# 2nd Standing Committee on Economic, Social and Environmental Cooperation

# "Activities of the PAM Panel on External Trade and Investments in the Mediterranean"

Rapporteur: Hon. Mohammad Zureiqat (Jordan)

**Report unanimously adopted on 13 October 2012, during the 7th Plenary Session, Malta**

## I. BACKGROUND

1. **The "PAM Panel on External Trade and Investments in the Mediterranean" was launched in Lisbon, Portugal, on 27-28 May 2010,** on the occasion of a special meeting hosted by the Portuguese parliament, following a request, made by several national delegations, for a stronger commitment from PAM on economic cooperation and integration in the region.

2. Between May 2010 and October 2011 (PAM 6th Plenary Session, held in Palermo, Italy, on 27-29 October 2011), the PAM Panel held two operational meetings. The **First Operational Meeting** took place in Naples, Italy, on 12-13 November 2010, hosted by Italian Confindustria. On that occasion, agreement was reached over the main objective of the Panel, i.e. to function as a think-tank providing initiative and guidance, to impact national legislations, giving advice and recommendations for a common regional approach. The structure of the Panel and its Steering Committee were also defined, and it was suggested for the PAM Panel to work in cooperation with major international and regional economic institutions. The meeting represented a good **occasion for PAM to start a fruitful cooperation with relevant institutions** such as the United Nations Economic Commission for Europe (UNECE), the World Bank (WB) and several Investment Promotion Agencies, Chambers of Commerce and Industrialists Unions from the entire Mediterranean Region.

3. The **Second Operational Meeting** took place in Geneva, Switzerland, on 4-5 May 2011, and was **hosted by UNECE and the United Nations Conference in Trade and Development (UNCTAD).** The meeting was dedicated to the themes "Trade and Transport Facilitation" and "Development of the Productive Capacity" in the Mediterranean, with a specific focus on the **SMEs**. Discussions also covered the key issues of **energy** and **water**. The Geneva meeting represented a further step in the cooperation between PAM and the UN agencies with economic mandate and, most important, the consolidation of PAM as a reliable actor in the international scenario.

4. Each operational meeting was preceded by a meeting of the **Steering Committee of the PAM Panel.** The Steering Committee, which is composed of the two co-Chairs of the Panel and the coordinators of each sectoral group, identifies the priority sectors and structures the agenda of the approaching meeting.

5. In its first 18 operational months, **the PAM Panel affirmed itself as a reliable high level think-tank**, providing concrete recommendations to all PAM member parliaments, with the aim of supporting the economic sector, in order meet the needs of all the stakeholders involved in the economic processes, through the legislative action of Parliaments.

## II. THE ENERGY SECTORAL GROUP MEETING

6. Following the PAM 6th Plenary Session in Palermo, the PAM Panel fine-tuned the work of each sectoral group and organized the **first meeting of its Energy Group in Naples, Italy, on 17 November 2011**. The event, organized under the auspices of MEDREG (the Association of all Mediterranean national regulators for electricity and gas) and sponsored by Terna S.p.A. (the owner and operator of the Italian HV Electricity Transmission Grid), was led by Eng. Alessandro Ortis, PAM Senior Advisor on Energy and Coordinator of the Energy Group of the PAM Panel.

7. The Energy Group meeting focused on **"Mediterranean Energy Highways: an urgent need",** with the participation of the major actors in the energy sector: Transport System Operators, Regulators, Ministerial Representatives. A session was dedicated to the infrastructure development, from a financial perspective. On this topic, the most important European Banking institutions, such as the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the World Bank conveyed key messages to the participants. Other leading institutions on energy-related issues, such as Energy Charter, INFRAMED, and numerous private institutions, as well as PAM parliamentarians, contributed to the discussion and provided their input for the success of the meeting[1].

