



PARLIAMENTARY ASSEMBLY OF THE MEDITERRANEAN
ASSEMBLEE PARLEMENTAIRE DE LA MEDITERRANEE
الجمعية البرلمانية للبحر الأبيض المتوسط

2nd OPERATIONAL MEETING OF THE PAM PANEL ON EXTERNAL TRADE AND INVESTMENTS IN THE MEDITERRANEAN

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Draft Summary Report

The 2nd Operational Meeting of the PAM Panel on External Trade and Investments in the Mediterranean took place at the UN European HQ, in Geneva, co-organized by PAM with UNECE (United Nations Economic Commission for Europe) and UNCTAD (United Nations Conference on Trade and Development). It brought together more than 100 participants, from 22 national governmental and parliamentary delegations, 6 UN Organizations and Specialised Agencies, 8 International and Regional Organizations, as well as NGOs, financial institutions and representatives from academia and the private sector. Welcoming addresses were given by Dr. Supachai Panitchpakdi, UNCTAD Secretary-General, Mr. Andrey Vasilyev, Deputy Executive Secretary of UNECE, and Italian Senator Francesco Maria Amoroso, President of the PAM 2nd Standing Committee. 40 high-level speakers addressed the conference, which was closed by Jordanian Senator Marwan Alhmoud, Vice President of PAM 2nd Standing Committee.

The meeting represents a key step in PAM and UN shared commitment to promote stability and democracy in the Mediterranean through trade and investments.

Focus of the Joint PAM/UN Conference

The participants agreed that the recent developments in the region were generated by economic issues. These included the destabilising impact of unemployment, rising food and energy prices, coupled to a slow recovery from the global financial and economic crisis. The conference noted that many countries are experiencing high budget deficits and poor levels of foreign investment, with soaring youth unemployment particularly in the South Mediterranean. Poor distribution of wealth, as well as compression of domestic wage levels despite general economic growth in the region, led to a reduction in consumer purchasing power, often due to corruption.

All participants pointed to the need to invest on economic development, within a master plan that addresses the issue of poverty, generates employment through investments for production-led growth, while enhancing competitiveness through the adoption of trade facilitation measures and partnerships. These are the key elements required to foster peace, security, and stability throughout the region. The Conference further considered that well-structured regional free trade agreements are an important instrument to relaunch the Mediterranean economic area. It was also agreed that a general tax reform is urgently needed, with the progressive taxation of wealth, while ensuring that the weak economic sectors are not overburdened by inappropriate fiscal policies. It was agreed that particular attention should be given to agriculture and tourism, as they represent two major economic sectors for economy, especially in Southern Mediterranean. The Conference also concurred that measures need to be adopted

to improve transparency and accountability among government actors, in order to contrast corruption and cronyism.

The Conference concluded that governments of European and Mediterranean States and beyond need to acknowledge the geopolitical and strategic importance of the Mediterranean region as a single entity, and act decisively and swiftly to enact policies that would relaunch the economy in the Mediterranean.

Given the many areas for potential cooperation with UN organizations in the trade area, PAM welcomed the decision of strengthening cooperation and consultation with the UN Trade and Productive Capacity Cluster. This could take place through the formulation of new assistance programmes for the Mediterranean countries at the national, regional and sub regional levels as appropriate, and by providing technical expertise to existing activities and projects.

Five main themes were discussed during the meeting:

1. Policy considerations/Customs Unions/Regional Free Trade Agreements

All the Mediterranean countries have entered into various forms of customs unions/regional free trade agreements, whether bilaterally or multilaterally, as national markets are no longer adequate to face the challenges of globalisation. While free trade agreements may lead to favourable trade and fiscal regimes for the parties to them, they may also lead to short-sighted policies that build barriers to regional development by, in particular, penalising non-parties.

It was therefore recommended that remaining barriers to trade need to be removed throughout the Mediterranean, for example, in relation to customs clearance and by standardising procedures to improve competitiveness.

2. Trade and logistics facilitation

Trade among Mediterranean countries is experiencing problems due to low levels of exports in some countries, poor intra-regional trade (whether North-South or South-South) and lack of coordination and integration at regional level, notably due to the absence of common documentary formats and procedures. Moreover, protectionism has been a typical response since the global economic crisis started, but this has led to differentiated markets and is contrary to the liberalisation processes.

Transport is a strategic sector for economic development, which requires long-term political commitment throughout the region. This is strictly connected with infrastructure.

It was widely agreed that there is a considerable disparity between transport networks on the North and South shores of the Mediterranean, and much still needs to be done to improve the Mediterranean transport networks. Major investments are required to improve transport and logistics by enhancing the major corridors.

Transit procedures also need to be multilateral, in order to facilitate trade movement and make it more competitive, and the adoption of the TIR convention was recommended for non member states, or where signatory states had not yet implemented it. In this context, States were urged to review their domestic legislation with a view to overcoming obstacles to its implementation, as well as review other regional and international transport conventions of relevance to the region, with a view to acceding to them. As regards trade facilitation mechanisms, Mediterranean States were asked to consider what

could be done in their respective countries for ensuring the standardization / harmonisation of documentation, and where possible computerization. PAM countries were also encouraged to adopt a common legal framework setting out common standards, information and procedures, as well as consider relevant legislative activity, to create an enabling environment for e-commerce.

