

Malaga, 10 April 2002

7800/02 (Presse 92)

**4<sup>th</sup> EURO-MEDITERRANEAN CONFERENCE  
OF MINISTERS FOR INDUSTRY  
Malaga, 9/10 April 2002**

**CONCLUSIONS**

The participants in the fourth Euro-Mediterranean Conference of Ministers for Industry, held in Malaga on 9 and 10 April 2002:

- recalling that the creation of a Euro-Mediterranean area of shared prosperity, as envisaged by the Barcelona Declaration of 28 November 1995, is one of the main goals of the Barcelona Process, which remains more relevant than ever in the present difficult political context; noting, with great concern, the escalating violence in the Middle East, and reaffirming that a lasting and comprehensive peace with respect for agreed commitments will help provide the right environment for Euro-med industrial co-operation, fostering further prosperity and understanding in the region;
- reaffirming that the establishment of a Free Trade Area by 2010 will be the main instrument for fulfilling this objective;
- recalling the essential role played by industrial cooperation, the Working Group on Euro-Mediterranean Industrial Cooperation, and the contribution of the private sector in this Process;

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- taking account of the conclusions of the third Euro-Mediterranean Conference of Ministers for Industry, held in Limassol (Cyprus) in June 2000 and the results of the Euro-Mediterranean Industrial Summit held in Istanbul on 1 and 2 March 2002;
- recognising the necessity, in the framework of Conferences of Ministers for Industry, to promote serious consideration of the economic links within the Euro-Mediterranean area and the interest of ensuring closer institutional relations in order to improve industrial competitiveness on both sides of the Mediterranean;
- having regard to the working document from the Commission: "Preparing for the Euro-Mediterranean Free Trade Area: Elements for Regional Industrial Cooperation 2002-2006",

HAVE ADOPTED THE FOLLOWING CONCLUSIONS:

1. The Conference has noted with satisfaction that the objective of establishing a Euro-Mediterranean Free Trade Area by 2010 has gained momentum with the initialling and signing of the Association Agreements between the EU and Egypt, Algeria and Lebanon. The Conference considers that the Agadir Declaration confirms the need to reinforce the South-South dimension of free trade and hopes that it will constitute a promising step towards free trade and economic opening between the Mediterranean partners.

The Conference underlines the fact that the establishment of the Free Trade Area will create significant opportunities for business in the Mediterranean partners and should help to improve the present levels of foreign direct investment and foreign trade.

The Conference acknowledges the process of deepening economic relations, notably through the work by Ministers for Trade concerning rules on origin of goods, which impacts on industrial structures.

2. The Conference reaffirms the key role of Euro-Mediterranean industrial cooperation in helping the Mediterranean partners and their business communities to face the competitive challenges and take up the opportunities that will arise from free trade.

Activities undertaken at EU level in the area of industrial co-operation and in other related areas, whether in a regional or bilateral framework, have already made a contribution to putting in place the right conditions for establishing the Free Trade Area.

The Conference welcomes the results of the regional programme on industrial zones and the launch of three programmes on investment promotion, on Innovation, Technology and Quality (EURO-MED ITQ), and on Euro-Mediterranean Market Mechanisms (EURO-MED MARKET). The full implementation of these three programmes must be given priority in the immediate future, as they touch upon issues that are crucial for improving the insertion of the Mediterranean partners' economies into the wider market represented by the Euro-Mediterranean Free Trade Area and, ultimately, into the global trading system.

In order to allow a more thorough assessment of this contribution, and with a view to identifying gaps, the Conference suggests that the European Commission should produce, once these three programmes are well under way, an analysis of the results of such assistance, also covering Community interventions at both bilateral and regional levels, including those from the European Investment Bank (EIB). This analysis could also propose ways for improving the interaction between the various types of EU assistance, taking account of all the different projects that are currently under way.

