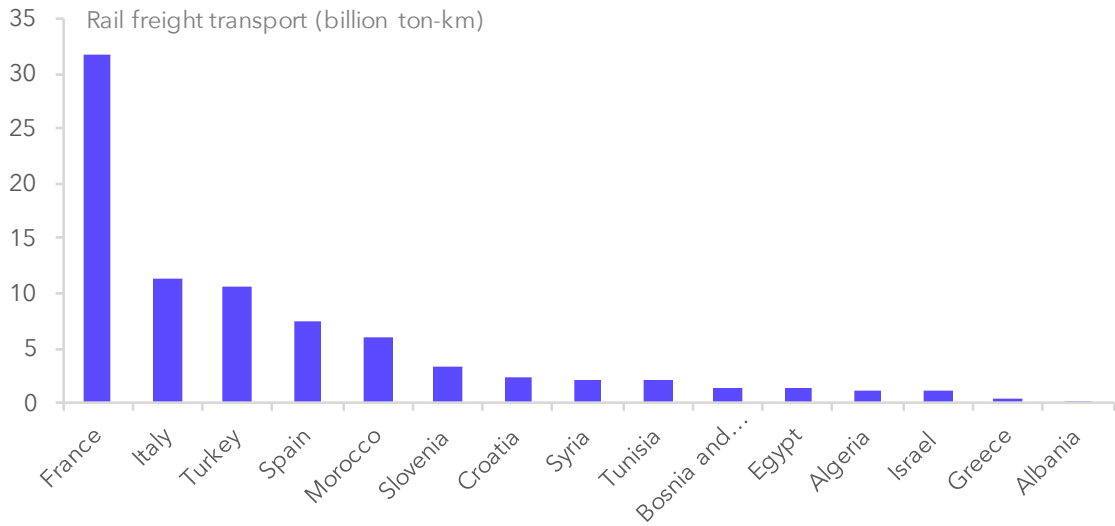


Latest available data: 2011 for all countries

	City	Port	1000 TEU
1.Spain	Algeciras	Port of Algeciras	4,501
2.Spain	Valencia	Port of Valencia	4,328
3.Egypt	Port Said	Port Said port	4,100
4.Turkey	Istanbul	Ambarli (Istanbul)	3,378
5.Greece	Athens	Piraeus	3,164
6.Italy	Gioia Tauro	Port of Gioia Tauro	3,087
7.Malta	Marsaxlokk	Port of Marsaxlokk	2,750
8.Morocco	Tangier	Port of Tangier	2,588
9.Italy	Genoa	Port of Genoa	2,064
10.Spain	Barcelona	Port of Barcelona	1,720
11.Egypt	Alexandria	Port of Alexandria	1,508
12.Turkey	Mersin	Port of Mersin	1,378
13.Israel	Haifa	Port of Haifa	1,357
14.Italy	La Spezia	Port of La Spezia	1,298
15.Algeria	Bejaia	Port of Bejaia	1,116
16.France	Marseille	Marseille Fos Port	1,062
17.Lebanon	Beirut	Port of Beirut	994
18.Libya	Tripoli	Port of Tripoli	750
19. Cyprus	Limassol	Port of Limassol	600
19.Slovenia	Koper	Port of Koper	600
20. Croatia	Rijeka	Port of Rijeka	150
21.Albania	Durres	Port of Durres	83