8. In Naples, under PAM auspices, the **Association of the Mediterranean Transport System Operators (MED-TSO) was launched**. The aim of MED-TSO is to facilitate the dialogue and cooperation between the Transport System Operators and the Institutions in order to promote a coordinated and proactive development of the electricity grids and of the Mediterranean connections.

9. PAM considers the cooperation between MEDREG (Observer to PAM) and MED-TSO a preferential channel for future collaboration between energy stakeholders and parliamentarians in the region.

[1] For the Final Document of the Naples Energy Group meeting, kindly see Annex 1.

10. At the margins of the Naples meeting, a Steering Committee meeting was held. On that occasion, it was agreed to identify further priorities and criticalities for the other sectoral groups of the PAM Panel, in order to organize similar meetings in the future. In accordance with what emerged in Palermo, on the occasion of the 6th PAM Plenary Session, it was reaffirmed that the PAM Panel would focus, in 2012, on: Food Security; Finance; Unemployment and Job Creation; Renewable Energy.

11. PAM cooperates, in the Energy sector, also with the Parliamentary Assembly of the Council of Europe (PACE). On 27 November 2011, Sen. Lhou Lhmarbouh, PAM Rapporteur on Energy, addressed a round table on Energy, organised by PACE in Paris. On that occasion, Sen. Lhmarbouh presented the outcome of the PAM work in the energy sector and its exemplary cooperation with MEDREG. As a result**,** the Council of Europe expressed its desire to work closely with PAM on this field.

## III. PAM PANEL ACTIVITIES IN 2012

12. The PAM Panel will focus, during 2012, on a number of strategic issues identified in Palermo. They are:

### A. UNEMPLOYMENT AND JOB CREATION

13. The issue of Unemployment and Job Creation represents a major challenge for the Mediterranean region. It becomes crucial, if one takes into consideration the fact that our region is experiencing a dramatic increase of young population entering the labour market every year. There is the urgency of adopting adequate measures to guarantee job offers and give purchasing power to the new generations, in order to ensure regional stability and social peace.

14. This is a very complex and critical topic, and has interconnections with all the three PAM Standing Committees. At the request of our President, and with the full support of our Bureau, our Assembly decided unanimously to tackle the issue through a dedicated meeting, to be held in Tunis, next September, co-hosted by UNIDO, and by a **Report and Resolution**, **to be prepared by Hon. Vural Kavuncu from Turkey**. The work of Hon. Kavuncu has been given a dedicated space within the framework of PAM 3rd Standing Committee.

### B. RENEWABLE ENERGY

15. This important challenge will be tackled by our Assembly through a **dedicated meeting of the Energy Group of the Panel.** The event will be hosted by the Moroccan Parliament next May and will focus on solar energy and on the necessity of a harmonised legislative framework at the regional level.

16. This initiative is led by Sen. Lhou Lhmarbouh. The conclusions of the meeting, as well as the recommendations which emerged, will be attached to this report and presented in Malta, at the 7th Meeting of PAM Standing Committees.

17. It is important to note that, in consolidating the information for the preparation of the report on this issue, PAM has discovered the proliferations of initiatives on this sector, most of them totally uncoordinated, with the actors involved operating without an overall regional strategy. As a result, the PAM role will be critical in alerting national parliaments to the risk of duplications and waste of resources.

C. <u>FINANCE</u>

18. Finance and investments are another topic of great interest for our region. There is a **strong need for an improvement in the access to investments by SMEs and national agencies**. In order to prepare the ground for such a scenario, the main actors in financing (especially for the long term) require specific conditions, to be set by national parliaments, to increase their activities.

19. **A dedicated PAM Panel meeting will take place in the second half of June 2012**, at the kind invitation of the Parliament of Portugal. The event will be organized with the **contribution of the European Bank for Reconstruction and Development (EBRD)**, which will cooperate with PAM in the definition of the agenda and in the discussion. The conclusions of the meeting will be presented on the occasion of the 7th Meeting of the PAM Standing Committees (Malta, October 2012) and will be attached to this report.

