

Peter Mandelson

EU Trade Commissioner

Agadir and after: prospects for a Free Trade Area of the Mediterranean

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First Agadir Investment Forum

Brussels, 8 April 2008

The EuroMed Vision

Every effective political relationship has to be driven by a vision: a sense of where you want to go and why it matters. For Europe and the countries of the Southern Mediterranean that vision has always been very strong. We call it the 'Barcelona process', but it is more than just a process. It is a shared history and geography, a shared sense that we are united by our common interests in a changing and globalising world.

President Sarkozy is just the latest in a long line of European leaders who have looked to the Mediterranean with a sense of excitement and hope. There are many different expressions of that, but the idea of a free trade area of the Mediterranean by 2010 has always captured my imagination, just as it has captured the imagination of others.

In the last decade we've made it more than an idea. We have Association Agreements in place that have opened EU markets to your goods. These agreements have made a real difference. They have doubled your trade with the EU over the last decade and cut your trade deficit with the EU by half. They have helped Southern Mediterranean countries create jobs and attract investment. We are slowly pushing forward with liberalising services and making it easier to set up businesses in both directions.

Yet I often sense disappointment from countries of the Southern Mediterranean that the EuroMed process is not producing the gains they expected – or at least not fast enough. This is especially true in terms of foreign direct investment. The conditions look superficially good: being on the EU's doorstep, and having preferential trading conditions with the EU are huge competitive advantages.

But despite their closeness to Europe and their promising growth, the countries of the Southern Mediterranean have attracted only 1% of EU foreign investment since 2000. Investors will go where conditions for business are favourable, where there is certainty for their investments and where there is a market for their goods. They might see potential in the region, just as I do. But we have not yet convinced them in great enough numbers to put their money where their aspirations are. Today is about how we change that.

Building on Agadir to attract investment

Above all, it is about how we can build on the Agadir agreement to encourage greater investment and boost greater regional integration.

I have always been a strong supporter of the Agadir Agreement, and I was pleased when it finally entered into force last year. I think it has the potential to drive regional integration by creating a cross-border market of its own and showing it can work. I think it will be a new incentive for investors in the region.

Why? Because Agadir offers a market of 120 million consumers. Not only do each of the countries enjoy preferential access to the EU market, but goods that are produced jointly between them can also access on preferential terms thanks to our system of cumulation of origin. Parts of a product originating in any one of the Agadir countries can be added to parts originating not only in that country but in any of the other Agadir countries, finished and exported to the EU at a reduced tariff.

The Agadir countries have created a single factory floor which gives them access to new supply chains and new economies of scale. Whether you are talking about a shirt, or a car, that is good news. And because the same terms apply to all 42 countries that are part of the EU's revised rules of origin for the Mediterranean this can mean sourcing goods from the whole region, including finishing goods part-produced in the EU.

Creating the right investment climate

But the lesson of the last decade is that while these kinds of comparative advantages matter, they are only part of the picture. Part of the goal of today is to give business an opportunity to reinforce what it is looking for in these markets. I have no doubt they will say that attracting investment means a level of legal security and predictability and non-discrimination great enough to make large-scale capital investment a viable option.

Here internal reforms in the Agadir countries are in progress, and I can only encourage your governments to accelerate and firmly embed them. I welcome the proactive approach of the Agadir Technical Unit, under the leadership of Mr. Tounsi, in tackling these issues. The EU's financial and technical support for the Technical Unit is important, but the political ownership has to belong to the Agadir member States. I am very pleased to see that such a sense of ownership is growing.

Investors also want to see a properly integrated market. This is not only about an absence of tariffs at the borders but being sure that they will not face non-tariff barriers as they move goods within that market. The basic point is that you need to match the outward openness of your markets to each other by a common regulatory platform.

I think there is some way to go on this, in particular on standards and trade facilitation. Your membership of the WTO and participation in its work on non-tariff barriers should help you here. As should the objective of concluding agreements on industrial product standards with the EU. I'm not underestimating the challenge of this. It's a process that the EU went through in building its single market and it can be complex and difficult work – that's why the Commission has offered help and experience as you need it. But only when it is done will we really be able to talk about a single Agadir market.

Regional integration

Mentioning regional integration brings me back to the bigger vision question: the idea of a free trade area of the Mediterranean. At the core of this idea are two important, even fundamental, changes to the way trade works around the Mediterranean. The first is open and free trade between the EU and the individual countries of the Southern rim. There, we have made good progress.

