



SPEECH

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MR. PATSIAVOS ADDRESSING THE FIRST AGADIR MEMBER STATE INVESTMENT FORUM

Ladies and Gentlemen,

It is my pleasure to be here among you in Brussels in my capacity as BUSINESSEUROPE's Chairman of the Mediterranean network representing the point of view of the Euro-Mediterranean business community.

BUSINESSEUROPE is the Confederation of European Business, which represents 39 national federations from 33 countries. We have been a strong supporter of the Euro-Mediterranean Partnership since its inception in 1995 in the so-called Barcelona Process and we strongly believe in the objective of a bi-regional free-trade area by 2010. We have for years been actively promoting the establishment of an area of shared economic prosperity and stability between the two shores of the Mediterranean.

As businessmen, we always target concrete results, such as the creation in 2002 of the Union of Mediterranean Confederation of Enterprises (BUSINESSMED- UMCE), a very solid organisation which gathers the business organisations of the South Mediterranean countries with the objective of strengthening the voice of the private sector.

BUSINESSEUROPE has always been a great supporter of forums that allow different groups and interests to exchange ideas. I am therefore very happy to stand here at the First Agadir Member State Investment Forum, one of many I hope. The aim of this forum is to encourage European investors and businessmen to get acquainted with the legal framework and policies in the Agadir member states, BUSINESSEUROPE will most certainly try its very best in making this happen.

BUSINESSEUROPE has always had a most favourable view of the Agadir Agreement. It supported fully the aims of establishing a free trade area between Jordan, Tunisia, Egypt and Morocco and we view it as a possible first step in the establishment of the Euro-Mediterranean free trade area envisaged in the Barcelona Process.

South-South Integration.

BUSINESSEUROPE encourages and has always encouraged more south-south integration; creating a true open market among the Southern Mediterranean countries. This is needed to attain the objective of the free-trade area by 2010.

For many years the poor level of economic integration in the region prevented the South Mediterranean countries from taking advantage of greater economic efficiency in their production units, improving internal market demand, economic growth and employment.

The Agadir Agreement has, as one of its main aims, the fostering of market integration, and this has boosted productive specialisation in each economy in the region, allowing greater economies of scale and easier access to other markets

North-South Integration

BUSINESSEUROPE would naturally also like to see more north-south integration as well. The explicit aim of the Agadir Agreement as well as the broader Greater Arab Free Trade Agreement (GAFTA) is to also increase trade with the European bloc. Possibilities for fruitful cooperation and commerce exist for this potentially huge free trade area of around 800 million people.

The process of increasing North South cooperation should be based in the realization by all parties of the importance of jointly doing business in order to facilitate benefiting from best practices from one another.

BUSINESSEUROPE supports the aim of a Euro-Mediterranean Free Trade Area but we acknowledge the real challenges that exist. We do however see a feasible solution if all parties involved – politicians, business, civil society – have the will to make it happen, to support the right and ambitious objectives. I am sure that no one can deny that the creation of a Euro-Med Free Trade Area by the year 2010 is becoming increasingly more valid and its attainments would require further efforts from European Governments and South Mediterranean countries. If it is completed successfully it will bring with it many opportunities and challenges.

It is important for the Southern Mediterranean countries to have an attractive and long-term stable framework governing foreign investment. This matter should be given priority by the respective governments in order to guarantee, in the short term, that any necessary laws will become effective speedily and efficaciously. European firms which are eager to enter to or to increase activities in south Mediterranean markets quote as important factors:

- the acceleration of the internal major reforms in the economies of the south countries
- the greater development of the infrastructures that affect the development of trade and the attracting of the investments
- the reduction in red tape through eliminating unnecessary legislation and harmonizing existing legislation
- the reduction of bureaucracy and simplification in customs procedures

- the gradual privatization of services sectors such as telecommunications and information technology, energy, financial services
- also, improvement in transportations, and especially in maritime, which will greatly facilitate flow of trade and investment.

A key factor in North-South cooperation is how to manage more effectively a redistribution of the industrial activities on the two shores: relocations certainly to the benefit of the South for the sectors which cannot bear the salary costs of the North and also true sustainable co-development, in certain domains where the South may be leader.

The Agadir Agreement deals with many important issues such as customs systems, rules of origin, government procurements, financial transactions, safeguard measures, new industries, subsidy and dumping, intellectual property, standards and specifications, and establishing a dispute settlement mechanism. Rules of origin constitute one of the most important articles stipulated in the Agadir Agreement since it will increase the prospective European Market Access for products of Party states, which consequently will encourage investments and increase inter-country regional cooperation.

South Mediterranean countries as well as the northern countries have their work cut out for them in the near future, but BUSINESSEUROPE believes that working towards and achieving that goal will bring with it vast benefits to both Europe and the GAFTA. The speeding up of the process will have direct positive consequences to economic growth and employment.

BUSINESSEUROPE is very happy with the invitation that was extended to them by the Agadir Technical Unit, European Commission, European Parliament, the European Economic and Social Committee and the European Investment Bank. We look forward to engaging the business world in giving the Mediterranean more momentum.