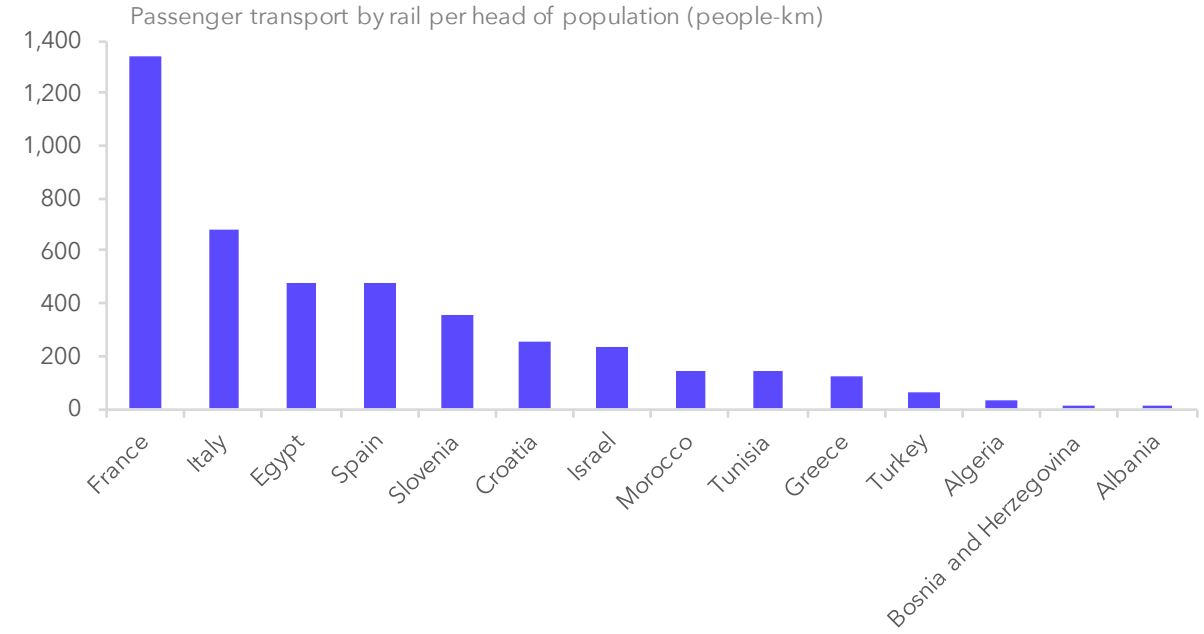
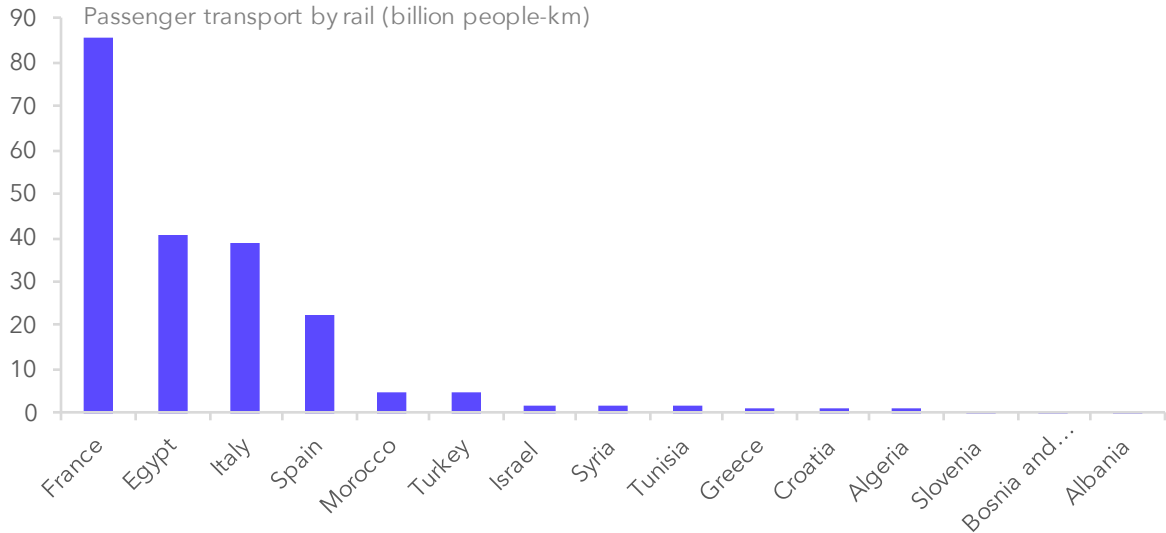
Rail freight transport thrives in France with almost 35 billion ton-km's transported per year. Italy and Turkey also recorded over 10 billion ton-km's.