The other part of a EuroMed free trade area is about creating a regional market place along the southern shore of the Mediterranean, to echo the single market that we have on the northern side. This has turned out to be – as we expected it would be – a political challenge of the first order. You don't need me to tell you how far you are away from the second of those goals.

Probably the single most defining fact I have ever read about this region is that regional integration in the Southern Mediterranean is lower than anywhere else in the world. At the root of our problems attracting investment, and in really tapping the productive potential of the region is that fact. You do not trade with your neighbours. It makes you almost unique in the world. The region's economic future depends on changing that. Agadir is a step in the right direction.

On that point I want to mention one specific regional issue. Palestinian trade. The trade figures we are talking about are – unfortunately – tiny. But those goods that make it out of the territories are destined either for Israel or for the EU. If and when the political situation allows it, we should be able to offer new regional trading opportunities to the Palestinians and expand the markets for Palestinian goods. This could be through Agadir – or through other agreements - but our objective must be to integrate the Palestinian economy into the regional economy. Stability for the territories will only be built on opportunity.

Conclusion

I started by saying that all effective political partnerships need to be based on a vision. But of course politics is also about driving change in the here and now. The Agadir Agreement shows that there are plenty in the Southern Mediterranean region who are serious about reform and change. That the region does want not just a new generation of political and economic ties with the EU, but also among the neighbours of the Southern Mediterranean. The EU is deeply committed to that vision. We will be your constant partner in making it a reality.

Today the Southern Mediterranean region is confident enough to signal to businesses that Agadir means business, and I can only welcome that. I hope that business will hear that message.



Premier Forum de l'Investissement des Pays Membres de l'Accord d'Agadir

CENTRE DE CONFERENCES BORSCHETTE, 8 AVRIL 2008

Seul le texte prononcé fait foi

INTERVENTION DE

M. Eneko LANDABURU

Directeur Général – Relations Extérieures

Commission européenne

Messieurs les ministres, mesdames et messieurs.

Je voudrais tout d'abord remercier les organisateurs de cette conférence et très spécialement la présence ce matin des ministres des pays signataires de l'accord d'Agadir qui sont intervenus à la séance d'ouverture. Leur appui à l'Accord d'Agadir est pour la Commission un signe de l'engagement politique de vos pays pour poursuivre la voie de l'intégration régionale comme un instrument de croissance économique et de confiance dans un avenir commun.

Je suis spécialement heureux d'être ici aujourd'hui pour trois raisons

D'abord parce que la réunion de ce forum d'investissement d'Agadir est l'aboutissement d'un long processus, d'un travail qui culmine aujourd'hui pour donner une plus grande visibilité à un accord qui réunit 120 millions de citoyens de quatre pays voisins de l'Europe qui profitent d'une croissance économique notoire.

Deuxièmement, parce que l'Accord d'Agadir est une réalité. On accuse souvent le Processus de Barcelone d'entretenir un décalage important entre le discours et la réalité. Ce décalage, dans le cas de l'accord d'Agadir, n'existe pas.

L'objectif de créer une zone de libre échange entre les quatre pays a été atteint. Vous pouvez être fiers de votre succès. Un succès, certes, qui nécessitera une continuité, et qui exigera un effort de mise en oeuvre. Comme disent les champions, il est plus difficile de se maintenir que d'arriver. Maintenir la zone de libre échange, la faire avancer et l'approfondir seront, sans doute, les objectifs de l'Accord dans les prochaines années.

Il y a une troisième raison de satisfaction pour moi aussi. Vous me permettrez de vous rappeler, en toute modestie, l'appui constant de la Commission à cet accord d'Agadir. Depuis sa naissance, avant et après la signature de l'Accord, pendant les années entre la signature en février 2004 et la ratification de l'Accord, et même après la ratification mais quand l'accord prenait du retard dans sa mise en oeuvre effective, la Commission a toujours appuyé politiquement et financièrement l'entreprise.

Notre appui est un appui de principe à toutes les initiatives d'intégration régionale visant le commerce, facilitant les échanges, consolidant la coopération et la paix entre pays voisins.

Mais en Méditerranée cet objectif est encore plus important. Les liens de l'Europe avec la région, la proximité humaine et géographique, ont permis une prise de conscience rapide selon laquelle l'appui de l'Europe devait se traduire par des actions concrètes.

