



**PARLIAMENTARY ASSEMBLY OF THE MEDITERRANEAN
ASSEMBLEE PARLEMENTAIRE DE LA MEDITERRANEE**

الجمعية البرلمانية للبحر الأبيض المتوسط

2nd Standing Committee on Economic, Social and Environmental Cooperation

“Activities of the PAM Panel on Trade
and Investments in the Mediterranean - 2014”

Rapporteur: Hon. Nevena Stojanovic (Serbia)

Report unanimously adopted during the 9th PAM Plenary Session in Monaco, 3 February 2015

I. INTRODUCTION

1. This report aims at providing an update on the activities of the PAM Panel on Trade and Investments in the Mediterranean, the instrument created by PAM MPs in 2010 in order to contribute, in the most effective way, to economic growth and integration in the Mediterranean region. The report analyzes the period from February to December 2014, and is to be considered the continuation of previous PAM reports on this topic, the last of which was adopted in Marseille, France, on the occasion of the 8th PAM Plenary Session on 22 January 2014.

2. The first chapter is dedicated to the activities organized by PAM and its Panel. This is followed by a second chapter indicating the contribution of PAM members to the activities of PAM partner organizations and institutions active in the economic sector.

3. The report also provides some figures on the most relevant economic data, in order to give a clear picture of the current situation in terms of economic growth and employment. This will be fundamental in identifying priorities and actions to be undertaken by PAM and its Panel during 2015.

II. ACTIVITIES ORGANIZED BY PAM IN 2014

4. Following the 8th PAM Plenary Session, the PAM Panel on Trade and Investments in the Mediterranean organized a major international conference on “Waste Management in the Mediterranean countries: social, environmental and financial benefits resulting from a better use of resources”. This was organized back to back with the 4th Meeting of its Steering Committee. Both events took place in Caserta, Italy, on 30-31 May 2014, hosted by Confindustria Caserta with the collaboration of the Caserta Chamber of Commerce.

“Waste Management in the Mediterranean countries: social, environmental and financial benefits resulting from a better use of resources”¹

5. The event was a sectoral meeting of the Sustainable Development Group of the PAM Panel. It was structured on three working sessions, dedicated to “The current waste management system in the Mediterranean: best practices, institutional design and technologies”; “Collaboration and cooperation between institutions and operators”; and “Regional initiatives, agreements and collective actions”.

6. Each session featured senior speakers from Mediterranean parliaments, the private sector, public administration and the education sector, and was followed by an open discussion among all participants, in order to stimulate and promote the exchange of views, best legislative and operational practises and lessons learned and regional cooperation.

7. The one day event terminated with a summary report of the outcome of the meeting, which referred to: the importance of analyzing and tackling the issue of waste management at the regional level; the opportunities created by considering waste as a resource, with benefits on the standard of living, employment and quality of the environment; education, especially in terms of teaching youth and all citizens about the importance of individual responsibilities in the waste management cycle; and the need for legislative, administrative and entrepreneurial initiatives aimed at minimizing waste production, promoting bilateral and multilateral cooperation agreements and improving the efficiency of the waste cycle.

4th Meeting of the Steering Committee of the PAM Panel²

8. The Steering Committee discussed issues pertaining to the 4 Sectoral Groups of the PAM Panel (Sustainable Development, Investment and Finance, Productive Activities and Job Creation, Trade Facilitation). Each group session was introduced by one of the 2 co-chairs of the group, and was followed by a discussion among all participants in order to exchange views and national experiences, as well as to suggest concrete proposals on the future actions to be taken by the Panel.

9. Mr. Alessandro Ortis, co-chair of the PAM Panel, listed the conclusions of the meeting, in the final wrap-up session. For the Sustainable Development Group, the issues of Water sustainability and water access; Integration of gas systems; Governance of Energy systems; and Waste management were indicated as priorities for the future activities of the group. For the Investments and Finance Group, the conclusive points tackled the issues of Innovative Financial

¹ The Executive Report of the event is available for download on PAM website, at the following link: <http://www.pam.int/welcome.asp?m=documents&a=cat&cid=262>

² The Executive Report of the event is available for download on PAM website, at the following link: <http://www.pam.int/welcome.asp?m=documents&a=cat&cid=263>

Mechanisms; Role of International Financial Institutions; and Capacity building measures. For the Productive Initiatives and Job Creation Group, the needs of the sectors of Education and Training; SMEs; Tourism; and Employment and Job Creation were considered as priorities for the economic growth of the Mediterranean region. For the Trade Facilitation Group, it emerged that steps ahead in Political Stability; in the Infrastructure; in the Rules; and towards a Mediterranean Free Trade Area are urgently needed to reduce the barriers to the movement of people and goods.