The “Single Windows System” was also recommended for all procedures involved in imports/exports to save time and optimise human and financial resources. To implement Single Window Systems, strong political will is required in addition to technical reforms, a common legal framework and common standards. UNECE and PAM are key partners in facilitating this process. Computerisation of customs clearance procedures and Single Windows Systems can make an important contribution to facilitating imports/exports. In this sense, assistance is available from the UNCTAD ASYCUDA programme, which has been contributing to the modernisation of customs systems for over 25 years.

It was suggested that the three regional UN Economic Commissions, namely UNECE (Europe), UNECA (Africa) UNESCWA (West Asia) should set up a joint programme to support economic development in the Mediterranean, identifying specific obstacles and opportunities based on their respective areas of expertise, as a single partner to PAM. On its side, PAM will contribute to building the political consensus required to support economic development by determining specific actions for South-South integration, promoting establishment of both national trade and transport facilitation committees in national and regional parliaments. PAM will also report to Member States and UNGA on progress made. It was also suggested that PAM should create a “clearing house mechanism” to serve the specific aim of facilitating the exchange of lessons learned and best practices among the actors in intra-PAM trade.

3. Productive capacity development as a key requisite for sustained, inclusive growth

Productive capacity development requires cohesive strategies that create synergies between trade, industrial, labor and other policy areas. This allows for greater specialization in dynamic or technology-intensive products offering high added value. As most countries in the region face rising unemployment and poverty levels, governments need to ensure that the expansion of dynamic sectors should not be to the detriment of labor-intensive industries, by supporting the need for economic diversification that generates employment.

It was suggested that responses need to be sector-focused, and geared towards developing production capacity in companies based on a bottom-up approach. These should focus, among others, on the technological capabilities of SMEs at the micro-level, fostering intercompany coordination, diversifying and developing trade-related services and providing investment and foreign exchange availability mechanisms. Moreover, the integration and partnership among SMEs needs to be fostered into regional global/regional value-chains in compliance with prevailing corporate social responsibility standards and principles of business ethics. Several priority sectors were suggested for development: agriculture (to reduce poverty and unemployment as it is a labour intensive sector), and tourism (through specific development programmes). PAM States were also called upon to play a more active role in international standards organizations, in acknowledgment of their importance as key mechanisms for international economic and technical cooperation, and technology transfer.

Participants agreed on the necessity of having a financial institution dedicated to structural investments and supporting SMEs in the region. This institution must be solid and reliable. It was suggested that it could be a branch of the European Investment Bank, in partnership with other financial institutions.

4. Energy

Socio-economic progress is becoming increasingly associated with the availability of adequate, consistent, reliable, environmentally friendly and sustainable energy systems. In fact, the challenges faced by the energy sector and environmental protection should be tackled with the commitment of all stakeholders. Accordingly, dialogue needs to be strengthened with cooperation among all countries of the Mediterranean basin, as well as at regional, international and global level between Institutions (Parliaments, Governments, Regulators), public and private operators, and consumers. In this context, it was highly recommended that infrastructural capacities needed improved rationalisation. This relates to the flows of energy resources and trading, the promotion of energy efficiency mechanisms and renewable energy sources, know-how and technology transfer, the integration of energy markets, and finally the harmonization of legal and regulatory frameworks, in relation to which the Association of Mediterranean Regulators for Electricity and Gas (MEDREG) could play a leading role.

National parliamentary energy committees were urged to give their contribution and support to PAM's activities, with PAM organizing an annual meeting with the participation of the respective Committees and UNECE. Mediterranean countries were called upon to set up independent energy regulatory authorities, where they do not exist to date. Moreover, the establishment of a permanent institutional mechanism to monitor the implementation of ongoing energy projects was recommended, also to provide technical support. This could be achieved rapidly through the relaunch of the Rome Euro-Mediterranean Energy Platform (REMEP), which was set up by the Euro-Mediterranean Energy Ministerial Conference of December 2003.

5. Water

The Mediterranean region faces three major challenges relating to the use of water, whether for agricultural, industrial or private consumption: population growth; development strategies; climate change. These challenges will only accentuate the problems of water scarcity over the next 15 years. The Mediterranean region needs to develop water conservation and better water management projects, including trans-boundary sharing and pooling of water resources. Moreover, open, transparent, formal mechanisms need to be established to address cross-border issues including planning for the use and conservation of shared water resources. These are essential for the future stability of the region given the unequal distribution of water throughout the Mediterranean, and that water scarcity already affects a large proportion of the population in the South.

The Conference further recommended that additional and energy-efficient non-conventional water systems, such as desalination and water reuse, need to be developed. Moreover, fair and effective models of governance and financing were recommended to implement projects addressing the issue of water scarcity. Overall, water management needs to be considered comprehensively with a view to ensuring economic development, food security and poverty reduction, improving knowledge on hydro-meteorological data and projections, establishing of efficient tariff structures (with effectiveness on tariffs collection) and efficient / recycling water conservation policies.

Conclusions

Finally, it was agreed that the Geneva conference is only the first step in a series of coordinated efforts and actions by UNECE, UNCTAD, the WB, WTO, UfM and PAM in order to provide tangible and concrete initiatives in the economic and financial sectors, necessary to relaunch the economic growth in the Mediterranean Region.