Slovenia leads the region in terms of rail freight transport per capita by a large margin, reporting over 1,400 ton-km's, while Croatia, France and Bosnia-Herzegovina are following with over 300 ton-km's.



As was the case for rail freight transport, France is on top of the list in overall rail passenger transport as well as per head of population. Egypt, Italy, and Spain also have extensive rail networks.

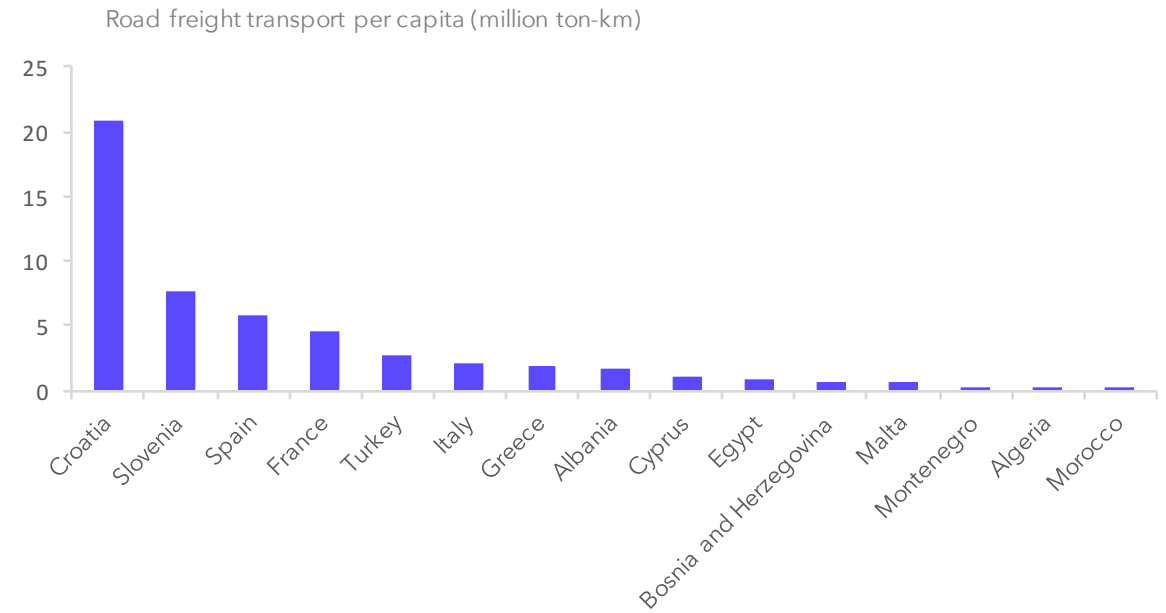
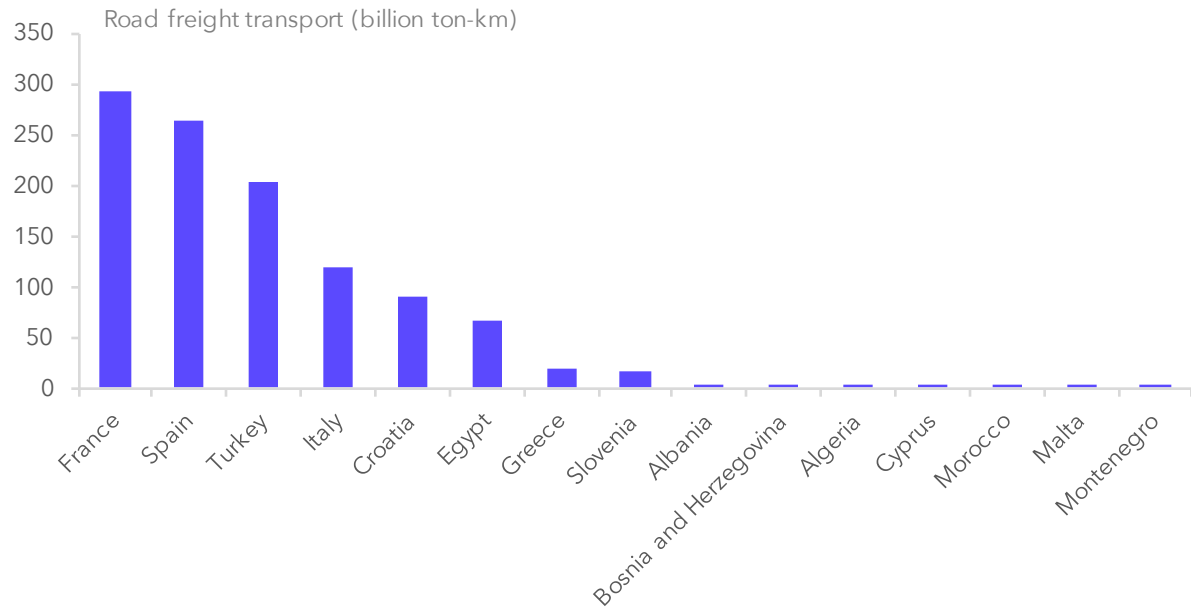
The longest rail network is in France (30 thousand kilometers), while Italy and Spain are following with over 15 thousand kilometers of rail lines.