10. It was then agreed that the Panel would focus its work in 2015 and 2016 on the priorities emerged during the meeting.

III. REGIONAL COOPERATION – PAM RELATIONS WITH INTERNATIONAL AND REGIONAL INSTITUTIONS³

11. Following the PAM 8th Plenary Session, the 2nd PAM Standing Committee, mostly through the PAM Panel, continued its work and contributed to several initiatives, organized by partner institutions, in order to promote actions in support of economic growth.

12. With the aim of strengthening the ties with the European Institutions, PAM participated and contributed to the EC Euro-Mediterranean Conference on Creativity Innovation and IPR in the Textile and Clothing Industry in the Euro-Mediterranean Area (Florence, Italy, 24-25 March 2014). Our Assembly participated at the event with Sen. Lhou Lmarbouh, PAM Vice President and President of the 2nd PAM Standing Committee, and Hon. Svetislava Bulajic, Vice President of the 2nd PAM Standing Committee.

13. Terna S.p.A., member of the Steering Committee of the PAM Panel, delivered a message on behalf of PAM at the first Extended Technical Committee meeting of the Energy Division of the Secretariat of the Union for the Mediterranean. Being represented at the event, which was held in Barcelona on 29 April, was extremely useful to monitor activities and initiatives promoted by other organizations on energy-related issues.

14. PAM SG attended and contributed, on behalf of PAM, to the 1st Conference of the Association of Mediterranean Engineers. On this occasion, PAM established a cooperation with this important sector, especially in connection with infrastructures, which have an important role to play in terms of employment, logistics, transport and goods supply (food, energy, other goods). The event represented an opportunity for PAM to start cooperation with several institutions from the Academia, in view of the meeting to launch the PAM Academic Platform,

³ The activities mentioned in this chapter were described in detail by PAM press releases. All PAM PRs are available on the “News” section on PAM institutional website.

held by PAM in cooperation with the University of Catania on 11-12 December in Catania, Italy, as most of the participants were also rectors of major polytechnics in the region.

15. On 3 June 2014, Sen. Lhou Lmarbough participated and contributed to the Med-TSO General Assembly, which was held in Marrakech, Morocco.

16. The same day, Eng. Alessandro Ortis, co-chair of the PAM Panel, represented PAM at the General Assembly of MEDREG, held in Amman, Jordan.

17. Sen. Lmarbough represented PAM also on the occasion of the 25th Annual Session of the Crans Montana Forum (CMF) held in Marrakech, Morocco, on 19-22 June 2014. It was the first time that PAM attended a CMF meeting, and the PAM Secretariat is currently exploring possible areas of cooperation with the CMF, not only on issues related to the 2nd Standing Committee.

18. As a follow-up of PAM's participation at the 1st conference of Mediterranean Engineers, Amb. Piazzini attended and contributed to the conference "Logistics and infrastructure: development opportunities", held in Rome on 21 June 2014 at the initiative of the Italian Prime Minister.

19. On 24 June, PAM participated to the works of the OME Conference "Building a sound and common energy future". The meeting took place in Rome and allowed PAM to engage in consultations with the EC on energy-related issues, particularly in view of the Italian Presidency of the Council of the EU.

20. On 24 June 2014 PAM, represented by its Secretary General, opened and addressed the joint PAM-ANIMA seminar on the Diaspora, held in Marseille, France. The event consolidated PAM's relation with ANIMA Investment Network, and tackled the crucial importance of the contribution of foreign communities to the economic and social development.

21. PAM SG addressed the Malta Ministerial Energy Conference 2014, organized by the Ministry of Energy of Malta and dedicated to "Security of gas supply: The role of gas developments in the Mediterranean region". On that occasion, PAM was recognized as a key player for this sector, due to the role of national parliaments in this fundamental field.