D. <u>FOOD SECURITY</u>

20. The right of all the peoples to have access to primary alimentary goods at fair prices was one of the major elements which triggered the events of the Arab Spring. For this reason, **the issue of Food Security becomes fundamental to ensure stability in the Mediterranean region** and our Assembly decided to focus on this important topic.

*<u>Current situation and prospects for the future</u>*

21. According to a study carried out by the Mediterranean Agronomic Institute of Montpellier, **in 20 years time, the Mediterranean region will have 100 million additional inhabitants,** the vast majority of whom will live in cities or suburban areas. This increase in living standards, on the one hand, and the changing dietary habits of the new urban citizens on the other, will cause large changes in consumption.

22. The 2008 International food scarcity crisis, and its aftermath in 2009 and 2010, clearly reflects the instability, manifested by a sudden and excessive increase in prices, followed by an

increase of their volatility in the short term. This instability, reflected in the consumer markets, has a critical impact on food consumption, especially for the poorest households. **The fluctuation in the price of wheat had a significant short-term impact on food security**, but also in the mid and long-term, due to the withdrawal of cereal crops, which price had become low or unpredictable and investment in which seemed unprofitable in the long term.

23. After the period 2000 – 2008, during which consumption exceeded production, stocks rose again in 2009 only to fall in 2010 causing new tensions on the market and increasing the costs of livestock feed. Moreover, **in 2008, developing countries faced an increase of at least 25% in their food imports,** making food security more difficult. The conditions for the emergence of new crisis are, again, present with a potentially more dangerous situation, in that agricultural products, where the financial assets have become the most speculated on. The use of cereal stock to produce bio-fuels contributed to the crisis. This situation of potential tension is a reality for many Mediterranean countries that share common characteristics in the evolution of the dynamics of their agricultural and food products.

24. In this context, different scenarios are possible, and all of them need a cooperative action, by the public and private sectors, in order to create the conditions for moving towards a convergence scenario to ensure food security in the Mediterranean area.

*Agriculture and rural sectors: the growth of the Mediterranean's population*

25. **High population growth and the urbanization of coastal areas** are common features of the Mediterranean countries, and affect production in the agriculture sector. The distribution of towns and cities in the Mediterranean region illustrates the population concentration in coastal cities, which will increase with the arrival of 100 million extra people in the next 30 years. This growth in urbanization in coastal areas, which often occurs in floodplains and in the most fertile estuaries, will increase **competition for water and soil for urban and industrial needs, at the expense of agricultural activity and production**.

26. The countries of the Southern shore have a significant share of the agricultural labor force. **From 25 to 45% of the population of these countries get the majority of their revenues from activities on farms**, as farmers or farm employees. In a Mediterranean region in transition, the issue of agriculture and food remains central, given the economic and social importance of the agriculture sector. It is important to notice how rural areas do not attract industrial activities and services that could be developed in Southern Mediterranean countries. Moreover, rural employment in the MENA region, including agricultural employment, is characterized by many features that often point out its fragility, such as the rural employment of women and generally unpaid caregivers, which is rarely reflected in national statistics, although

it represents a significant volume of employment. Another weak point is the precarious and fitful state of paid employees.

27. Therefore, **maintaining employment and incomes in rural areas**, and creating alternatives outside the agricultural sector in the rural non-agricultural economy, **has become a priority for all Mediterranean countries** if agriculture cannot provide jobs to cope with population growth. In the last 20 years, initiatives driven by the EU with the aim of developing the rural and non-rural economy in the Northern countries, have been largely supported by the Common Agricultural Policy (CAP). They have brought some solutions in the European countries, but they are not transferable to the situation of South Mediterranean. In Northern Mediterranean countries, for instance, agriculture is losing 2-3% of its active population per year, but this decline in the working population is socially acceptable because it is often accompanied by compensation policies that are still lacking in the South of the Mediterranean.