Data source: World Bank databank

France leads road freight transport among Mediterranean countries, recording almost 300 billion ton-km's. Spain and Turkey also have a large network in terms of road transport, having both recorded over 200 billion ton-km's in 2011.

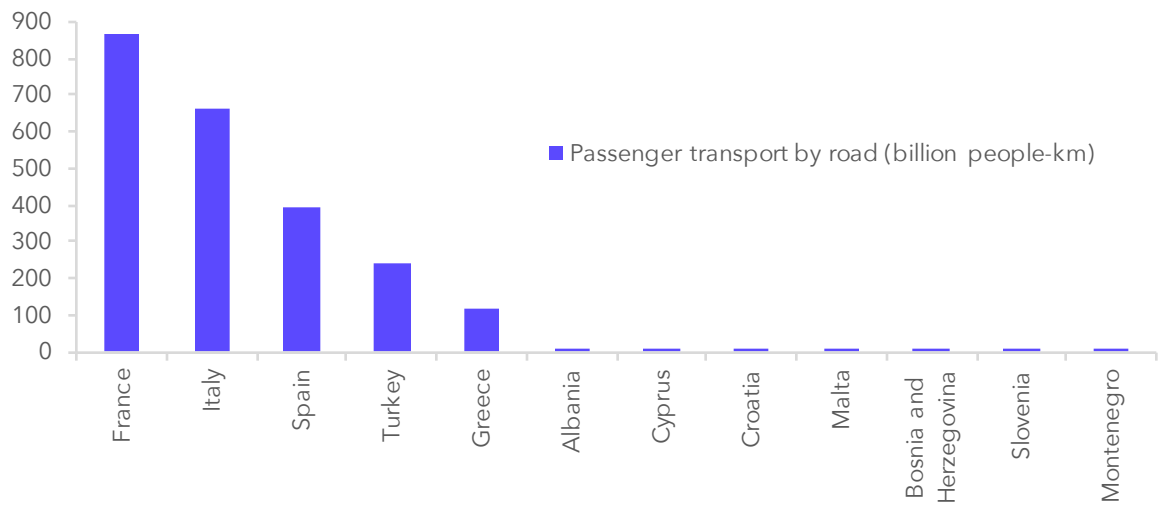
Croatia leads the region by a large margin in terms of road freight transport per capita, reporting over 20 million ton-km's, while Slovenia, Spain and France are following with over 4 million ton-km's.