22. On 21 August 2014, Hon. Edgar Maalouf, Head of the Lebanese delegation to PAM, represented the Assembly at the conference "Small and Medium sized Enterprises: the road to economic development and social justice". The event was organized by the Union of Arab Banks, in cooperation with "Invest in Lebanon". The participation at this event falls under the efforts made by PAM and its Panel to increase cooperation with the Arab productive and banking sector.

23. The contribution of PAM to the international efforts on energy-related issues continued on the occasion of the Verona Efficiency Summit, held on 8 October 2014 in Verona, Italy. PAM was represented by its President and its Secretary General. At the margins of the event, bilateral

consultations were held between the PAM delegation and the new UNIDO Director General, Mr. Li Yong, in order to discuss areas of common interest between PAM and UNIDO, exploring options for future cooperation and utilize the parliamentary diplomacy as a tool to promote UNIDO Inclusive and Sustainable Industrial Development (ISID). On the same occasion, bilateral meetings were also held with Ms. Maria van der Hoeven, Executive Director of the International Energy Agency (IEA) and with the Director of the Energy Efficiency Unit of the European Commission.

24. On 8-9 October, PAM participated at a Parliamentary Workshop of the International Monetary Fund and the World Bank Group. The event was held in Washington, and our Assembly was represented by Hon. Ninel Peia (Romania). It was the first time that PAM participated at such event, and future participation of PAM MPs to the initiatives organized by the Parliamentary Group of the World Bank would represent an important opportunity for Mediterranean MPs to have an insight of the procedures of WB and IMF.

25. PAM, represented by its substantive officer for the activities of the 2nd SC, participated at the “Mediterranean Economic Forum 2014: Recent Trends & Developments in Islamic Finance”, organized in Malta by the Malta Institute of Management.

26. Relations with the European Investment Bank (EIB) were strengthened on the occasion of the FEMIP Conference “Tools for growth: driving investment in the Mediterranean region”, held in Naples, Italy on 30 October 2014. The FEMIP conference represented an opportunity for PAM Secretary General, who represented the Assembly at the event to meet Mr. Philippe de Fontaine Vive, Vice President of the EIB responsible for the Mediterranean region. The outcome of the meeting was the decision to launch a structured cooperation between PAM and EIB, and work together on the signature of a Memorandum of Understanding between the two institutions.

27. Hon. Kostas Barkas, Member of the Hellenic Delegation to PAM, represented the Assembly at the VI Mediterranean Women Entrepreneurs Forum, held in Thessaloniki, Greece, on 13-14 November. PAM’s participation in the event strengthened our cooperation with AFAEMME, the Association of Women Entrepreneurs of the Mediterranean, and underlined the commitment of PAM in supporting entrepreneurial initiatives by women, reinforcing what was already stated in the report on the activities of the PAM Panel of the year 2013, which was unanimously adopted in Marseille, France, at the 8th PAM Plenary Session.

28. Eng. Alessandro Ortis represented PAM at the Med-TSO General Assembly, held in Rome on 18 November 2014. The event, during which a Memorandum of Understanding between Professor Gianmaria Ajani, rector of the University of Turin and chairholder of the UNESCO Chair, and Professor Dario Padovan, scientific coordinator of the Chair and MEDREG was signed, was the occasion to further consolidate PAM cooperation with the Association of Mediterranean Transmission System Operators.

29. PAM contributed to the Euro-Mediterranean ministerial conference “Building a Euro-Mediterranean energy bridge – the strategic importance of EuroMed gas and electricity networks in the context of energy security”, organized by the Italian Ministry of Economic Development in the framework of the Italian Presidency of the Council of the EU and held in Rome on 19 November 2014. On that occasion, PAM, represented by Vice President Sen. Lhou Lmarbouh, addressed the conference during the session dedicated to “the benefits of regional integration: security, efficiency, flexibility”.

IV. BILATERAL COOPERATION WITH INTERNATIONAL INSTITUTIONS

30. During the year 2014, PAM strengthened its relations with several partner institutions, in order to strengthen cooperation and plan harmonised actions reflecting a shared vision.