*The decrease of the economic and social importance of the agricultural sector*

28. With regard to the **socio-demographic context**, highlighted by a growth in urban food demand, Mediterranean societies in the Southern region are still under the influence of the rural sector, whose gross agricultural production is still important for the gross domestic product. The substantial but fluctuating part of the agricultural economy is also due to a lack of growth in other economic sectors. The asymmetry of the situation of the South Mediterranean, compared to European Mediterranean countries, is not only marked by the role played by agricultural economy, but is also accentuated by the ability of the agriculture sector in the countries of the Northern shore to contribute to the development of food industries with high added value.

29. Moreover, **demography and climate change contribute to exacerbate the pressures on available resources.** The improvement of land and irrigation of new areas enables some countries, as Syria and Egypt, to slightly increase the area of arable land. Losses of arable land due to eviction from land and natural events, associated with aridity (winds, heavy rain, etc), are in other countries exacerbated by inappropriate cultivation and pastoral farming, which are responsible for erosion.

30. Due to the **water scarcity**, the agriculture sector experiences difficulties in maintaining good results, which are irregular and punctuated by erratic conditions. Major **agricultural hydraulic programs** have been launched in most Mediterranean countries with the aim of increasing in the cultivable surface area: Turkey (+3 million ha), France (+2), Spain (+1.5) and North Africa (+1.5 in total, with 0.6 in Morocco and 0.3 in Algeria). Northern Mediterranean countries are themselves facing situations of hydro stress in economic systems based on tourism, urbanization as well as agriculture, which is the major consumer of water (without paying the real price for it, as illustrated in PAM 2011 Report on Water).

*The challenges to face*

31. Water supply in the Mediterranean, on both shores, cannot accommodate an unlimited demand in a context of irregular rainfall compounded by the different climate change scenarios for the Mediterranean region. For this reason, **a revision of water strategies, at both national and regional level, is needed**, and the success, or failure, of these policies will lead to situation of crisis or possible developments.

32. EU countries have established their share of world agricultural imports to around 25-40%, while doubling their share of world exports from 22 to 45%. The countries of the South Mediterranean region have experienced the opposite trend over the same period, becoming, since the 1970s, gross structural importers of agricultural commodities and food and chronically dependent for their food security. There are also specialized Mediterranean trade exchanges, depending on the agricultural specificities of the two shores. More than 50% of the imports from the EU are fruits and vegetables, then goes olive oil (10%) and seafood (10%). The cereal issue remains strategic for the countries of the Southern shore. Import volumes are growing and projections for future years show a growth in imports of cereals for food and feed. In "North Africa" consumption of wheat is increasing sharply again. This continued growth in consumption doubles that of local production. Identifying measures to ensure access to food for the poorest populations in the Mediterranean will become a strategic issue for most countries in the South.

33. **Agriculture is still a delicate sector in trade negotiations between Europe and the South Mediterranean countries since 1995.** Scenarios concerning the future of Euro-Mediterranean trade, in the absence of a free trade area for the primary sector, depend on the results of several ongoing processes. The negotiations for a new CAP in Europe from 2013 could greatly impact the development of agricultural production in the South Mediterranean region, if accompanied by sectoral opening and liberalization policies.

34. Last but not least, **most of the food-related diseases are the result of malnutrition and strong nutritional deficiencies.** Future proactive public health policies focusing on nutrition information and prevention actions should help modify the eating habits at the origin of these new chronic non-communicable diseases and push for the return of the Mediterranean diet, which is now far from the current habits.

35. In this context, the survey identifies **three future possible scenarios:**

- The first one confronts the **North-South asymmetry** and confirms the South shore's dependence on food with the emergence of crises correlated with rising food prices and the continued marginalization of Mediterranean rural areas, both in the North and in the South. This scenario should be avoided but it will take place if the above mentioned trends described continue or accelerate.