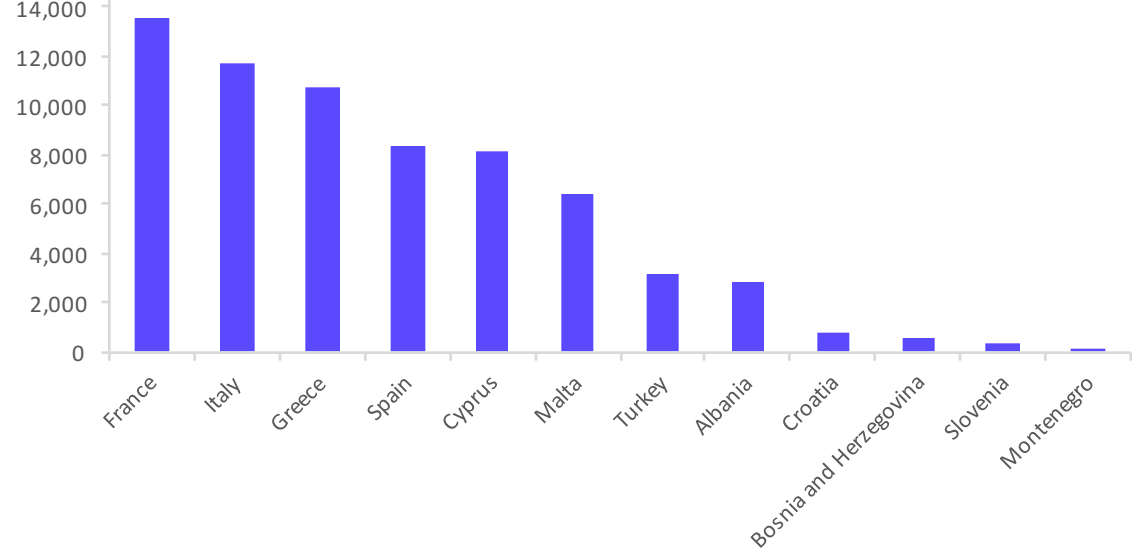
France is also the Mediterranean country with the most passengers transported by road, recording almost 900 billion people-km's. Italy and Spain are following, recording around 650 and 400 billion people-km's respectively.

France is also the leader in passenger transport by road per head, recording over 13,000 people-km's. Italy and Greece follow, with both countries recording over 10,000 people-km's per capita per year.

Passenger transport by road (billion people-km)



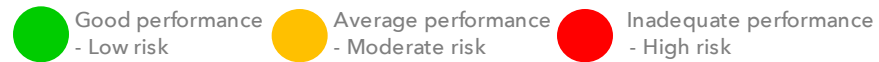
Passenger transport by road per head of population (people-km)



Methodological note and list of indicators

Our approach to colour-rating performance and risk

In the country analysis pages, we use a 'traffic light' system (Red, Amber, Green) to rate each country's performance in each of the areas covered in the report, as well as its overall prospects.



Our traffic light system has the following features:

- It is forward looking: the rating is mainly based on forecast/expected future performance and risk rather than current performance.
- It is context-specific: for example, forecast inflation of 4% may be a serious emerging problem in one country, but a very welcome development in another.
- While we specified and followed certain guidelines for most indicators, our ratings were ultimately based on expert judgement rather than a specific, objective formula. This allowed us to incorporate wider, qualitative information not reflected in the indicator itself.
- With regards to the overall prospects rating, we take a wider view rather than simply average the ratings of different areas: for example, a country with very strong forecast growth may be rated positively overall despite the fact it faces significant risks in other areas.

Country selection

We adopted a narrow definition of 'Mediterranean countries' to only include countries that directly border the Mediterranean sea, despite the fact that some countries that do not meet this criterion have a strongly 'Mediterranean' economy, history and culture. For example, FYR Macedonia and Andorra both take part in the Mediterranean Games, but are not Mediterranean countries based on our definition.

In addition to the above, we are not looking in detail at Monaco, the British Overseas Territories in the Mediterranean (Gibraltar, Akrotiri, Dekeleia), and the Palestinian territories, while our analysis of Syria is also limited. The reasons for this are mainly practical rather than driven by political or other considerations: most of the data series we focus on in the report are simply not available, or are not collected in a consistent manner to other countries in the region.

In future iterations of the report we plan to expand our coverage to include some of the excluded countries and entities based on data from alternative sources or by producing our own estimates for the variables of interest.

