



PRÉSIDENCE FRANÇAISE
UNION EUROPÉENNE

7TH EUROMED TRADE CONFERENCE

"The Barcelona Process: Union for the Mediterranean"

The Barcelona Conference on 27-28 November 1995 was the starting point for the Euro-Mediterranean Partnership, or Barcelona Process. It is the expression of the EU's foreign policy vis-à-vis the Mediterranean region. Its members include the 27 countries of the European Union and 12 Mediterranean partners (Albania, Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Mauritania, Syria, Palestinian Territories, Tunisia and Turkey. Libya has an observer status).

The Partnership is divided into three chapters (political, economic and financial, and cultural and human) with a goal of creating an area of stability, security and shared prosperity.

The greatest amount of progress has been made in the **economic and financial field**. The goal is to put in place a regional free-trade area by 2010 in order to firmly bind the economies of the southern partners to Europe. European financing underpins efforts to liberalise and update southern economies. EU subsidies (€ 5.3bn between 2000-2006, under the auspices of the MEDA programme) have supported policies of transition, development and regional cooperation. As of 2007, within the framework of the European Neighbourhood Policy* (ENP), such subsidies are part of the European Neighbourhood and Partnership Instrument* (ENPI), which includes Mediterranean and Eastern European countries (€ 3.4bn is budgeted for the Mediterranean region for 2007-2010). Loans from the EIB, granted within the framework of the Facility for Euro-Mediterranean Investment and Partnership (FEMIP), amounted to € 6.7bn for 2000-2006, and were used to support private sector, infrastructure and environmental projects. In 2007, the FEMIP pledged nearly € 1.4bn in loans for the Mediterranean area.

Progress is also being made in the **cultural, social and human field**. The Anna Lindh Foundation, launched in 2005 in Alexandria, is the first common Barcelona-Process institution financed by contributions from every partner state and the European Commission.

In order to give fresh impetus to the Barcelona Process, President Nicolas SARKOZY has suggested to the European and Mediterranean partners the idea of creating a "**Union for the Mediterranean**" (UPM), based on two fundamental principles – the creation of a real partnership in which Europe and the Mediterranean rim countries are on equal footing, and a willingness to take on concrete projects. During its meeting on 13 and 14 March 2008, the Council of the European Union took up this initiative and renamed it "The Barcelona Process: Union for the Mediterranean". The European Commission was mandated to produce proposals for defining how the new initiative will develop. Theme-based Barcelona Process meetings, such as that of the trade Ministers, will also contribute to this new dynamic.

This Paris Summit, which will bring together Heads of State and Government of the Union for the Mediterranean will be held on 13 July 2008.

Establishing a EuroMed Free-Trade Area

Thanks to the conclusion of Association Agreements between the EU and various Mediterranean countries, the establishment of a EuroMed Free-Trade Area by 2010 is one of the primary objectives of the trans-Mediterranean partnership that was launched at the Barcelona Conference in November 1995. Timeframes for dismantling tariffs and for trade opportunities differ depending on the country and the economic sectors in question.*

Industrial products

Some of the most striking results of freer trade in the Mediterranean region can be seen in the industrial products sector. As soon as a Mediterranean country's Association Agreement* enters into force, all manufactured products from that country enjoy tariff-free access to the EU market. Reciprocally, the Mediterranean partners are progressively dismantling their tariffs over transitional periods of approximately 12 years. For example, Tunisian tariffs were eliminated on 1 January 2008 for industrial products from the EU. In Morocco, tariff elimination will be completed in 2012.

Agriculture

Despite development differences on either side of the Mediterranean, agriculture liberalisation has also been carried out. Today, 80% of the EU's tariff descriptions (which associate a tariff to a product type) have been liberalised for products from southern countries. This is true for only 20% of tariff descriptions in southern countries.

Greater agricultural trade liberalisation has been on the agenda since 2005. Negotiations were concluded with Jordan, and are well underway with a certain number of countries, including Morocco, Israel, Egypt and Tunisia.

Services

More recently, negotiations concerning liberalisation of services have been launched. Exports of services from the EU's Member States to Mediterranean countries represent a mere 5% of the EU total service exports. A "Framework Protocol on the liberalisation of trade in services" was established by EuroMed trade Ministers meeting in Istanbul on 21 July 2004. The goal of the protocol was to facilitate and standardise bilateral service agreements. Nevertheless, a certain number of unresolved issues remained, particularly with respect to application of the Most Favoured Nation clause. To give impetus to the discussions, the EU has launched bilateral negotiations with each country, in parallel to the regional-level discussions.

In addition to the liberalisation in trade in goods and services, the goal of the EuroMed agreements is to gradually put in place a set of common regulations in areas such as convergence of technical standards and competition.



Economic and trade integration in the Mediterranean region

The reduction of the North/South divide in the Mediterranean region and the emergence of a shared zone of prosperity depend in large part on the ability of the EU and the Mediterranean Partners to create a true regional economic space. Although regional integration is still in its infancy □ trade between countries south of the Mediterranean represent only 6.4% of their total trade □ regional cooperation has been strengthened through a number of South-South and North-South agreements.

Regional integration means facilitation of trade between partners, lower tariffs and the implementation of cross-border transportation infrastructures for rail, road and air travel. It also means the convergence towards a shared regulatory framework, as well as efforts in the area of education, including recognition of diplomas and university exchanges.

The recent "PanEuroMed Protocol on cumulation of origin"* may serve as an illustration. It applies to the 40 members of the PanEuroMed system and allows economic operators to cumulate processing of their products in different countries of the region in order to more easily obtain preferential tariff treatment. For example, a textile fibre may be woven in Tunisia, subjected to additional treatment in Morocco and dyed in Egypt based on an Italian design. It can enter the European market duty free. As textiles constitute a strategic sector for Mediterranean countries □ representing nearly 20% on average of exports from countries south and east of the Mediterranean □ the protocol fosters creation of a streamlined productive regional zone, making it particularly attractive to foreign investors.

In addition, creating a more integrated regional economic space will necessarily involve the conclusion of free-trade agreements between countries south of the Mediterranean (South-South relations), as a complement to Association Agreements with the EU (North-South relations). Many bilateral agreements already exist, but their scope is often limited. The 2006 Agadir Agreement, which established a free-trade area between Jordan, Morocco, Tunisia and Egypt, marked a milestone in South-South integration. The signed agreement will, over time, create a market of more than 120 million people in the four countries, and offer new opportunities for European investors in this region □ currently, the area attracts 2.3% of EU foreign direct investments.