- The second scenario is the emergence and **differentiated integration of some Southern and Eastern Mediterranean countries** (such as Morocco, Tunisia and Turkey) **in the global economy**, catching up with Northern Mediterranean countries falling behind in their European goals. Poorly protected quality chains are also faced with competition from labeled chains from North America, South America and Australia.

- The third scenario is based on the desire of Mediterranean players for strong change and the **implementation of concerted investment policies** in rural areas to boost Mediterranean agricultural production.

36. These different scenarios will be quickly raised in light of the essential diagnosis of the state of Mediterranean agriculture and food systems. **The last scenario of convergence for a better control of food security involves many prerequisites** that shall be presented in order to assess implementation measures and necessary actions.

37. To quantify changes in food demand, we will consider the changes in the demand for cereals and more particularly the **demand for wheat**, whose significance has been underlined given the structural deficit of the Southern Mediterranean region (excluding Turkey). The factors limiting the growth of cultivated areas due to the **low potential of arable land**, water stress (which will probably increase due to climate change), and **loss of areas already cultivated as a result of urbanization,** reduce the capacity for the cultivation of new land. According to a study by IPEMED, given the volume of renewable water production (in m3 per capita per year) in Maghreb, Mashreq and North Africa, **a 20% increase of agricultural production would not be sufficient to compensate a possible 70% increase of the population** (resulting in a food deficit of over 1,000%)[2].

38. The trend for the evolution of wheat prices is a steady increase in the long term with significant variations related to the permanent price volatility and in the absence of effective regulation stocks. The improvement in food production will depend on the agriculture and rural development relative to intensive farming going beyond the constraints of growth of arable land and competition on land resources and water. The ability to innovate, to develop more complex production systems, to manage the input demand, to ensure access to resources and to production support services will also play an important role in affecting food production.

[2] Vincent Dollé, "Food security and agriculture in the Mediterranean - Crisis scenario and prospects for 2030", in "Tomorrow, the Mediterranean", IPEMED (Institute of Economic Perspective of the Mediterranean World)

39. In the Mediterranean, the effect of prices on agricultural income is lower for family farms, which are a majority, in terms of number of farms and in agricultural assets working in or for these farms. In this scenario, the increasing demand for agricultural water is satisfied only by a limited supply, without the possibility of increasing or improving irrigation efficiency. However, there may be a place for the development of **new concerted agricultural and food policies in the North and South of the Mediterranean, with a significant amount of aid to the rural development sector.**

40. Another aspect to be taken into consideration is **food waste**. According to the last FAO report on Food Security, due to lack of sufficient data, many assumptions on **food waste** levels at foremost the distribution and consumption levels had to be made. Therefore, the results in this study must be interpreted with great caution. Further research in the area is urgent, especially considering that food security is a major concern in large parts of the developing world.

41. Efficient solutions exist along the whole food chain, for **reducing total amounts of food lost and wasted**. In industrialized countries on the other hand, solutions at producer and industrial level would be marginal if consumers continue to waste at current high levels. Consumer households need to be informed and change the behavior which causes the current high levels of food waste. An effective information policy would be needed to raise awareness on this topic.

42. Another point to be stressed is that the **food supply chain of today is more and more globalized.** Certain food items are produced, transformed and consumed in very different parts of the world. The impact of growing international trade on food losses still has to be better assessed.

*Trade and relations between the two shores of the Mediterranean*

43. Relations between the 2 shores of the Mediterranean are very often referred to in the framework of the European Neighborhood Policy (ENP), through which the EU concludes bilateral deals and agreements with one single country. The recent Free Trade Agreement between Morocco and the EU, which came into effect on 1 March 2012, even though with some difficulties still to be overcome, represents an example of this approach. The use of these bilateral agreements is also due to the lack of an overdue comprehensive Free Trade Area in the region.