La Commission a appuyé l'accord dans certains moments de doute et elle a même programmé une deuxième phase du programme d'appui, alors que la première phase n'avait pas encore pu commencer. Au total nous allons investir 8 millions d'€ pour appuyer l'accord et le travail de son secrétariat à Amman. Le Maroc, la Tunisie, l'Egypte et la Jordanie peuvent désormais compter sur un outil de facilitation des échanges et sur une institution de pilotage qui permet de suivre la mise en oeuvre de l'accord.

Savoir-faire et faire savoir: La Commission appuie le savoir-faire en finançant de l'assistance technique et des formations; la Commission appuie aussi le faire savoir, la divulgation de l'accord auprès des entreprises pour que les opérateurs économiques profitent davantage des opportunités de commerce et d'investissement dans les pays de l'Accord.

Mesdames et messieurs,

Nous avons entendu ce matin les attentes et les priorités des pays partenaires concernant l'accord et son potentiel pour promouvoir les investissements et l'activité économique avec l'Europe. Mais, dans les prochaines années, qu'est-ce que la Commission attend de l'Accord d'Agadir?

La Commission a deux ambitions : une ambition d'approfondissement et une ambition d'élargissement. Nous voulons que l'Accord d'Agadir constitue un ancrage, un point de référence solide dans le processus d'intégration régionale sud-sud.

Agadir est une première étape, certes, mais une pièce importante, une pièce de 120 millions de consommateurs, dans la construction de la nécessaire intégration dite horizontale entre les pays partenaires du Processus de Barcelone.

Une pièce à laquelle on devrait ajouter d'autres éléments. Je pense à l'élargissement à d'autres pays de la région. A terme, l'objectif serait d'intégrer tous les pays qui appartiennent à la zone de libre échange Euromed nord-sud, pour créer une véritable zone tridimensionnelle: une dimension nord-sud, une dimension sud-sud, et une dimension européenne nord-nord largement achevée.

La deuxième ambition de la Commission vise à l'approfondissement de la zone de libre échange. En Europe, dès la création de la CECA, c'est-à-dire de la Communauté du Charbon et de l'Acier en 1954, on trouve les éléments d'une future union politique; on dit déjà en Europe à l'époque «il faut contribuer à l'édification de la paix ».

L'unification européenne n'est pas et n'a jamais été une restriction des libertés, mais bien au contraire, un processus d'approfondissement de celles-ci parce qu'elle permet aux citoyens de s'émanciper dans un espace de plus en plus grand.

L'accord d'Agadir, qui est aujourd'hui une réalité pour le commerce de marchandises, devrait envisager de plus hautes ambitions dans d'autres domaines comme les services et les investissements, et constituer ainsi le noyau dur d'une intégration économique poussée, c'est ce que, dans le jargon communautaire, nous appelons «a deep and comprehensive free trade agreement ».

L'Union européenne est le principal partenaire commercial, économique et la principale source de tourisme de presque tous les pays de l'Accord d'Agadir. L'accord offre un double avantage aux investisseurs européens: il offre un marché plus large où des économies d'échelle sont

désormais possibles ; il offre des importantes possibilités de coopération industrielle et de sous-traitance entre les quatre pays de la zone de libre échange pour les réexportations vers l'Europe ou ailleurs.

C'est la conséquence la plus positive des accords de libre échange qui fonctionnent. Le morcellement et la fragmentation des marchés ne sont pas des mesures incitatives pour les investissements et la coopération industrielle

Par contre, l'intégration régionale produit un élargissement des marchés, une ouverture d'opportunités, et une certaine concurrence entre les pays ; une concurrence saine vers l'amélioration de l'environnement économique. Je suis confiant que dans les années qui viennent ses effets bénéfiques seront bien visibles dans les pays concernés.

Ibn Khaldûn, le grand philosophe et historien arabe, ce grand voyageur qui a vécu en Espagne, au Maroc, en Tunisie et en Egypte, disait, dans sa prose sobre et précise, que l'homme est un ignorant qui apprend. Nous avons appris, en Europe, les cruelles leçons de l'histoire du XXème siècle.

La Grèce avait exporté en Méditerranée il ya deux mille ans le concept d'Etat-cité. L'Etat-nation est une création de l'Europe moderne qu'elle a répandue pendant les années du colonialisme. Les unions des Etats, en commençant, pourquoi pas, par le commerce et l'économie (le charbon, l'acier et l'énergie atomique sont aux origines de l'Union européenne) sont des projets de portée historique qui allient trois facteurs qui rarement produisent de mauvais résultats : la liberté politique, la liberté économique, et l'intégration régionale. Je suis sûr que l'accord d'Agadir a ce potentiel de rassemblement entre les Etats du sud de la Méditerranée pour une région plus forte, plus intégrée et plus prospère.