GDP Growth. Gross Domestic Product, growth in constant terms on annual basis.

Frequency: Quarterly, sometimes annual and with varying degree of delay depending on country

Source: Consistent across countries from IMF World Economic Outlook (updated twice a year) and country Statistical Offices and central banks

GDP (at purchasing power parity) per capita. The purchasing power parity (PPP) value of all final goods and services produced within a country, divided by the population of the country.

Frequency: Annually

Source: IMF World Economic Outlook

Unemployment. Unemployment refers to the share of the labour force that is without work but available for and seeking employment.

Frequency: Monthly

Source: IMF World Economic Outlook and country Statistical Offices and Eurostat for some

CPI Inflation. Consumer Price Index - growth in the overall price level last 12 months

Frequency: Monthly

Source: IMF World Economic Outlook and country Statistical Offices and Eurostat for some

Ease of Doing Business ranking. Ease of doing business ranks economies from 1 to 189, with first place being the best. A high ranking (a low numerical rank) means that the regulatory environment is conducive to business operation. Doing Business measures regulations affecting 11 areas of the life of a business. Ten of these areas are included in this year's ranking on the ease of doing business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Doing Business also measures labour market regulation, which is not included in this year's ranking.

Frequency: Annually

Source: Doing Business Project (www.doingbusiness.org)

Global Competitiveness Index ranking. Global competitiveness Index ranking provides a platform for dialogue between government, business and civil society about the actions required to improve economic prosperity. Competitiveness is defined as the set of institutions, policies and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the level of prosperity that can be earned by an economy.

Frequency: Annually

Source: World Economic Forum

Sentiment. Overall Economic as well as Business and Consumer Sentiment

Frequency: Annually, monthly or quarterly depending on country

Source: OECD Composite Leading Indicators, European Commission Business and Consumer Survey, Central Banks, Central Bureau of Statistics Israel, Byblos research and AUB, based on surveys conducted by Statistics Lebanon

Inequality (Gini coefficient). Gini coefficient is a measure of statistical dispersion intended to represent the income distribution of a nation's residents, and is the most commonly used measure of inequality

Frequency: Annually

Source: World Bank databank

Government net borrowing. General Government Borrowing as a share of GDP

Frequency: Quarterly, in some cases monthly

Source: IMF World Economic Outlook, Finance Ministries and Central Banks

Government debt. Public debt compares the cumulative total of all government borrowings less repayments that are denominated in a country's home currency. Public debt should not be confused with external debt. (% of GDP)

Frequency: Annually

Source: World development indicators

Current account. Current account balance is the sum of net exports of goods and services, net primary income, and net secondary income. Data are in current U.S. dollars.

Frequency: Quarterly

Source: IMF World Economic Outlook and Central Banks

Interest rates. Deposit and lending rates, Deposit to households with agreed maturity up to 1 year, Loans to non-financial corporations up to 1 year (%), ECB fixed rate tenders, Savings remuneration rate,

Source: Key rate of Central Bank of Tunisia (Rate of call for tender (TAO))

Frequency: Annually or monthly

Source: IMF International Financial Statistics (consistent basis), European Central Bank and Central Banks

Stock Market (US\$). The market in which shares are issued and traded, either through exchanges or over-the-counter markets (Over- the- counter market: a decentralized market, without a central physical location, where market participants trade with one another through various communication modes such as the telephone, email and proprietary electronic trading systems).

Frequency: Monthly

Source: Global Economic Monitor, September 2015

Real Exchange Rate. Purchasing Power of the Local Currency

Frequency: Monthly or Quarterly

Source: IMF International Financial Statistics and Central Banks

Political Stability and Absence of Violence/Terrorism. Reflects perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism.

