

BARCELONA EURO-MEDITERRANEAN BUSINESS DECLARATION 2010



Taking the initiative, shaping the Union for the Mediterranean

4 June 2010

On 3-4 June 2010, representatives of the private sector, business support and economic development organisations from Europe and the Mediterranean gathered at the Mediterranean Economic Leaders Summit to urge political leaders to further promote Euro-Mediterranean economic integration and to involve the private sector systematically into the process of shaping the Union for the Mediterranean.

The UfM has so far not lived up to its high expectations, following its launching in 2008. After two years, the UfM is still focusing mainly on the input side, e.g. structures and responsibilities, instead of the output side. The UfM is currently struggling to achieve its primary goal: building confidence amongst its members by generating tangible projects on the ground.

Furthermore, the cancellation of the Political Summit of the Heads of States and Governments of the UfM planned for 7-8 June 2010 is a disappointment and a further sign that the UfM is not performing in a way that will bring benefits to the Euro-Mediterranean zone. Business needs the governments of the UfM countries to show leadership to create a beneficial investment climate.

The UfM must be driven by a new spirit of cooperation and conciliation to unlock the potential of business development. Political summits should always be organised in line with this spirit and based on the principles of the Barcelona Process. Additional funding for the UfM Secretariat should be contingent on its ability to faithfully pursue the business development projects with all partners. We also expect business organisations to be closely associated with future decisions to guarantee that our views are fully taken on board.

Euro-Mediterranean Business has highlighted a series of key points, proposals and recommendations on the shaping of the UfM, in order to make it an operational union that can develop concrete projects of joint Euro-Mediterranean interest and promote sustainable development especially in the Southern Mediterranean countries. To improve the present situation and to promote future actions for the success of the UfM partnership European and Mediterranean business calls for:

1- A systematic involvement of the private sector in shaping the UfM

It is necessary that the private sector participates more clearly and actively in the shaping of policies to develop the UfM. It should be an actor of this process and not a mere executor. The private sector is one of the main catalysts of economic growth, of the creation of employment and of the social development in the Euro-Mediterranean region. Private sector feedback on real needs and priorities is indispensable for shaping a sound and comprehensive UfM.

2- Re-emphasizing the importance of efficient governance of the UfM

The UfM needs efficient political and technical support in order to achieve the agreed objectives. New initiatives should be geared to what is strictly necessary and to the criteria of transnational added value. New initiatives should build on previous programmes and achievements under the Barcelona Process and not create redundancies. The mandate of the Secretariat and uncertainties about the respective UfM/European Commission roles remain unclear. A clarification of processes and structures is overdue. Although the Secretariat should receive appropriate financial inputs from participant countries, overall financing of structures should always be governed by the principle of prudent budgeting.

3- Reforms aiming at upgrading the competitiveness of the Mediterranean

To stimulate the private sector, SMEs development, competitiveness, as well as trade and investment in the Mediterranean, a series of economic and structural reforms are necessary. These include in particular:

- Actively fighting protectionism through clear mechanisms to raise and solve problems
- Eliminating barriers to cross-border trade and investment through further integrating Southern Mediterranean markets, and building upon the progress partially achieved within the framework of the Agadir Agreement
- Establishing macro-economic stability targets and a safe regulatory environment for investment
- Increasing foreign direct investment by improving the financial and regulatory instruments, and improving legal certainty
- Improving access to finance, especially for SMEs and start-ups
- Encouraging the diversification of Mediterranean economies through supporting emerging sectors which have a high multiplier effect on job creation and sustainable economic development
- Investing in cross-regional infrastructure projects through well planned public-private partnership projects
- Providing a framework for cooperation in higher education and research to close the knowledge gap between the two shores of the Mediterranean

4- An action plan ensuring a sustainable economic development of the Southern Mediterranean which includes:

- Specific measures targeting women and young entrepreneurs to fully exploit the potential of the workforce in the region, as well as the involvement of the Diasporas and expatriate communities
- Encouraging Socially Responsible Investment (SRI) and Corporate Social Responsibility (CSR) through incentives
- Formalised and systematic dialogue and cooperation between the private and public sectors of the region, as it exists within the MedAlliance, thus, mobilising the potential that public-private partnerships offer for the development of the Mediterranean
- Promotion of energy savings, renewable energies and clean production to safeguard scarce resources

5- The completion of the Euro-Mediterranean Free Trade Area

Bilateral free trade agreements exist between the EU and almost all South Mediterranean countries, but many are outdated and cover only a limited number of issues. E.g. the convergence of trade in services is insufficient, although there are great potentials in areas such as financial services, telecommunication, distribution, energy, environmental services, and logistics and transportation.

In addition to creating a regional services market, we call for the progressive elimination of duties, reduction of non-tariff barriers, improvement of rules on investment and intellectual property protection, reducing bureaucracy and the creation of a binding and effective dispute settlement mechanism as well as a simplified and codified legal framework.

Specifically, business calls on the EU and Mediterranean governments to:

- a. Review, deepen and complete all bilateral free trade agreements making sure these include binding measures to safeguard investments. Actions going against the spirit of FTAs are extremely detrimental to business confidence and trust, and should therefore be addressed by the UfM.
- b. To establish a comprehensive and ambitious agreement covering the whole Euro-Mediterranean area, on industrial products, services and agriculture, including all relevant sectors and topics.

6- Setting up a Mediterranean Business Development Initiative focusing on SMEs

More than 90% of the Euro-Mediterranean companies are SMEs. They are the engine of economic growth and job creation in the region. At the same time, they are facing the most difficulties to access finance, to get administrative coaching or facilitation assistance. We thus underline the need to elaborate specific policies, programmes and initiatives to support SMEs. The UfM should give priority to SME initiatives summarised under the umbrella of the Mediterranean Business Development Initiative. This priority of the UfM should not be limited to access to finance, but it should also address the crucial issues of entrepreneurs coaching, training, and promotion of national and international partnerships to develop technologies. Business representatives and support organisations are essential partners for this initiative, as they possess the necessary SME-specific know-how and outreach in all UfM member countries.

7- An extension of the Invest in Med programme

The Invest in Med programme co-funded by the European Commission and managed by a public-private consortium (MedAlliance), have generated significant results during the last two years. The project brought together private and public business support organisations from Europe and the Mediterranean to promote trade and investment flows between the two rims of the Mediterranean Sea. The momentum generated through the programme is substantial and must not be lost. We thus call for an extension of the programme to ensure that created networks are sustained and initiatives can continue, including all the Mediterranean countries involved in the UfM process. The extended programme should cover initiatives developing trade and investment into the region but also actions aiming at upgrading business representative organisations and broadening the role as essential partners and multipliers in economic development.

Conclusion

There are tremendous opportunities for economic growth and development in the Euro-Mediterranean area. Business is counting on governments to move forward in their next planned meeting in November 2010 to advance the process towards the establishment of a truly open and dynamic regional market.

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