



PARLIAMENTARY ASSEMBLY OF THE MEDITERRANEAN
ASSEMBLEE PARLEMENTAIRE DE LA MEDITERRANEE
الجمعية البرلمانية للبحر الأبيض المتوسط

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

Launch of “Panel on External Trade and Investments in the Mediterranean”

Rapporteur: Hon. Ridha Bouargoub (Tunisie)

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during the Vth Plenary Session, Rabat*

I. Background

1. Since its inception in Amman in 2006, the Assembly of the Mediterranean (PAM), has been focusing on trade in our region, in particular in the perspective of the realization - foreseen by the 1995 Barcelona Declaration - of the **Free Trade Zone** between the economies of the European Union and those of Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian Authority, Syria, Tunisia, and Turkey by 2010. PAM’s 2nd Standing Committee on Economic, Social and Environmental Cooperation - and its successive Special Task Forces on Trade (2008) and SMEs (2009) - is dedicated to economic/business issues.

2. In 2008, PAM adopted a report and resolution “**Free Trade in the Mediterranean – Strengths, Weaknesses, and Future Development**” prepared by Hon. Milan Civkl (Slovenia). The detailed report presented a state of affairs of bilateral trade agreements, agreements under the WTO regime, as well as multilateral North/South or South/South agreements (such as the Euro-Med Association Agreements and the Agadir Free Trade Agreement) in effect in the region. Necessary progress to get closer to achieving a free trade zone was highlighted, as well as the benefits- and the potential negative impact - of integrated economies based on a study conducted by the University of Manchester¹.

3. In 2009, PAM presented a report and resolution which focused on the **specific role of SMEs in the Mediterranean region** as agents of growth and development in the region. The report stressed the central role of the “Euro-Mediterranean Charter for Enterprise” adopted in 2004 and its 10-point action programme geared at practical ways to promote the development of SMEs, stimulate entrepreneurship and competitiveness. This report also listed the various programmes and financial mechanisms that exist and can benefit SMEs of the region [(MEDA, FEMIP, The Mediterranean Exchange, BusinessMed, the OECD Centre for Entrepreneurship, The European Training Foundation (ETF), “A Small Business Act for Europe” (SBA) etc...].

¹ Sustainability Impact Assessment of the Euro-Mediterranean Free Trade Area, Impact Assessment Research Centre, Institute for Development Policy and Management, University of Manchester, 2007.

4. During the IVth meeting of the **PAM Standing Committees in Lisbon in June 2009**, both AICEP's President, M.Basil Horta and UBI France President, M. Christophe Lecourtier, addressed the Assembly with the aim to discussing ways to make the economic relationship more dynamic between the Mediterranean countries. The idea of bringing together agencies and entrepreneurs of the region to facilitate its economic development was brought forward during that meeting.

5. From an inter-governmental perspective, more recently, during the **VIIIth Euro-Mediterranean Ministerial Trade Conference**, held on 9 December 2009, the Euromed Ministers endorsed a "Roadmap till 2010 and beyond" to boost further the "Free Trade Area" and identify concrete actions that could enhance economic integration while considering to progressively turning the existing Euro-Mediterranean Association Agreements into deep and comprehensive Free Trade Agreements. In their conclusions, trade ministers specifically stressed the need to reinforce South-South regional integration. Trade is also one of the key areas of interest/future projects to be conducted under the umbrella of the **Union of the Mediterranean**.

6. From an extra-governmental point of view, civil society actors of the Mediterranean region (associations, NGOs, Chambers of Commerce, etc...) are themselves convinced of the need to act in response to the impact of the financial crisis on all the countries of the region, without exception, and have started debating, organising meetings, sensitizing all economic actors, and pressure their respective governments and parliaments to increase the pace of economic integration in the Mediterranean region.

7. As an example, the Arab Institute for Businessmen (IACE) and the Mediterranean World Economic Foresight Institute (also known as IPAMED) have co-organised, in mid-May, in Tunisia, the 2nd edition of the "Mediterranean Talks Programme", on the theme "For a common vision of the Mediterranean: strategy, projects & funding" during which all participants worked towards operational recommendations for the building of a common Mediterranean space. As representatives of the peoples of the Mediterranean, we ought to transform the historical dream of our peoples into a reality. We therefore have to increase cooperation at all levels. We should work together to overcome challenges and to leave our differences and all sorts of egotism aside, in order to shorten the distances between the countries, the peoples, as well as between the Northern, Southern and Eastern shores of the Mediterranean.

