

13 May 2000

**IVth EURO-MEDITERRANEAN INDUSTRIAL SUMMIT**

**“Euro-Mediterranean Free Trade Area: A Challenge for the Enterprises”**

**(Tunis, 12-13 May 2000)**

**FINAL DECLARATION OF THE SUMMIT**

1. In continuation of the Euro-Mediterranean Business Summits and Fora of Lisbon, Valencia, Malta, Marrakesh and Athens, the Union Tunisienne de l'Industrie du Commerce et del' Artisanat (UTICA) in cooperation with UNICE (Union of Industry and Employers' Confederations of Europe) and with the support of the European Commission and the Ministry of Industry of Tunis organised the IV Euro-Mediterranean Summit of Industry in Tunis on 12-13 May 2000. The Summit focused on the topic **“Euro-Mediterranean Free Trade Area: A Challenge for the Enterprises”**. The conclusions of the Tunis Summit will be sent to the 3rd Euro-Mediterranean Ministerial Conference of Industry scheduled to take place in Limassol (Cyprus) on 21-23 June 2000 and transmitted to the participants of the meetings dedicated to the review of the Barcelona's process.
2. Organisations representing business from South Mediterranean Countries (SMCs) and from European Union member states examined jointly in Tunis issues, which affect Euro-Mediterranean industrial partnership. They focused on the need to encourage the establishment of a common strategy promoting a balanced Euro-Mediterranean partnership and aiming at supporting the changes necessary in the culture, the practices and the general framework of the economy. Private sector, through its professional organisations fully assumes its responsibility in this field. Participants have developed the following recommendations:
  - The MEDA programme is an essential instrument for catalysing and facilitating reform in SMCs. On the national level, the governments of SMCs will need to focus on deepening and further completion of the overall reform process to bring about economic transition.
  - Progress towards an area of mutual prosperity depends first and foremost on the establishment of Euro-Mediterranean Association Agreements, which are designed to facilitate investments and trade between the signatories. SMCs and EU institutions need to make co-ordinated efforts to accelerate the finalisation of Association Agreements with all SMCs.

- South-South cooperation and the negotiation of free-trade agreements between SMCs are essential for a successful economic development in the region and for the establishment of the Euro-Mediterranean Free Trade Area. The integration of south Mediterranean markets is also essential to attract foreign investors.
  - In recent years the degree of liberalisation of foreign investment legislation has been encouraging. More efforts should be made by SMC governments for the removal of all remaining existing limitations and simplify administrative procedures to facilitate the flow of investment. The Tunis Summit reiterates its call to investors from developed countries to reinforce their entrepreneurial activity in the region.
- 3 In Tunis, the UNIMED Business Network has been officially launched. This three years project aims at strengthen representative South-Mediterranean business federations at national, regional and international levels. It is supported financially by the European Commission and implemented by UNICE. This important tool for the implementation of the Euro-Mediterranean free trade area fulfils the enterprises' concerns by developing the mutual exchanges between the organisations, from North and South of the Mediterranean, that it brings together.
  - 4 For optimal utilisation of the resources earmarked for Euro-Mediterranean economic and industrial partnership, the Business Summit urged that representatives of South Mediterranean industry organizations be closely involved in the formulation of the industrial components of the new MEDA programme and in the definition of the industry-related aspects of the Regional and National Indicative Programmes. The European Commission was requested to invite representatives of industrial and employers' organisations from SMCs to participate in the work of Euro-Mediterranean Industrial Cooperation Working Group, created by the European Commission on the basis of Brussels Declaration in 1996. UNICE is already participating in the work of the Working Group. With the participation of private sector representatives, the needs of industry will be addressed and the effectiveness of the implementation of the projects will be reinforced.
  - 5 Industry Federations call for increased transparency and better monitoring and simplification of the implementation procedures of the new MEDA programme. The needs of the region are vast and the resources placed at the disposal of MEDA programme should be used in a more efficient way. More emphasis should be given in the new MEDA to measures supporting directly the enterprises and specifically SMEs.
  - 6 Participants at the Tunis Summit make specific recommendations for consideration by the Ministerial Conference in Cyprus in order to :
    - Facilitate the investment climate in the Euro-Mediterranean Free-Trade Area.
    - Ensure that UNIMED programme will contribute to the Euro-Mediterranean Free-Trade Area.
    - Improve the financial environment for SMEs.