Frequency: Annually or biannually depending on country

Source: The Worldwide Governance Indicators (WGI)

Government Effectiveness. Reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

Frequency: Annually or biannually depending on country

Source: The Worldwide Governance Indicators (WGI)

Regulatory Quality. Reflects perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

Frequency: Annually or biannually depending on country

Source: The Worldwide Governance Indicators (WGI)

Rule of Law. Reflects perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

Frequency: Annually or biannually depending on country

Source: The Worldwide Governance Indicators (WGI)

Control of Corruption. Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

Frequency: Annually or biannually depending on country

Source: The Worldwide Governance Indicators (WGI)

Voice and Accountability. Reflects perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

Frequency: Annually or biannually depending on country

Source: The Worldwide Governance Indicators (WGI)

Charges for the use of intellectual property, receipts (BoP, current US\$). Charges for the use of intellectual property are payments and receipts between residents and nonresidents for the authorized use of proprietary rights (such as patents, trademarks, copyrights, industrial processes and designs including trade secrets, and franchises) and for the use, through licensing agreements, of produced originals or prototypes (such as copyrights on books and manuscripts, computer software, cinematographic works, and sound recordings) and related rights (such as for live performances and television, cable, or satellite broadcast). Data are in current U.S. dollars.

Frequency: Annually

Source: IMF's Balance of Payments Statistics Yearbook and data files

High-technology exports (current US\$). High-technology exports are products with high R&D intensity, such as in aerospace, computers, pharmaceuticals, scientific instruments, and electrical machinery. Data are in current U.S. dollars.

Frequency: Annually

Source: United Nations, Comtrade database.

Patent applications, residents. Patent applications are worldwide patent applications filed through the Patent Cooperation Treaty procedure or with a national patent office

Frequency: Annually

Source: World Intellectual Property Organization (WIPO), WIPO Patent Report: Statistics on Worldwide Patent Activity. The International Bureau of WIPO assumes no responsibility with respect to the transformation of these data.

Labour force participation rate, female (% of female population ages 15+) (modeled ILO estimate). Labour force participation rate is the proportion of the population ages 15 and older that is economically active: all people who supply labour for the production of goods and services during a specified period.

Frequency: Annually

Source: International Labour Organization, Key Indicators of the Labour Market database.

Age dependency ratio (% of working-age population). Age dependency ratio is the ratio of dependents--people younger than 15 or older than 64--to the working-age population--those ages 15-64. Data are shown as the proportion of dependents per 100 working-age population.

Frequency: Annually

Source: World Bank Databank (various sources including census reports, the United Nations Population Division's World Population Prospects, national statistical offices, household surveys conducted by national agencies, and ICF International.)

Population ages 0-14 (% of total). Population, age 0-14 (% of total) is the population between the ages of 0 and 14 as a percentage of the total population.

Frequency: Annually

Source: The United Nations Population Division's World Population Prospects.

Average years of total schooling, age 30-34, total. Mean years of schooling, 15+, total is the mean years of schooling of the population over age 15.

Frequency: 5-year period

Source: World Bank Databank- United Nations World Population Prospects, Eurostat

Average years of total schooling, age 15+, total. Mean years of schooling, 30 - 34, total is the mean years of schooling of the population age 30-34.

Frequency: 5-year period

Source: World Bank Databank- United Nations World Population Prospects, Eurostat

Enrolment in tertiary education per 100,000 inhabitants, both sexes. Number of students enrolled in tertiary education in a given academic-year per 100,000 inhabitants. This indicator shows the general level of participation in tertiary education by indicating the proportion (or density) of students within a country's population.

Frequency: Annually

Source: World Bank Databank- United Nations World Population Prospects, Eurostat

PISA tests. The Programme for International Student Assessment (PISA) is a worldwide study by the Organisation for Economic Co-operation and Development (OECD) in member and non-member nations of 15-year-old school pupils' scholastic performance on mathematics, science, and reading. It was first performed in 2000 and then repeated every three years. It is done with a view to improving education policies and outcomes.

Frequency: 3-year period

Source: Organisation for Economic Co-operation and Development (OECD)

Energy (Electricity, Coal, Natural Gas, Petroleum, Pipelines). Total electricity net production and consumption, electricity production from renewable sources excluding hydroelectric (% of total). Imports and exports for coal, natural gas and petroleum for the most recent year according to available indicators. List of Mediterranean countries by total length of pipelines.