31. With reference to MEDREG, a bilateral meeting was held at PAM Headquarters in St. Julian's, Malta, on 10 October. On that occasion, parties agreed to take joint action in order to maintain energy on the agenda of the main regional public institutions, such as the European Union, the International Energy Agency, OECD, the UN and the European Financial Institutions, namely the European Bank for Reconstruction and Development and the European Investment Bank (EIB). At the meeting, it was also agreed to individuate and select reliable stakeholders in the energy sector and establish concrete partnership with them. This strategy is considered necessary as a result of the high number of players in the energy sector in the Euro-Mediterranean region, which is resulting in overlapping initiatives. For this reason, the two organisations will work with the stakeholders that can concretely contribute to the effectiveness of cooperation and to the establishment of a Mediterranean Energy Community, as already indicated in several PAM events on energy-related issues. Participants also agreed to further support cooperation with the Association of the Mediterranean Transmission Systems Operators (Med-TSO) for electricity, and to work together at the establishment of a similar body in the gas sector.

32. On 13 October, at the request of the PAM Bureau, a bilateral meeting between Amb. Sergio Piazzi and Dr. Riccardo Puliti, Managing Director for Energy and Natural Resources of the European Bank for Reconstruction and Development (EBRD) was held in London. The discussion analyzed options on how to strengthen cooperation in the Southern Mediterranean, particularly in view of the Ministerial Meeting of Rome (19 November).

33. In the framework of the cooperation between PAM and other regional institutions, it is worth to recall that a Memorandum of Understanding was signed on 9 April 2013 between PAM and the Union for the Mediterranean Secretariat. Nevertheless, its implementation remains weak.

Therefore, the UfM is encouraged to work closer with PAM in accordance with the provisions of the mentioned document.

V. THE CURRENT ECONOMIC SCENARIO

34. In the report on the activities of the PAM Panel adopted by PAM in Marseille, it was already highlighted that the major challenges for the Mediterranean region were those connected to unemployment. These included the results of the economic crisis, the austerity measures launched by many states, the political stability of some of the PAM member states and the rapid population growth in the South Mediterranean.

35. The crisis that stroke the world economy in 2008 is still impacting the whole world, and the Mediterranean region is no exception. Although many countries have already started their path of economic growth, some others – including several Mediterranean countries – recorded a negative growth over the last year in terms of GDP. The most recent data gathered by the PAM Secretariat show that Croatia, Cyprus, Italy, Serbia and Turkey saw their GDP decreasing in the last measurement (2014)⁴.

36. With reference to unemployment, the scenario is still alarming⁵. The average unemployment rate for the PAM North Geopolitical Group countries is 16%, a figure that peaks for Bosnia and Herzegovina (44%), the Former Yugoslav Republic of Macedonia (28.2%) and Greece (26.4%). With reference to the South Geopolitical Group, the average unemployment rate is 14.2%. This figure, however, does not provide a clear picture of the situation, due to the lack of up to date information for some countries of the group⁶.

VI. PRIORITIES FOR 2015 AND 2016

37. At the 4th meeting of the Steering Committee of the Panel, held in Caserta, Italy, on 31 May 2014, the Steering Committee members indicated priorities for the future activities of the PAM Panel. These activities will include, on one hand the continuation of what has already been started by the Panel, on the other hand new issues to be tackled, due to their relevance and impact on the Mediterranean region.

38. The Steering Committee members agreed on the fact that future activities of the PAM

⁴ <http://www.tradingeconomics.com/country-list/gdp-growth-rate> (last access: 6 November 2014)

⁵ <http://www.tradingeconomics.com/country-list/unemployment-rate> (last access: 6 November 2014)

⁶ For the South PAM Geopolitical Group, data relative to the following countries was considered: Algeria, Egypt, Jordan, Morocco, Palestine and Tunisia. Data relative to other countries of the group was not taken into consideration because no recent data was available.

Panel should be carried out at the sectoral group level, in order to ensure a detailed approach to the issues to be treated and to involve the key players for each issue.

39. In connection with the Sustainable Development Group, Energy-related issues will stay in PAM agenda for 2015. PAM, through its Panel, will continue to promote cooperation in this crucial sector, in order to lay the foundations for the creation of a Mediterranean Energy Community, with renewable energy, energy efficiency and innovative green economy as founding pillars.