- 7 The Euro-Mediterranean industrial and business organisations will continue the dialogue among each other, with their respective administrations and with the European Union, in order to support the development of the Euro-Mediterranean Partnership with the ultimate objective of the establishment of the Free Trade Area. To that end, following the decisions taken at Marrakech, the business organisations from the South of the Mediterranean, present in Tunis, decided to create a South-Mediterranean regional business organisations correspondent to UNICE. They will meet as soon as possible to decide the structure and methods of work. UNICE will contribute to achieve this in the framework of the UNIMED Business Network.
  - 8 The next Euro-Mediterranean Business Summit will take place in Turkey and in Egypt to assess progress and develop new proposals to strengthen the Euro-Mediterranean industrial cooperation further.
  - 9 To raise awareness of public opinion, and to enable the different actors to effectively prepare themselves to the Euro-Mediterranean free trade zone, the participants request the governments concerned to give a higher visibility to the euro-mediterranean process by explaining notably the benefits to be drawn by both sides and the challenges which need the efforts of all.
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**SPECIFIC RECOMMENDATIONS**

Workshop 1: Investment climate in an Euro-Mediterranean Free-Trade Area

In order to facilitate development of investment in the Euro-Mediterranean free-trade area, participants in the Euro-Mediterranean industrial summit in Tunis recommend the following actions:

1. effective implementation in South Mediterranean countries of a liberal, stable and transparent economic system supported by a legal, administrative and judiciary framework in favour of investments and development of private initiative;
2. establishment of a complete set of European instruments for direct support of companies which want to invest in the Euro-Mediterranean region;
3. establishment of a coherent and transparent national industrial strategy, in which private investment will be promoted efficiently ;
4. rapid implementation of a South-South Mediterranean free-trade area which could, if necessary, focus on limited integration areas;
5. creation of an attractive image for investments on the southern shore of the Mediterranean;
6. rapid establishment of an operational network of investment promotion agencies comprising independent agencies and involving the private sector.

Workshop 2: UNIMED project: a contribution to the establishment  
of an Euro-Mediterranean Free-Trade Area

In order for the UNIMED Business Network to contribute to the creation of a Euro-Mediterranean free-trade area, participants in the Euro-Mediterranean business summit in Tunis make the following recommendations:

**to Euro-Mediterranean industrial federations:**

1. to gather themselves to play an active role for the success of the Barcelona process, in particular in stimulating and supporting the necessary changes in society and companies' behaviour;
2. to give content and animate on a shared and concerted way, the exchange of experience planned within UNIMED BN;
3. work together for the creation of a South Mediterranean employers organisation.

**to EU institutions:**

The strengthening of employer federations must go hand in hand with their greater involvement and greater responsibility in preparation of Euro-Mediterranean policy. With that in mind, it is indispensable to:

1. consult the private sector, through UNIMED Business Network when preparing bilateral and regional actions provided for in the MEDA programme and above all in the framework of industrial co-operation;
2. strengthen the regional and sub-regional approach of the Barcelona process and contribute to the development of different activities of the private sector;
3. facilitate greater integration and flexibility between bilateral and regional actions under the MEDA programme for the promotion/modernisation of the local industrial system;
4. implement rapidly regional programmes for promotion of investment, innovation and quality in companies, Euro-Mediterranean market instruments and mechanisms, and SMEs;
5. invite representatives of the UNIMED Business Network to participate in the industrial co-operation working group and in the experts committees in order to focus on the needs of the private sector and provide private sector assistance in the elaboration/implementation of the programmes.

Workshop 3: SME/SMI financing mechanisms: tools for the  
implementation of a Free-Trade Area.

To facilitate SME access to credit and thus contributing to the creation of a Euro-Mediterranean free-trade area, participants in the Euro-Mediterranean business summit in Tunis make the following recommendations:

1. continuation of EU actions to press and support governments of SMCs to continue the reform of the banking system through deregulation and modernisation of banks, stock markets and other financial institutions. The short-term benefit of this reform will be the facilitation of trade and access to credit through a modernised banking network. In the longer term, it will result in the encouragement for foreign investors and facilitation of the privatisation process in the region. The reform will also encourage public savings which will spur further growth.
2. promotion and application in South-Mediterranean countries, with the necessary adaptations, of European Union best practices in SMEs financing. In this respect, several EU initiatives designed to improve the financial environment for SMEs (such as JEV - joint European ventures; CREA - risk capital for business start-ups; networks of business angels; or mutual guarantee systems) deserve to be carefully studied.
3. financing by the European Commission of a detailed study to analyse the legal, economic and financial conditions needed for creation of an effective mutual guarantee system in MED countries. The European experience applied in the Mediterranean region could help the local industrial federations to play an important role in improving the relationship between banks and businesses by promoting new mechanisms for financial support of member companies.
4. strengthening the capacity of MED industrial federations to provide training to SMEs on financial management through financing of training activities. The seminars organised in the framework of the UNIMED Business Network programme will be used to improve MED industrial federations knowledge of the various existing financial instruments to support SMEs start up and growth.
5. establishment of venture capital facilities by financial institutions in the region with the support of the European Investment Bank and possibly with the assistance of the European Union through notably transfer of know-how in risk analysis and project follow-up. Moreover, the EIB should promote the creation of a regional guarantee fund in order to facilitate the provision of investment credit. Priority should be given to the promotion and support of private sector investments in order to encourage the setting up of strategic partnerships which facilitate the integration between North-South and South-South.