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UNICE AND UMCE JOINT DECLARATION TO THE 6TH EURO-MEDITERRANEAN MINISTERIAL CONFERENCE ON INDUSTRY

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INTRODUCTION: THE STRATEGIC IMPORTANCE OF THE MEDITERRANEAN FOR EUROPE

Historically, the Mediterranean basin had been seen as a natural open market by the peoples living in the region. Today, the political instability and the economic and social development gap between the North and South of the basin poses considerable risks for the development of the South Mediterranean countries. A peaceful Mediterranean region can offer a host of opportunities to Europe.

Whereas the population of the Northern shore is ageing rapidly, the Southern shore shows signs of great demographic dynamism, with a demand for investment and consumption which can only intensify if the Euro-Mediterranean partnership delivers all the economic effects linked to the regional process.

The Five-Year Work Programme, adopted in November 2005 on the occasion of the 10th anniversary of the Barcelona Process and endorsed by the 2005 December European Council, and the European Neighbourhood Policy are the right instruments to further develop relations between the two sides of the basin. The challenge now is implementation without delay of the set of actions agreed and with the full involvement of the Euro-Mediterranean business community.

THE ROLE OF BUSINESS ORGANISATIONS

UNICE and UMCE, which represent the Euro-Mediterranean business community are convinced that business organisations play a key role in addressing the challenges of globalisation. Business organisations are the main facilitators of fruitful cooperation between public authorities and private sector. They are also in a privileged position to interpret the needs of companies.

UMCE, the Union of Mediterranean Confederation of Enterprises, is a concrete example of the effective and efficient work of business organisations in the Mediterranean countries, and represents the industrial interests of the twelve partner

countries. UMCE plays an important role at both national and Euro-Mediterranean level, and it leads the way for deeper Euro-Mediterranean integration.

To improve the business environment in the South Mediterranean countries, UNICE and UMCE support the implementation of the Euro-Mediterranean Charter for Enterprises since its adoption in 2004. This document provides a comprehensive framework of the development of policies for the improvement of business competitiveness and support for the development of the private sector in the region.

We would like the Mediterranean partner countries to continue their efforts to implement the Charter and to focus their attention on clear and specific targets, in particular:

- Easier access to finance with particular attention to SMEs;
- Reducing administrative burdens and unnecessary red tape;
- Less obstructive taxation;
- Concrete translation of commitments to entrepreneurship education;
- Encourage continuous vocational training and improvement of labour force skills.

EUROPEAN NEIGHBOURHOOD POLICY: A GOOD INSTRUMENT FOR EURO-MEDITERRANEAN COOPERATION

The European Neighbourhood Policy sets out a new framework for relations with the EU and its new neighbours which we believe will have positive results, notably in a period when all countries around the world are facing the challenges of globalisation.

Nevertheless, the Euro-Mediterranean business community believes that the Barcelona Process should complement and reinforce the European Neighbourhood Policy. Although ten years after its launch the Barcelona Process has not fully delivered its objectives, some progress has been made such as the progressive establishment of a network of bilateral Association Agreements which provide for free trade in industrial goods. The Euro-Mediterranean business community expects more achievements of the Barcelona Process implementation of the Euro-Mediterranean Partnership Five-Year Work Programme ratified in November 2005.

The Neighbourhood Action Plans can improve the economic and growth potential of Mediterranean countries. Business organisations which are the main economic drivers to improve the business environment and strengthen industrial cooperation in the region should be fully integrated in this process in each country.

The financial instruments related to the European Neighbourhood Policy must support the development needs of the region and they should also aim to strengthen business organisations with appropriate financing. UNICE and UMCE call for more

financial support, closer Euro-Mediterranean cooperation through twinning projects and facilitation of technology transfer.

UNICE and UMCE also welcome the activities of the EIB's Facility for the Euro-Mediterranean Investment Partnership (FEMIP) and the priority given to private sector development and SMEs in the South Mediterranean region. Business supports a reinforcement of FEMIP towards a Euro-Mediterranean Investment Bank with particular emphasis on flexibility, innovative financial products and risk-capital.

FOREIGN DIRECT INVESTMENT AS A DRIVER TO ADDRESS THE CHALLENGE OF GLOBALISATION

The shortfall in investment, notably foreign direct investments (FDI), constitutes one of the main obstacles to the acceleration of economic development in Mediterranean countries and to completion of the Euro-Mediterranean Free-Trade Area by 2010. FDI is a main factor which enables the Mediterranean countries to reduce unemployment, to facilitate trade and to attain a desirable GDP growth rate.

It is unfortunate that the Euro-Mediterranean partnership has not delivered in terms of attracting enough FDI to the region and European direct investments go to other emerging regions as a result. Even if European FDI in the Mediterranean partners countries is increasing with 1.7% of the total in 2003, it is still low in comparison with other regions in the rest of the world such as the South East Asia 3.7% or South America 5.09%.

Attracting investments is a key element for the practical establishment of the Euro-Mediterranean Free-Trade area in 2010. It is therefore essential to consider the possible means and instruments to improve the situation.

More actions are needed by the Mediterranean partner countries themselves to further Euro-Mediterranean integration and to attain the objective of the free-trade area by 2010. South-South economic integration is a fundamental first step in this direction and the Euro-Mediterranean business community asks for effective implementation of the Agadir Agreement without any delay.

UNICE and UMCE welcome the Ministerial Declaration adopted in Morocco in March 2006 on the launch of Euro-Mediterranean negotiations on the liberalisation of trade in services between the EU and Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian Authority and Tunisia. This liberalisation will help attract investments to the region, thus fostering economic growth and development. We are confident the same progress is possible with the rest of the South Mediterranean countries.

Futhermore, UNICE and UMCE agree on the importance of the liberalisation of Euro-Mediterranean trade. In this respect UNICE and UMCE consider the failure of the Doha Development Agenda (DDA) negotiations unacceptable. The consequences of this failure are substantial for all regions in the world, especially the Mediterranean region. In order to create a rapid solution to the deadlock of the negotiations, the whole negotiating process should be reviewed rapidly.