3. The Conference confirms the priorities identified at the 3rd Euro-Mediterranean Conference held in Limassol and considers that the following areas require priority action:

- The experience of the EU's Internal Market suggests that the harmonisation of the regulatory framework could constitute a key element in the establishment of a well functioning Euro-Mediterranean Free Trade Area. Particular attention should therefore be paid to the proper implementation of the EURO-MED MARKET programme, which could lead to the identification of areas where harmonisation with EU rules could be viewed as particularly useful and addressed as matter of priority.

Non-tariff barriers should progressively be abolished to take full advantage of the Free Trade Area. In this respect, a key element in the establishment of a large market for goods should be, among other possibilities, the approximation of Mediterranean partners' standards, technical regulations and conformity assessment systems with those in force in the EU. This could start in priority areas where Mediterranean partners have significant export interests. As the European approach is largely in line with international principles (in particular the WTO Agreement on Technical Barriers to Trade), this should also facilitate the access of goods from the Mediterranean partners to the global market. The Commission should ensure that appropriate support is made available for efforts in this direction in the framework of the Euro-Med Market programme.

The role of accreditation bodies, testing laboratories, certification bodies, metrology laboratories, inspection agencies and other technical institutions are essential. Further steps should be taken to increase technical co-operation between such bodies and the business community from the European Union and Mediterranean partners with a view to making such harmonisation feasible.

- Fostering innovation and access to technology: the ability to develop and incorporate innovations and new technologies as well as intellectual capital is a key factor in an enterprise's ability to face the constantly changing challenges of competition. This will become increasingly relevant for the Mediterranean partners' businesses as the large Euro-Mediterranean Free Trade Area becomes a reality. The European Union and its Member States have useful experience in this area, which should be made available to the Mediterranean partners.

The EURO-MED ITQ programme could be built upon by seeking to improve the framework conditions for innovation and the use of new technologies in the Mediterranean partners. The provision of support to activities aimed at creating a more favourable legal, institutional and economic environment, facilitating the development of innovation and/or the use of technologies in these partners' businesses and enhancing enterprises' awareness of these factors – especially small and medium enterprises (SMEs) – could also be considered. The EUMIN network of innovation and technological centres, once operational, will greatly facilitate implementation of these activities.

In addition to the setting-up of a network, the purpose of the ITQ programme is to facilitate technological transfer through demonstration actions by identifying technology and innovation centres, as well as improving these institutions' technical capabilities.

Synergies could be developed with EU-financed co-operation activities in the area of research and technological development, as well as with EUREKA. To achieve this goal, the Commission should carry out a study in order to consider the scope for using MEDA funding to develop such synergies.

- Improving the conditions for attracting investment, especially foreign direct investment, with reference to the conclusions of the Euromed Conference on Investment held in Lisbon in 2000: the regional programme on investment promotion will contribute to enhancing the Mediterranean partner countries' attractiveness to investors. In addition, the creation of the Euro-Mediterranean Free Trade Area will in itself improve the region's prospects for attracting potential investors, as it will provide them with easy access to a very large market. However, these factors must be complemented by resolute action to improve the business environment.

The efforts already under way in a number of partners must be continued so that they can compete with the best performers in their efforts to attract investors.

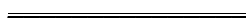
The decision taken by the ECOFIN Council on 14 March 2002 concerning the implementation of a reinforced EUROMED Investment Facility within the EIB primarily for the private sector should make an effective contribution to the development of investments in the Mediterranean region.

- Further work on the SMEs' development is necessary to help the creation and growth of SMEs. The development of SMEs is a constant concern of the Mediterranean partners because of the structure of the industrial fabric in these countries and their impact on job creation and on economic and social stability.

In this respect, the European Commission and the Working Group on Euro-Mediterranean Industrial Cooperation are encouraged to continue their activities aimed at improving the business environment, drawing where appropriate on the relevant experience gained in the framework of EU policy instruments, in particular through promoting entrepreneurship and reinforcing their competitiveness.