44. The ENP is different from the enlargement policy, and aims to establish closer cooperation with no prospect of accession. **For Mediterranean Partner Countries (MPC), the convergence of health standards with those of the EU becomes a must** for all products they export and especially for fruits and vegetables, which represent 56% of exports from South Mediterranean countries to EU in 2005-2006. Reforms that would create health agencies are

required to address these new non-tariff barriers. They involve the promotion of quality and traceability, ensuring a better competitiveness of the products in domestic markets.

45. In this context, it becomes essential to develop a **concerted effort between the North, the South and the East for a plan promoting the quality of products based, for instance, on a network of laboratories of analysis to characterize,** validate and certify the sanitary quality of Mediterranean agricultural products and food for the domestic and export markets. For these reasons, in 2002 the European Food Safety Authority (EFSA) was established, with the aim of assessing existing and emerging risks in food. Health regulations are central features of food safety in Europe for public or private traders, mainly from the retail sector.

46. The creation of a common trade area for agricultural products and food in the Mediterranean needs the introduction of closer legislation for the future circulation of products, as well as food standards to be respected.

47. The public policies should combine arbitration, hedging against risk, transfer insurance schemes and support measures in order to stabilize food prices. Temporary controls on production, through imports and exports regulations, must be designed with the establishment of quotas for imports and exports. Export controls, indeed, in times of crisis can also help to improve the management of physical stocks.

48. **All the elements of agricultural and food policies, implemented in a concerted manner** between Northern, Southern and Eastern Mediterranean countries, **could generate a genuine rural co-development pact with mutual benefits**. Control systems would allow market regulations and promote quality food production that ensures jobs and incomes in the rural inlands of Southern and Eastern Mediterranean countries.

*New opportunities for the Mediterranean spring and food security*

49. **To ensure long-term food security, a set of actions are needed:** governments and legislative bodies should focus efforts in agribusiness markets and enterprises, in production and exploitation systems and on the conditions of farmers, as well as in encouraging the integration between local and export channels. The exporting firms, which have the required expertise in implementing quality standards, could be encouraged to disseminate their know-how into the domestic market and to establish joint ventures to ensure continuous supply of the same distributors.

50. **It is also important to develop a program to support quality and health standards**, targeted at identified producers and adapted to production conditions and socio-cultural values of MPC. Such a program would include a better control on price volatility through mechanisms of market control, tightened in speculation periods by using dedicated funds on basic food products;

as well as educate consumers about better nutrition and the promotion of nutrition programs to improve economic and social development and to reduce poverty.

51. **Education** has a very important role to play on the wider issue of Food Security. Initiatives aimed at connecting universities and research systems on life sciences, establishing centers of expertise in the various sub-regions (Maghreb, Southern Europe, Mashreq, Balkans), supporting targeted programs focused on common priorities and led by qualified lecturer researchers from the region would raise awareness, especially among the youth, and would facilitate the right approach for a long-term view.

52. The Arab spring in the Mediterranean region is a process which needs long periods in order to be absorbed and stabilized. But from this situation, and vis-à-vis food security, new opportunities could emerge to promote efficient South-South and South-East regional cooperation, which is an essential prerequisite for strengthening the Mediterranean area. For instance, a regional financing system of local development could support rural development and nonfarm economies settled in rural Mediterranean areas. In this context of openness, the integration process between the two shores of the Mediterranean could be re-launched by considering food safety and the right to food as a priority in order to establish an active partnership within the Mediterranean region, again becoming a fundamental element in the global arena.

53. With regard to the financial aspect, and with PAM support**, funds provided by the international and regional institutions**, such as the EBRD, **represent a unique opportunity for investments in specific fields**. This could also be an important step towards the request of lack of job in the southern shore. Food security is critical if we want to achieve social stability and a positive result for a democratic, economical and political stability of the region.

## IV. RECENT DEVELOPMENTS

54. PAM started a fruitful cooperation with the EBRD. The **EBRD and PAM** (representing the inter-parliamentary legislative institution) **are already cooperating for creating the appropriate legislative framework for the activities of EBRD in the Mediterranean region**, using PAM as the counterpart to facilitate investment process in the 4 pilot countries (Egypt, Jordan, Morocco, Tunisia) indicated by the Deauville Partnership, following the G8 countries meeting in Deauville, France (26-27 May 2011).

