



Union of Industrial and Employers' Confederations of Europe  
Union des Confédérations de l'Industrie et des Employeurs d'Europe

22 March 1999

**3<sup>RD</sup> EURO-MEDITERRANEAN MINISTERIAL MEETING**  
**Stuttgart, 15 and 16 April**  
**UNICE STATEMENT**

**EURO-MEDITERRANEAN PARTNERSHIP**

UNICE strongly supports the objective of the Euro-Mediterranean Partnership, which aims at the establishment of a zone of stability, security and creation of the conditions for sustainable economic development.

Because of the slow progress of the Barcelona Process, the overall results are not as positive as expected. Nevertheless, for the first time European Union and South Mediterranean countries (SMCs) have come together to pursue a common goal and laid the foundations for further steps towards balanced economic relations and co-operation between the two sides of the Mediterranean basin. This close co-operation should be reinforced to make the partnership beneficial to both regions. UNICE puts a great deal of emphasis, as a prerequisite for economic co-operation, on a mutual understanding of inter-cultural differences between the two regions.

The Euro-Mediterranean Free-Trade Area is a long term objective and the strategy leading to it has multidimensional aspects: actions in the economic field need to be seen in the context of political objectives. The evolution of the peace process in the Middle East is critical for development of economic activities in the region.

The Euro-Mediterranean Partnership should be seen in the wider context of multilateral trade and investment liberalisation. With the view to the WTO Ministerial Conference to take place in Seattle from 30 November to 3 December 1999, UNICE calls on the participants in the 3<sup>rd</sup> Euro-Mediterranean Ministerial meeting to increase their co-operation on WTO issues in order to build the necessary consensus to launch a comprehensive forward-looking round of negotiations at the WTO Ministerial Conference to be held in Seattle at the end of the year. The objective is to bring new economies and new issues within the scope of the rule based multilateral trading system and provide for all members a solid and growing framework of open markets for all sectors as a basis for future growth and prosperity in an increasing globalised economy. Such an agenda should encompass issues such as investment, trade facilitation, government procurement, electronic commerce and the clarification of the relationship between trade and environment.

**ECONOMIC INTEGRATION AMONG SOUTH MEDITERRANEAN COUNTRIES (SMCs) IS ESSENTIAL**

Economic integration between SMCs is essential for fostering sustainable economic development in the region. At present, inter-regional trade among SMCs amounts to approximately 5% of their total foreign trade. UNICE believes that if economic co-operation among SMCs is not increased from its present low levels, integration between Northern and Southern shores of the Mediterranean basin will not be achieved easily. Establishment of Free-Trade-Area among SMCs is essential for the establishment of the Euro-Mediterranean Free-Trade Area.

Within the framework of the Euro-Mediterranean Partnership, progress towards an area of co-prosperity depends first and foremost on the full establishment of Euro-Mediterranean Association

Agreements, which are designed to facilitate investment and trade between the signatories. UNICE encourages SMC governments and EU institutions to make a co-ordinated effort to accelerate finalisation of Association Agreements with all SMCs.

## **FOREIGN DIRECT INVESTMENT/SMALL AND MEDIUM-SIZED ENTREPRISES (SMEs)**

Growth in the overall volume of foreign investment in SMCs has been very slow and there is a striking loss of relative share compared with developing countries in other regions. Although in recent years the degree of liberalisation of foreign investment legislation undertaken has been encouraging, more efforts should be made by SMC governments for removal of existing limitations and simplification of administrative procedures in order to facilitate the flow of foreign investment. Improvement of the competitiveness of the economies will depend on the speed at which these reforms take place. These measures should be complemented by further economic liberalisation, privatisation, development of human capital and regional market integration, which would allow the critical size that will attract foreign investors.

European Commission and member states' co-operation programmes should provide the SMCs with the necessary technical assistance to establish and implement the stable and reliable legal and administrative framework, needed to facilitate economic development and industrial co-operation.

Foreign investment in SMCs is essential for their economic development, especially to support the activities of the SMEs which are the cornerstone of economic activity in the region. UNICE looks for measures to support South Mediterranean SMEs. The modernisation and upgrading of SMEs will notably be achieved by facilitating the transfer of technology and know-how through joint ventures between European and South Mediterranean countries SMEs.

To that end, some European Employers' Organisations have created "Business Centres" to act as channel for establishing contact between European and SMC companies. This kind of initiatives, which have proved very useful and effective, should be further encouraged and appropriate financial resources allocated to them.

The provision of adequate credit facilities to ensure the necessary process of modernising the SMEs should be a focus of the MEDA-programme.

## **MEDA PROGRAMME**

UNICE supports continuation of the MEDA programme after 1999. UNICE believes that the needs of the region are vast and the resources placed at the disposal of MEDA programme should be used efficiently. In some SMCs, the MEDA funds had low absorption rates because the overall level of development is very low. A thorough evaluation of the impact of the programme so far should be undertaken and causes of the delay in execution should be identified in order to improve the performance and efficiency of fund utilisation from 1999. UNICE calls also for increased transparency and better monitoring in the implementation procedures of the new MEDA programme.

UNICE supports increased co-ordination between co-operation agents (European Commission, World Bank, EU member states and other donors) in the region as a way of ensuring optimal use of funds and maximum impact of actions.

For optimal utilisation of the resources earmarked for Euro-Mediterranean economic and industrial partnership, UNICE urges that representatives of South-Mediterranean industry organisations be closely involved in formulation of the new MEDA programme and in definition of the Regional and National Indicative Programmes. Industry federations need also to be duly informed about country allocation, and the evolution of allocation and utilisation of MEDA funds. To that end, UNICE looks forward to being kept informed regularly.

## **CONTRIBUTION OF EMPLOYERS' ORGANISATIONS**

Considering the importance of business organisations in the development of a social and economic environment, UNICE is prepared to play an important role in assisting the Employers' Organisations of SMCs in their preparation for the future Euro-Mediterranean Free-Trade Area. UNICE has proposed that the European Commission co-finance a four-year project for reinforcement of the Employers' Organisations of SMCs through the exchange of information and experience with UNICE and its member Federations. This training activity will be supported by the networking of all the participants to the project, guaranteeing a constant circulation of information and assistance to SMC industrial sectors. Through this project, UNICE hopes to be able to gain first-hand information on the business impact of the projects financed by the MEDA programme and hence help to improve its effectiveness.

UNICE welcomes the European Commission's invitation to participate in EU-MED working groups on industrial co-operation: "development of the industrial and entrepreneurial base" and "legal and administrative framework". It will submit specific projects to strengthen European Union and Mediterranean business co-operation further.

## **INFRASTRUCTURE**

UNICE believes that improvement of infrastructure is essential to regional integration and economic development. EU infrastructure, national or regional, in favour of SMCs should be further strengthened. To have a large impact, it should preferably be defined within a regional strategy. The role of the European Investment Bank is particularly important to complement the development of this infrastructure in SMCs. EIB financial contributions to infrastructure programmes, in the context of the new MEDA programme, should be increased.

## **CONCLUSION**

Euro-Mediterranean business organisations will continue the dialogue among themselves, with their respective administrations and with the European Commission, in order to support the development of the Euro-Mediterranean Partnership with the ultimate objective of establishing a Free-Trade Area and the further liberalisation of trade and investment at multilateral level in the framework of the WTO. They have decided to meet in Tunis in the year 2000, and subsequently in Turkey and in Egypt to assess progress and develop new proposals to strengthen Euro-Mediterranean industrial co-operation further.