- Reinforcing the role of the private sector: whereas the establishment of the Euro-Mediterranean Free Trade Area will require further legislative and structural reforms, the private sector, as occurred in other private interregional fora, such as the Mercosur/European Union Business Forum (MEBF), will also be a key actor in the process, whose success will ultimately depend on businesses' ability to adjust to competitive pressures and to seize the opportunities that will arise from it. Policy makers in the Euro-Mediterranean region are ready to engage in a dialogue with the private sector with regard both to developments towards the Euro-Mediterranean Free Trade Area and to the latter's place in the global economy.

4. The Conference welcomes the efforts by the business communities on both sides of the Mediterranean to develop cooperation and exchanges of experience between their respective representative organisations. It also welcomes the conclusions of the Euro-Mediterranean Industry Summit which took place in Istanbul on 1 and 2 March 2002, during which the important role being played by the EIB to bolster the region's private and financial sectors (in favour of SMEs, direct foreign investment, investment funds, etc.) and its financial support for the enabling infrastructure in the region was outlined. The Conference also welcomes the establishment of a permanent private-sector organisation – the Union of Mediterranean Confederations of Enterprises (UMCE) – which it considers a relevant discussion partner for the public authorities.
5. The Conference takes note of the suggestions contained in the Commission's working document concerning the possible development, at a later stage, of a virtual network of relevant Euro-Mediterranean administrations with a view to managing information flows in the Free Trade Area. While noting that such ideas cannot be implemented at present, it nevertheless invites the Commission to propose, along the lines of the Interchange of Data between Administrations Programme (IDA), detailed mechanisms once this becomes appropriate, taking account of experience in the framework of the European Union's Single Market.
6. The Working Group on Industrial Cooperation, assisted by the expert committees, should continue its activities and concentrate its efforts on the swift and efficient implementation of the programmes developed or under development.
7. The next meeting of the Euro-Mediterranean Conference of Industry Ministers will be held in 2004. The Conference will be convened in accordance with the follow-up procedures agreed within the framework of the Barcelona Process.



**Vth Euro-Mediterranean Business Summit**  
**Mediterranean Region and the Global Economy**  
**(Istanbul, 1-2 March 2002)**  
**Final Declaration of the Summit**

**1. General Introduction**

In continuation of the Euro-Mediterranean Business Summits and fora of Lisbon, Valencia, Malta, Marrakech, Athens and Tunis, TÜSIAD (Turkish Industrialists' and Businessmen's Association) in co-operation with UNICE (Union of Industrial and Employers' Confederations of Europe) and with the support of the European Commission, organised the Vth Euro-Mediterranean Business Summit in Istanbul, Turkey on 1-2 March 2002. The Summit had as its theme the "Mediterranean Region and the Global Economy".

Three Workshops analysed in detail:

- the infrastructure gap as well as SME development and the role of the European Investment Bank (EIB),
- the inter-relationship between the Euro-Mediterranean Agreements (EMAs) and the new World Trade Organisation (WTO) round; and,
- the potential of information and communication technologies in the transformation of the economies in the MEDA region.

The conclusions of the Istanbul Summit will be sent to the Euro-Med Conference of Industry Ministers which will be held in Malaga on 9-10 April and the Euro-Mediterranean meeting of Foreign Ministers which will be held in Valencia on 22-23 April. They will also be transmitted to the meeting of Trade Ministers which will be held later this month in Toledo.

## 2. Creation of the Union of Mediterranean Confederations of Enterprises (UMCE)

On the eve of the Summit, the Presidents of the main intersectoral business organisations from the twelve Mediterranean countries created UMCE in the framework of the UNIMED project managed by UNICE and financially supported by the European Commission. UMCE's primary task is to prepare and facilitate the business input towards the establishment of a free trade area in the Mediterranean region by 2010. UMCE is the culmination of the commitment of the business community to the success of the Euro-Med process. The Association aims to be the main interlocuteur of the 15 Member States, the EU Institutions and the International Financial Institutions for enhanced dialogue and actions to stimulate the much required trade and investment in the region.

## 3. Overall Evaluation

Over six years have elapsed since the launch of the Barcelona process. Although progress has been registered on the economic front, especially through the completion of trade talks with practically all the Mediterranean countries, the business representatives note a lack of commitment from Governments and the EU Institutions to be more pro-active and innovative in designing timely measures to stimulate trade and investment in the region.