55. EBRD offers itself as a commercial/investments bank for the MENA countries, and **PAM will help EBRD in opening dedicated channels** with the authorities in the South Mediterranean region, notably the Parliaments and national Governments.

56. The EBRD, represented by Mr. Riccardo Puliti, Managing Director and Head of Energy and Natural Resources, met PAM Secretary General, Dr. Sergio Piazzi, on 1 November 2011 at PAM HQ in Malta. Following that meeting, EBRD participated at the Energy Group of the PAM Panel in Naples, as moderator of the session dedicated to “Integration of gas networks and essential facilities in the Mediterranean”.

57. Following the participation of EBRD at the meeting of the PAM Panel Energy Group, **PAM Secretary General held a bilateral meeting with Dr. Thomas Mirow, President of the EBRD,** on 24 January 2012 in London, at EBRD Headquarters. On that occasion, it was agreed for PAM to assist EBRD in launching, under the auspices of PAM, a specific investments program, amounting to 2.5 billion Euros, to finance projects in Egypt, Jordan, Morocco and Tunisia, the four pilot countries of the Southern Mediterranean shore. As a result, **EBRD President will pay a high level visit to Jordan, in May 2012**, in order to start operations in the region, with the assistance of President Tarawneh.

58. PAM and EBRD will further strengthen their cooperation through joint efforts in the preparation of a number of meetings on Energy and Finance, to be held in Morocco and Portugal, respectively. The conclusions of these events will be attached to this report.

59. **PAM also participated at the 10th FEMIP Conference**, held in Tunis on 8 March 2012 and dedicated to the role of the SMEs in the region. On that occasion, PAM addressed the participants on the parliamentarians’ support to the development of SMEs and the economic process at large in the Mediterranean.

60. **Our Assembly will participate**, represented by the Secretary General, Dr. Sergio Piazzi**, at the Euro Med PPP & Project Finance,** to be held in Istanbul, Turkey, on 29-31 May 2012. In Istanbul, PAM Secretary General will open the works of this conference, called “Mobilising attractive infrastructures investments through PPP reform and project finance solutions”.

## V. CONCLUSIONS

61. The PAM Panel on External Trade and Investments in the Mediterranean has consolidated its role in the regional economic scenario, as a result of the joint efforts of PAM delegates, international experts and PAM partner organisations.

62. **The PAM Panel**, after two operational meetings, **decided to focus on some sectoral groups,** in order to tackle specific issues through dedicated meeting and reports organised by PAM in cooperation with the major international and regional institutions. The aim of these initiatives **is to increase awareness through member parliaments**, and to identify concrete actions and measures to be taken in support of the productive sector, in order for the

parliamentarians to further stimulate growth, employment and the entire economic process in the region, through their legislative action within national parliaments.

63. Following the Arab Spring, the South Mediterranean countries will need **financial support** to implement these socio-economic reforms. The World Bank, IMF, FEMIP, EBRD, as well as the Mediterranean Partnership Fund proposed in late 2010, could all play a fundamental role in providing funds, especially for SMEs, which are the key actors especially in terms of job creation.

64. **SMEs need support not only in terms of financial instruments, but also from a marketing and strategy point of view.** The Mediterranean region needs successful entrepreneurs, who access to investments through detailed projects, create MSMEs and stimulate employment.

65. **PAM member states should analyse in detail the political and technical recommendations resulting from the PAM Panel meetings planned for 2012.** It will be necessary to bring these to the attention of the respective national parliaments and other international *fora*, with the aim to promote and implement them as soon as possible for the re-launch and further integration of the economies of the countries of the region. In this regard, more cooperation with UNECE is requested in view of the second High-level meeting to be held in Geneva in 2013.