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by



Speech on European Economic and Social Committee

Mr Roberto Confalonieri

President of the Euromed Follow-up Committee European Economic and Social Committee

The role of the EESC in the Euromed region"

Commissioner,
Ministers,
Members of Parliament,
Ladies and gentlemen,

Let me tell you how pleased I am to be here with you in Brussels for this First Agadir Agreement Member States Investment Forum.

I am also very honoured to be among so many prominent guests. This shows the commitment of the European Union and of the Member states of the Agadir Agreement to work together towards a common future.

The European Economic and Social Committee decided early to support this event, as the Committee has a long history of cooperation with the Euromed partner countries. Unfortunately our President was unable to come to this important meeting himself. He has designated me as the President of the Euromed Follow-up Committee to represent him.

I would like to present the European Economic and Social Committee to you, as it is an advisory body to the EU-institutions that via its composition is very close to the stakeholders of the Agadir Agreement.

The European Economic and Social Committee is one of the oldest EU-bodies and was created with the Rome treaty in 1957. The founding members of the European Community understood already at that time that important decisions that will affect peoples' daily lives cannot be taken without consulting the people on the field: in other words, civil society.

That's why the European Economic and Social Committee today is composed of 344 members from all 27 member states. They represent different economic and social interests in the EU, like employer organisations, trade unions, agricultural organisations, consumer organisations, NGOs etc.

The Committee has two main missions:

- to advise the other EU-institutions before EU-legislation is adopted
- and
- to be a bridge between the other EU-institutions and organised civil society in the EU and in the rest of the world.

In addition, the Committee functions as a platform for civil society organisations to meet and debate on topics of concern to them.

When it comes to the activities of the European Economic and Social Committee in the Euromed region, the Committee has been involved in the Euromed Partnership since 1995.

The Barcelona Declaration explicitly requested the Committee to develop contacts with its counterparts in the Euromed region, in order to contribute to a better understanding of the major issues of the Partnership.

The Committee responded to this call by creating a network of Economic and Social Councils and similar institutions in the region, which meet every year for a Euromed Summit.

This year the Euromed Summit of Economic and Social Councils and similar intuitions will be held in Morocco in October.

Under the direction of the European Economic and Social Committee, the network of ESC's, has over the past years dealt with many matters of importance to the Euromed partnership and the European Neighbourhood Policy.

The European Economic and Social Committee monitors the implementation of these policies by elaborating reports and opinions. It also organises study visits and give support to civil society organisations in the partner countries.

The main concern of the European Economic and Social Committee in this context is:

- to involve the socio-economic partners and other civil society organisations in the dialogue between economic and social councils and similar institutions in the Euromed region,
- to promote the consolidation of civil society in the partner countries

– and to support the creation of structures for dialogue or ESC's in countries where these don't exist.

Over the past years, the work of the European Economic and Social Committee has shown in practice how important it is to develop a dialogue among civil society organisations in the EU and the partner countries. It is also important to underline the need to establish a permanent dialogue among civil society organisations at the national level in the partner countries

Thus, since 1995, four ESC's have been created in the southern partner countries (Lebanon, Israel, the Palestinian Territories and Jordan) and others are on the way (Egypt and Morocco).

I am convinced that the consultation of civil society organisations by their governments, but also by the EU-institutions, is essential in order to develop the Euromed partnership, the European Neighbourhood policy and future Euromed cooperation policies, in line with the concerns of the citizens in the region

An active dialogue involving civil society would also be an advantage in the framework of the Agadir Agreement.

The stakeholders - businessmen and investors - of the Agadir Agreement are actually the ones who will make this agreement a reality.

To establish an open dialogue with the stakeholders of the Agadir Agreement is therefore of outmost importance, as their actions and reactions will determine its success.

I consider this Forum today as a first step in this direction, and hope that a more permanent dialogue will be established soon.

In this context I would like to point out that the Agadir Agreement will also have social consequences.

That's why an open dialogue, including not only business interests, but also trade unions and socially oriented associations, would create a greater feeling of ownership by the entire population and be better accepted by everyone.

A broad consultation of all stakeholders would create more favourable conditions for the implementation of the Agadir Agreement and therefore contribute to its success.

Thank you for your attention.

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