The decisions in Doha to launch an ambitious round of trade liberalisation talks provide promising expectations for enhanced trade creation, especially given the current bleak international economic scenario. The introduction of the euro is another positive development which should stimulate further business and investment opportunities in the region. It is within this context that the private sector from both shores of the Mediterranean, through its representative professional organisations, believes that the Euro-Med process requires a new impetus to realise its initial objectives of peace and shared economic prosperity. **We welcome the various initiatives proposed by the Commission on 13 February 2002, especially to create a new financial facility or Euro-Med financial institution and the development of regional infrastructural networks, linking the latter to the Trans-European Networks (TENs).** These are undoubtedly steps in the right direction.



Because as matters stand, if the Barcelona process is not revitalised and rendered more transparent, the entire process will continue to falter and the limited progress achieved overall will not be enough to meet the ambitious targets set in 1995, namely to create a fully-fledged free trade area by 2010.

As it has done in the past, the business community is prepared to play its full role in this process to boost trade and investment integration. A precondition for this to be realised is the creation of a level-playing field for conducting business, particularly through simplified customs procedures and implementation and enforcement of intellectual property rights (IPRs) and approximation of technical standards. To this effect, we call for a clear road map of how the free trade area will be realised, preferably by the setting up of a sort of Single Euro-Med Market Observatory. The private sector should be invited to participate in this Observatory so that real progress can be closely monitored and benchmarked.

The role of the Government or state agencies is still dominant in various strategic sectors of the various national economies, including energy, telecoms and transport, and the longer these sectors remain excluded from market forces, the less competitive business operators will be vis-à-vis competitors in other neighbouring regions. This will clearly have a major impact on any enhanced efforts to attract higher FDI flows in the region.

#### **4. UNIMED**

The UNIMED Business Network is entering its third year of operation. This tool is already fulfilling its objectives by developing mutual exchanges between the representative business organisations from the North and the South of the Mediterranean, including twinning programmes. Through UNIMED's interactive web site, information about the major programmes in the Euro-Med region is being channelled to all participating employer organisations of the Mediterranean partner countries and of the European Union. The UNIMED project culminated on 28 February 2002 with the constitution of UMCE. UMCE will, amongst other tasks, provide the necessary assistance to member federations on aspects such as trade and WTO - also tapping UNICE's expertise in these two areas; transport policy, energy, information society and other dossiers directly affecting business creation.

## 5. Information and Communication Exercise

Awareness of the Euro-Med process at the level of organised civil society in the southern Mediterranean countries (SMCs) remains very low. Although the political dimension seems to be stalling, there are encouraging developments on the economic and social fronts. It is crucial that a massive information and communication exercise is launched to inform the various stakeholders about what the process implies in practice and what the practical benefits and opportunities of a Euro-Mediterranean Free Trade Area are if certain conditions are met.

## 6. Main recommendations

Participants have made the following key recommendations:

- As has been already highlighted in previous business summits, south-south co-operation is a pre-requisite for sustainable socio-economic developments in the region, particularly to attract Foreign Direct Investment (FDI), which remains extremely low as a proportion of world FDI. In order to improve the situation, we call on the Mediterranean Governments to review their administrative, legal and economic reform process, especially in the financial sector in order to sustain an investment friendly environment.

National initiatives should be implemented in shorter timeframes, using enhanced, transparent and simplified procedures. Business cannot afford to wait two or more years from the inception of a project to its realisation.

**The Agadir Declaration of May 2001 announcing the establishment of a free trade area between Morocco, Tunisia, Egypt and Jordan is undoubtedly a very positive step towards integrating the SMCs amongst themselves. We hope that this declaration is translated into a formal agreement in the very near future, and eventually extended to other interested parties.** Moreover, we welcome the imminent agreement to extend the pan-European cumulation system to the Mediterranean partners as this is another step towards a fully integrated market in the Euro-Med region.

