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### **9TH UNION FOR THE MEDITERRANEAN TRADE MINISTERIAL CONFERENCE**

**11 NOVEMBER 2010**

European Economic and Social Committee  
Rue Belliard, 99 - 1040 Brussels

#### **ADDRESS BY PHILIPPE DE BUCK DIRECTOR GENERAL OF BUSINESSEUROPE**

Dear Ministers, Vice-President, Commissioner, dear Ladies and Gentlemen,

I want to thank the Ministers from the Euro-Mediterranean countries, the European Economic and Social Committee and the European Commission for giving me the opportunity to speak here today. It is very important for further Euro-Mediterranean integration that the views of business are heard. I am happy to see that the Secretary General of EUROCHAMBRES and the President of BUSINESSMED-UMCE are here as well.

I am the Director General of BUSINESSEUROPE, the confederation of European business that brings together 40 federations in 34 countries. Among many other things, the EU allows us to take advantage of mutually beneficial trade relations with third countries in ways that were not possible before. We can offer unprecedented access to a market of hundreds of millions of consumers.

BUSINESSEUROPE has been a strong supporter of the Euro-Mediterranean Partnership since its inception in 1995 in the Barcelona Process and we still strongly believe in the objective of a regional free-trade area, although the proposed date of concluding that deal by 2010 is no longer realistic. BUSINESSEUROPE has been actively promoting the establishment of an area of shared economic prosperity and stability between the two shores of the Mediterranean. Together with the European Free Trade Area (EFTA) this zone will include some 40 States and 600-800 million consumers – one of the world's largest and most influential trade entities.



## **Challenges**

We must be honest about our partnership and the unfortunate reality is that the Euro-Mediterranean partnership could and should be much better than it currently is.

The Union for the Mediterranean has so far not lived up to its high expectations, following its launch in 2008. After two years, the UfM is still focusing mainly on the input side, e.g. structures and responsibilities, instead of the output side, e.g. projects, growth. The UfM is currently struggling to achieve its primary goal: building confidence amongst its members by generating tangible projects on the ground.

The cancellation of the Political Summit of the Heads of State and Governments of the UfM planned for 7-8 June 2010 was a disappointment. Even today, every new summit runs the risk of being cancelled at the last minute, for what I fully understand are important and difficult political issues, but these cancellations are hampering further business investment in important infrastructure projects that will boost trade in the region, such as the highway for the seas (including improved ports), the DESERTEC project (solar power), etc. Business needs the governments of the UfM countries to show leadership to create a beneficial investment climate.

The UfM must be driven by a new spirit of cooperation and conciliation to unlock the potential of business development. Political summits should always be organised in line with this spirit and based on the principles of the Barcelona Process.

Economic integration with our Mediterranean neighbours is of paramount importance. BUSINESSEUROPE considers the Mediterranean countries natural trade partners. Euro-Mediterranean trade relations are strong and growing, but the potential is many times greater and should be unlocked.

The total trade from the Southern Mediterranean countries with the EU was €127 billion in 2007 – some 5% of total EU external trade. The recession hit our trade relations hard and 2008 saw an enormous decline. In 2009 the figure has rebounded to €118 billion, still lower than 2007, but predicted to grow again quickly in the next few years.

Between 2000-2007 the Southern Mediterranean countries' exports to the EU grew by an average 10% a year and imports from the EU by 4% a year. We expect trade to reach these growth figures again in the post-crisis world, but we believe they can be even higher given the right conditions.

Despite some green shoots in Euro-Mediterranean relations since the end of the deep recession of the past two years, I wish to raise some pressing issues with you here.

### **1- A systematic involvement of the private sector in shaping the UfM**

It is necessary that the private sector participates more actively in the shaping of policies to develop the UfM. It should be an actor of this process and not a mere executor. The private sector is one of the main catalysts of economic growth, of the



creation of employment and of the social development in the Euro-Mediterranean region. Private sector feedback on real needs and priorities is indispensable for shaping a sound and comprehensive UfM.

## **2- The importance of efficient governance of the UfM**

The UfM needs efficient political and technical support in order to achieve the agreed objectives. New initiatives should build on previous programmes and achievements under the Barcelona Process and not create redundancies. The mandate of the Secretariat and uncertainties about the respective UfM/European Commission roles remains unclear. A clarification of processes and structures is overdue. Although the Secretariat should receive appropriate financial inputs from participant countries, overall financing of structures should always be governed by the principle of prudent budgeting.

## **3- South-South Integration is key**

The Southern Mediterranean countries must lower barriers to trade amongst each other. This will also ensure better trade relations with the EU through economies of scale. The lack of progress on the opening up of South-South Mediterranean seriously hampers our ability to make large investments.

## **4- Don't forget bilateral relations**

The European Commission is negotiating a number of important free trade agreements and further deepening existing bilateral agreements with many of our Southern neighbours. This process should continue alongside the greater goal of regional integration. To address new trade issues like investment protection, procurement rules, services liberalisation and non-tariff barriers.

## **5- Reforms aiming at upgrading the competitiveness of the Mediterranean**

To stimulate the private sector, SMEs development, competitiveness, as well as trade and investment in the Mediterranean, a series of economic and structural reforms are necessary. These include in particular:

- Actively fighting protectionism through clear mechanisms to raise and solve problems.
- Eliminating barriers to cross-border trade and investment.
- Establishing macro-economic stability targets and a safe regulatory environment for investment.



- Increasing foreign direct investment by improving the financial and regulatory instruments, and improving legal certainty.
- Improving access to finance, especially for SMEs and start-ups.
- Encouraging the diversification of Mediterranean economies.
- Investing in cross-regional infrastructure projects through well planned public private partnerships projects.

EU-Mediterranean relations can be a great source of growth for both sides. Boosting trade and investment and focusing on our competitive advantages will bring untold benefits to both the EU and Southern Mediterranean countries. We are held back by difficult political issues, but as a business representative I urge the Ministers assembled here to ensure market opening despite political challenges.

Once again I wish to thank you for the invitation to speak here today.

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