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CEOE – CIERVAL - UMCE II Mediterranean Competitiveness Day “MedEspaña”

**Valencia
27th and 28th February 2007**

Economic and business environment in Mediterranean countries

Address by Mr Ulysses Kyriacopoulos, BUSINESSEUROPE Special Representative for Mediterranean Affairs

Ladies and Gentlemen,
Dear colleagues,

It is with great pleasure that I have accepted the invitation from CEOE President, Mr José María Cuevas, a friend and a colleague of mine, Mr José María Lacasa, director of International Relations and from the Union of Mediterranean Confederation of Enterprises (UMCE) to attend as BUSINESSEUROPE Special Representative for Mediterranean Affairs the II UMCE Competitiveness Day in the lovely and historic Mediterranean city of Valencia.

I would like to thank the organisers for their extraordinary work in the preparation of this two-day conference, and to encourage Spanish and South Mediterranean companies gathered here to profit from the opportunity to do business on an between the two shores of the Mediterranean.

It is the first time that I address an audience under the new name of the organisation that I have the honour to represent, which from 23 January is known by the name of BUSINESSEUROPE, because BUSINESS, at the heart of EUROPE, creates growth and jobs for the prosperity of all European citizens. This same statement is valid and applied to the South Mediterranean with the work which is being done by UMCE of which I am particularly proud.

With my intervention today I would like to make particular tribute to UMCE former President, Mr Omer Sabanci who coordinated successfully UMCE's work in the last couple of years.

To the new President, Mr Jean Jacques Sarraf, that I have had the pleasure of knowing for several years, I wish every success in his new tasks as leader of UMCE.



THE BARCELONA PROCESS

As we all know, the Euro-Mediterranean Partnership has been in place since 1995. Limited progresses have been made towards completing the ambitious goals set for 2010. Certainly not enough progress to achieve the objectives as set in 1995 (and confirmed in 2005 during the 10th anniversary of the Barcelona Process).

But this overview should not set out to be pessimistic, on the contrary; it is an important call on all participants of the economic euro-Mediterranean partnership to inject new energy into the process and to concentrate our efforts more on targeted results.

The area of shared prosperity - that we all want - will become a reality only if all economic and administrative operators – jointly - redouble their efforts and continue with resolution to implement the reforms and the adjustments needed to create a competitive and friendly business climate supportive of private sector activity adapted to the new geopolitical and economic context.

Although the challenges are important and the last ten years progress review does not invite a lot of optimism, all the countries involved - the EU on its side and Mediterranean partner countries on the other - continue to express a strong political will to move forward. It is precisely the current state of affairs which remind us, once again, of the importance of the Barcelona process. It must succeed.

REFORMS IN SOUTH MEDITERRANEAN COUNTRIES

The authorities of South Mediterranean partners have as a principal responsibility to support the economic success of their countries and their integration in the new world economy. The role to be played by South Mediterranean business associations in this context is key; to highlight to their respective governments the real problems companies are facing because businesspeople understand the relative importance of factors, policies and institutions that determine the productivity level of a country. These factors determine the rate of return on investments which in turn determine the aggregate growth rates of every economy. In fact, many of the obstacles to reinforcing the growth rate in the South Mediterranean could be solved with concrete socioeconomic reforms.

These reforms should be accelerated to keep up with developments in the majority of developing countries such as Brazil, Russia, India or China, which are directly in competition with South Mediterranean countries.

Competitiveness must be the key objective for South Mediterranean countries. The objectives of the European Lisbon strategy ("more growth and jobs") could be adapted to the Mediterranean southern framework. Only if enterprises are given the possibility of adapting to the global economic framework they will be able to establish a competitive sustainable position.

The great challenge remains to succeed in acclimatizing the European democratic and market economy model to the socio-cultural and economic particular context of every country in this area. Ensuring that society tolerates and accepts changes, depends



greatly on business and political leaders' ability to demonstrate and explain clearly the advantages of a liberal economic system in securing every nations prosperity.

The economic integration of the countries of the South Mediterranean is not only the linchpin of the future Euro-Mediterranean free-trade area but also the principal condition identified by most investors for working effectively in the area. In addition, can we claim to be building a large Euro-Mediterranean market when the countries of the South are not able to cooperate as effectively as those of the North?

INVESTMENT

The lack of investments constitutes one of the principal handicaps to the acceleration of economic development in Mediterranean partner countries. We all know that more than 80 million people younger than 15 years will soon come in to the job market. Economists calculate that 34 million new jobs must be created between now and 2010 just to maintain the current level of employment and unemployment.

European direct investments currently go preferably to other emerging countries that are more attractive, offering higher returns to investors. One of the principal requirements of investors relates to the certainty of the legal framework and the quality of the judicial system. A certainty which requires not only suitable standards but also, and especially, an effective, transparent, predictable and homogeneous institutional environment.

UNION OF MEDITERRANEAN CONFEDERATION OF ENTERPRISES

One of the most important results of our Partnership was the creation of UMCE in 2002, a singular success. This remarkable result is a concrete expression of the commitment of South Mediterranean business community to strengthen its cooperation actively and to undertake joint actions for economic and social development in the area. UMCE must continue to lobby, applying influence and pressure on all governments for regional integration.

Enterprise is the essential engine of integration.

It is up to us, representing the interests of South Mediterranean enterprises, to make our voice heard to governments and to push them to put in place the necessary conditions for economic success. But we can only succeed in this development if governments share the same vision of a free and sustainable economy and are in principle willing to create favorable conditions.

UMCE should be reinforced to better promote the interests of mediums and small enterprises of the south Mediterranean. UMCE can always count on the support of BUSINESSEUROPE and its member federations to continue together to jointly intervene vis-à-vis the institutions, governments and civil society to show the advantages that an integrated Euro-Mediterranean area can bring to everyone if fully exploited.



I look forward to continuing to work closely with all of you. I wish every success to the II UMCE Competitiveness Day in Valencia.
Next year in Marseille I hope to be able to share with you the progress and successes of our joint initiatives.

Thank you for your attention.