8. It is also time we look at the transformation countries from the South and the East of the Mediterranean are going through, as well as at the changes in their respective economic and social structures, in the light of the fundamental reforms carried out over the past two decades.

9. These reforms enabled to increase growth, competitiveness and to attract more investments which is estimated to some 160 billion dollars (for the 2006 to 2009 period).

10. It is also necessary to consolidate the basis of the Euro-Mediterranean partnership. Our economists state that a 1% GDP growth increase in the South and the East of the Mediterranean leads to a 0.2 to 0.3% growth in the North. Inversely, a 1% GDP growth in the EU zone leads to an increase of 0,4 to 0,6% growth in the GDP of Mediterranean countries.

11. It is worth recalling that Tunisia's President H.E .Ben Ali called - already in 1993, in a speech delivered at the European Parliament in Strasburg - for effective solutions to the various problems encountered by the two shores of the Mediterranean, as part of a "co-development contract". The same objective was proclaimed during the Paris Summit gathering the countries of the Union for the Mediterranean in July 2008.

12. However, European investments in the South and the East of the Mediterranean have remained modest. Equally, South-South commercial exchanges are low (below 7%). Funding support from Europe to Southern and Eastern Mediterranean countries is also limited despite positive signs following the signing of Association Agreements, notably as part of the MEDA programme, and the funding support mechanisms established under the EU Neighborhood Policy.

13. It is therefore time to reinforce cooperation at all levels, to explore ways and means to address the issue of complementarity and to use all existing tools to consolidate the economies and the solidarity of our region based on today's realities, the increase of the competitiveness and the emerging of new and strong economic powers which have a large production apparatus and increased competitiveness.

II. Objectives

14. PAM believes that the Mediterranean economic space, situated at the crossroads of Europe, Africa and the Middle East, is one of the most promising and that more business exchange/integration would result in improving the lives of the citizens of the region, enhancing mutual knowledge and is a means to achieving greater inter-cultural dialogue – one of the key endeavors of the Assembly. PAM is eager to promote a hands-on dialogue between politicians from PAM member parliaments and the private sector on ways to make the Mediterranean, a common area of economic progress and prosperity through trade and investments.

15. *So why launch a Panel on External Trade and Investments in the Mediterranean?*

Trade and Investments agencies regularly deal with their counterparts in the countries where their own companies are planning to invest. SMEs or larger companies often liaise with their Ministries for Economy and Trade or they seek the support of their national agencies for Business development and Investments promotion as they plan an economic mission, and may also be assisted by economic/commercial attachés in their diplomatic missions abroad. A number of networks made up of business representatives, financial institutions, chambers of commerce have been set up and enable the private sector to conduct business in the region and look for further opportunities.

16. PAM believes that a platform for dialogue between the private sector and the politicians - in particular the legislative bodies - could add value to the work of such existing networks and other existing fora between the private sector and governments' representatives. Such a panel would provide a **platform for dialogue** and **an interface for action, in complementarity to other initiatives**. The politicians (some of them presiding the economic parliamentary committees in their own parliaments, or being businessmen themselves) would keep abreast of economic developments in the region, hear the difficulties facing entrepreneurs as they wish to invest abroad or attract foreign capital. The Panel would look at possible ways to overcome obstacles for further regional integration. The business sector can promote innovative business ideas and bring to the fore possible improvements to the existing legislative frameworks within which they operate. The panel can provide an opportunity to regularly gather all major stakeholders, look at public policies in PAM countries, exchange best practices, and contribute to shaping tomorrow's Mediterranean economy.

Panel Proposal

Members of the Panel on External Trade and Investments

- By right:** All Trade and/or Investments agencies of the PAM countries
All 25 parliaments of the PAM countries, associated countries, PAM candidate countries
- Associated members:** All networks promoting enhanced business/greater economic integration in the Mediterranean region
- Are invited to join:** Chambers of Commerce, Employers Federations, financial institutions etc...
- Co-chairs:** PAM/1 national Trade/Investments Agency for a period of 4 years
(North/South rotation foreseen)
- Steering Committee:** Suggests strategic orientations and a workprogramme to the co-presidency
- Frequency of meeting:** Each 2 year
Additional specific meetings may be scheduled as required
- Issues under discussion:** Developments under the various public policy frameworks for action (Euro-Med partnership, Union for the Mediterranean, Agadir agreements etc...)
- Concrete ideas to boost economic integration in the Mediterranean region:
exchange of best practices
- Support mechanisms for economic integration
- The specific case of SMEs
- Specific business sectors: green economy, energy, new technologies, agribusiness inter alia...