40. Issues related to waste production and waste management will also remain on the agenda of the PAM Panel. The PAM Secretariat maintains regular exchanges with the operators of this sector, in order to ensure proper follow-up actions to the recommendations of the Caserta conference on Waste Management. It is also recommended to focus on waste water management, a critical issue for the Mediterranean region, subject to high water stress.

41. With regard to the activities of the Finance and Investments Group, particular attention needs to be given to the Small and Medium sized Enterprises (SMEs), which have always represented – and still represent – the engine and the heart of the Mediterranean economy. Consistent funds for investments dedicated to SMEs are available, but in many cases the procedures and requirement to access them vary from country to country, and this represent an obstacle for SMEs, which often do not have the capabilities to comply to the many requirement requested.

42. In this aspect, it has to be noted that other funds are available, but are allocated by International Financial Institutions (IFIs) only for big projects, which often start from EUR 10 million. This money is clearly not allocated to finance SMEs, which are facing major problems, with negative impacts on employment in the entire region.

43. As MPs, PAM members should be able to substantially contribute to the harmonization of the set of rules at national level in order to remove the differences and to ease the procedures for SMEs to access funds. In addition, economic growth is strongly connected with political stability, therefore it is essential to work, as parliamentarians, to create conducive political conditions and enable Mediterranean countries to attract more investments.

44. In connection with the Productive Initiatives and Job Creation Group, the Steering Committee members confirmed the youth unemployment as priority. To increase employment for the youth it is necessary to adapt the education sector to the demand of the market.

45. The support to SMEs needs to be pursued also through the initiatives of this sectoral group of the Panel, and can be combined with job creation- oriented policies, for instance lower taxation for entrepreneurs who hire young people.

46. Tourism has been – historically – a major source of revenue for the whole Mediterranean

region. The recent evolution of the tourism market (low cost airlines, emerging countries which attract tourists at a very competitive price) implies that tourism policies need to be guided by a differentiated approach, in order to attract a wider target of tourists.

47. In connection with tourism, the promotion of “Mediterranean itineraries” could represent a profitable market, especially for tourists coming from the Far East and from America, who could take advantage of a single trip to the region to visit more than a country.

48. With regard to the Trade Facilitation group, the PAM Panel will continue to sustain the need for the Mediterranean region of having a Mediterranean Free Trade Area, in order to increase the commercial exchanges in the region, in the north-south trade and also in the south-south commerce.

49. The infrastructure systems also need major investment and improvements, particularly in the South Mediterranean, in which the ports capacity is not accompanied by efficient inland infrastructure for the transport of goods.

VII. FUTURE ACTIVITIES

50. The priorities listed in chapter VI emerged during discussions and bilateral meetings held by the co-chairs of the PAM Panel, the members of the Steering Committee and experts of each sector. The PAM Panel will tackle some of these issues through dedicated events of each sectoral group.

51. The Parliament of Morocco has expressed its availability to host a conference dedicated to Energy in March 2015. The event will represent the continuation of the efforts of the Parliamentary Assembly of the Mediterranean in support of interconnections, regulation, security of supply and renewable energy.

52. A conference dedicated to Tourism will be held in Malta in May 2015, organized by the PAM Secretariat and hosted by Malta Institute of Management. The conference will tackle key issues of the tourism sector in the Mediterranean, and will explore possible ways to increase the volume of the revenue for the region, in a context of sustainable tourism.

53. It is important to mention that the activities of the PAM Panel will be subject to the availability of member parliaments or partner institutions to host or organize the events. For this reason, member parliaments interested in hosting an event of the Panel are warmly encouraged to submit their offer to host such meetings to the PAM Secretariat. So far, the PAM Secretariat has filled the gap by identifying reliable partners who could also sponsor the initiatives.

54. In the absence of specific meetings organized by the 2nd PAM Standing Committee, the contribution of the PAM members to initiatives organized by partner institutions is an useful and fundamental activity for the Assembly, in order to further strengthen the relations with partner organizations, to establish new partnerships and to ensure PAM visibility at regional level.

55. For this reason, the PAM Secretariat should continue to follow the initiatives on topics related to the Panel in the region, and gather invitations to participate and contribute to such activities.

56. In order to strengthen the operations and the structure of the PAM Panel, PAM delegates are invited to communicate to the Secretariat their interest in being co-chair of a sectoral group of the Panel.