Frequency: Annually

Source: U.S. Energy Information Administration, World Development indicators, CIA World fact book

Air freight and passenger transport. Air freight is the volume of freight, express, and diplomatic bags carried on each flight stage (operation of an aircraft from take off to its next landing), measured in metric tons times kilometers travelled. Air passengers carried include both domestic and international aircraft passengers of air carriers registered in the country. Busiest airports (by number of passengers) in the Mediterranean.

Frequency: Annually

Source: International Civil Aviation Organization, Civil Aviation Statistics of the World and ICAO staff estimates, Wikipedia the free encyclopedia (2014 provisional statistics)

Sea transport. Port container traffic measures the flow of containers from land to sea transport modes in twenty-foot equivalent units (TEUs), a standard-size container. Data refer to coastal shipping as well as international journeys. Transshipment traffic is counted as two lifts at the intermediate port (once to off-load and again as an outbound lift) and includes empty units. Busiest container ports (by number of passengers) in the Mediterranean.

Frequency: Annually

Source: Containerisation International, Containerisation International Yearbook, World Shipping Council

Rail freight, lines and passenger transport. Rail freight measured in metric ton-kilometers travelled. Passengers transported by rail measured in people-kilometers. Rail lines are the length of railway route available for train service, irrespective of the number of parallel tracks.

Frequency: Annually

Source: World Bank databank

Road freight and passenger transport. Road freight measured in metric tons times kilometers travelled. Passengers transported by road measured in kilometers-people.

Frequency: Annually

Source: Eurostat

Migration. Total migrant stock at mid-year by origin and by country of destination.

Frequency: Annually

Source: United Nations database

Remittances. Total remittance inflows and outflows by each Mediterranean country.

Frequency: Annually

Source: World Bank indicators, World Bank Prospects Group (October 2013)

Trade (Imports/ Exports). An import is a good brought into a jurisdiction, especially across a national border, from an external source.

Frequency: Annually

Source: UN Comtrade database

The Mediterranean Growth Initiative (MGI) is a stakeholder platform supporting institutional and private sector thinking and doing around the Mediterranean.

Information and commentary from a Mediterranean regional lens is missing, despite the fact many of these economies have strong historical links.

The MGI rests on two key pillars: **understanding** the region and its **potential** using data and analysis, and **bringing together** key decision-makers and investors at seminars and conferences.

The MGI report utilises the latest data and in-depth analysis to track and benchmark performance in key strands of political, economic and societal progress, such as migration, trade and governance. It is the first of its kind, aggregating data for the region and for each of the twenty countries along the shores of the Mediterranean sea. The indicators in the report serve as the basis for trustworthy and relevant information for investors and policy makers.

The MGI indicators will be regularly updated to keep policymakers and investors up to date, with real-time analysis and commentary being posted on www.litus.eu throughout the year. The second MGI report capturing developments in 2016 is expected to be published in January 2017.

MGI events will include convening stakeholders and partners within the region, in key financial and policy centers around the world. Focusing minds on the Mediterranean at these events will enhance progress for the people of the region, its investors, policy makers and government leaders.

LITUS S.A. is the home of the Mediterranean Growth Initiative. For more information please visit litus.eu

LITUS is Brussels' first investor and policy advisory for the Mediterranean region. LITUS identifies and sources projects in the countries of the Mediterranean and pairs them with suitable sources of capital from around the world, benefiting from unique on the ground insights and international capital markets experience through its international advisory board and its executive leadership team. LITUS' Mediterranean heritage makes it the most credible advocate for the interests of the private sector and governments of the region to EU and other multilateral institutions.

Alma Economics is a key partner, responsible for data analysis and authoring the MGI report. For more information please visit almaeconomics.com

Alma Economics combines unparalleled expertise in economics and advanced data analysis with a solid understanding and focus on the real world. Alma provides clear, evidence-based advice and analysis on complex issues covering all aspects of strategy, policy, and operations.

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