- There has been a great deal of progress, especially in recent months, to conclude EMAs with practically all countries. **The priority now is to accelerate the ratification procedures for the concluded EMAs so that a truly integrated Euro-Mediterranean region can function by the turn of the next decade at the latest.**
- We welcome the conclusions of the debates on the role of the EIB in the region, particularly those concerning investment and finance. Three SMCs are benefiting from the EIB's pre-accession lending facility. **The Governments and the private sector in these countries should tap this instrument more, especially in the areas of environment protection, communications, industrial competitiveness and regional development.** In the other MEDA countries, funding is being channelled via the enhanced euro lending mandate. The ideal conditions need to be created in order to achieve suitable transfers of financial resources for private financing of infrastructure projects. **The participants believe that it is now urgent to tackle the issue of infrastructural investment with a regional, integrated approach and with political determination.**
- The Summit notes with interest the unfolding debate on the setting up of a Euro-Mediterranean Development Bank. This idea was floated during the Laeken European Council in December 2001. It was decided that the EIB, Economic and Financial Ministers and the Commission identify key issues and practical suggestions for its constitution. A draft position paper will be ready for the meeting of the ECOFIN Council on 5 March. **The private sector representative organisations would support any set-up, either within an existing framework, say the EIB, or within a totally new organisation, to take due consideration of financial requirements of the private sector and the absorptive capacity of the beneficiaries.**
- **In the framework of the Doha Development Agenda, we call on the EU and South-Mediterranean country negotiators to strengthen their co-operation with a view to bringing their positions closer together and facilitating the consensus necessary to move the process forward. Business from both sides of the Mediterranean is committed to contributing to the negotiating process.** To that end, it will strengthen co-operation aimed at actively promoting business views and interests. Its objective is to foster a sustainable outcome for the benefit of all parties.

- In the age of the information and technology society, a new feature has emerged between the developed and developing world - the digital divide. But today's global market is also offering enormous opportunities to eliminate this divide. In particular, the Internet and e-commerce are irreversible tools to gradually dismantle any remaining barriers to trade. We welcome the additional funding for EUMEDIS - the regional MEDA programme on information society, which seeks to enable partners in the MEDA countries develop interconnectivity and innovation and research. The ITQ programme should also promote the diffusion of innovation and technology in Mediterranean partners.

We support any information initiatives from the Commission's side to disseminate practical applications and best practices emerging from these programmes as well as strengthen and extend to all Mediterranean partners already existing networks of service centres.

**We are convinced that technology-related socio-economic activities contribute to the economic development of those countries and firms prioritising them.**

- Whilst the MEDA financial instrument, in particular the bilateral strand, remains a crucial catalyst in facilitating the reform process in the SMCs, most of the onus to advance the reform process remains with the national Governments. Deepening and completing the socio-economic reform process still varies significantly across the 12 countries, although the gap in the pace of liberalisation and privatisation has actually been widening in recent years. Participants expressed their concerns regarding major delays in the launch of various MEDA regional programmes, especially in the area of industrial co-operation. **There should be a concerted drive to launch the programmes on innovation, technology and quality (Euromed ITQ) and Euromed Internal Market, in particular.** Moreover, a mere extension of the existing programmes will fall short of the expectations for enhanced co-operation beyond 2002. **Any future regional initiatives should be implemented in the shortest possible time-frame.**

## 7. Next Summit

The next Euro-Mediterranean Business Summit will take place in Egypt in 2004. It will assess progress in the implementation of the ratified Euro-Mediterranean Agreements, the MEDA Regional Programme and the WTO round. Further new proposals will also be developed and the progress of the Work Programme 2002-7 will be provisionally assessed.

## **8. Conclusion**

The participants to the Summit expressed their wish that the real challenges of the creation of a Euro-Mediterranean Free Trade zone based on the principles of open economies and private initiative should be better and more widely expressed.

The implementation of that historical change needs to have the full comprehension and support of public opinions on both sides of the Mediterranean in order to be able to conduct the substantial reforms and policies without which a market economy cannot bring with it economic success and social justice.

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