

Barcelona Declaration

Euro-Mediterranean Economic Leader Summit

Preamble

In the occasion of the **tenth anniversary of the Barcelona Declaration**, and with the reason of the extraordinary meeting of the Heads of States from the Euro-Mediterranean countries – that will be held in Barcelona the 27th and 28th of November 2005 – **Business Leaders and representatives of Business Association and the Private Sector** from the region met on the 21st and 22nd of November 2005 and analyzed the euro-Mediterranean policies of the last ten years, the results obtained until now, the current prospective, and, especially, the future objectives and challenges, in order to stimulate and realize the aspirations of the Barcelona Process.

The participants to the *Euro-Mediterranean Economic Leader Summit* have highlighted a series of key points, elaborated into **propositions and recommendations, following the principles of the Barcelona Declaration**: Define a common area of peace, stability, prosperity and safety through the political dialogue and the establishment of an economic and financial association, as well as a social, cultural and human.

These propositions and recommendations have been summarized in a **Joint Declaration, addressed to the Heads of States**, with the aim to present measures elaborated and suggested by the representatives of the private sector in the Euro-Mediterranean region.

Declaration

Thus, with the purpose of improving the present situation and promoting future actions for the success of the Euro-Mediterranean Association, which is based on the Barcelona Declaration's principles, the participants of the *Euro-Mediterranean Economic Leader Summit* declare as necessary:

1. **To increase the implication of the private sector in the elaboration of policies concerning its development within the Barcelona Process.**

It is necessary that the private sector participates more clearly and actively in the policies for its development. It should be an actor of this process and not only a mere executor. The private sector is one of the main elements of the economic growth, of the creation of employment and of the social development in the Euro-Mediterranean region. Predecessor of the Barcelona Process, through the long and constant tradition of exchanges between the two shores of the Mediterranean Sea, the private sector of the area deserves the acknowledgment and the implication necessities for its development. Moreover, the active role of the private sector and its representative Business Association must be enlarged, among others through the increase of horizontal and regional projects back to over 15% of the MEDA programmes and reactivation of the MedInvest programme.

b) Enable citizens to participate in decision-making

e) Foster the role of civil society in accordance with national legislation as appropriate and enhance its capability through improved interaction with governments and parliaments.

2. **To support the private sector in the Mediterranean region, especially promote its emergency in the associated countries and foster the South–South economic integration.**

In order to turn the Euro-Mediterranean Association into a competitive zone facing the global market, it is fundamental to recognize the private sector as an engine of the economic growth and as an essential element for the economic integration of the region. For this reason, the elaboration of policies, especially in the associated countries, is required, which will promote and support the private direct investments, whether domestic or foreign. The entrepreneur spirit must be stimulated among young businessmen and the public authorities should provide them with efficacious instruments. In this context the South-South economic integration is an indispensable condition as the base of the Euro-Mediterranean Free Trade Area.

(k) An increase in the percentage of the labour force working in the private sector;

(f) Apply the principles of the Euro-Mediterranean Charter for Enterprise and assess together their implementation;

(g) Take measures to promote the conditions to allow a substantial increase in the European investment rate in southern Mediterranean partner countries;

3. **To support and improve the conditions of SMEs in the Mediterranean zone: Facilitate their access to financing, new technologies, good practice.**

The SMEs form more than the 90% of the Euro-Mediterranean companies, but, in the same time, they are the ones facing more difficulties and suffering from a higher "mortality", especially in the associated countries. For this reason, it is needed to elaborate specific policies, programmes and initiatives to support the micro-enterprises and the small and medium enterprises. We must keep in mind that the SMEs are and will be the engine of the economic growth of the region, not to mention their role in creating employment and stimulating a real economic integration of the euro-Mediterranean zone which will reflect positively on peace, democracy, security, and prosperity: the pillars of the Barcelona Process.

(a) An improved business climate, in particular for SMEs, including by reducing regulatory and administrative obstacles to the creation and operation of businesses, as well as the time taken to create a new business;

4. **To improve the financial background of the Mediterranean region:**

- Create a **unified and transparent fiscal/legal framework** in the zone.

- **Reform the banking and financial institutions in the associated countries.**

- Establish a **Euro-Mediterranean Development Bank**, similar to those existing in other zones (BAD, BID, BERD...); a financial instrument as key element for the economic integration of the region, which is based on the co-participation between **public and private capitals**. Create a Mediterranean bank that facilitates financing to SMEs, funds of risk capital and stimulates the foreign and domestic direct investments in the region. A financial institution that encourages the

external trade of the associated countries and harmonizes monetary and change policies. A Mediterranean bank that promotes the South-South relations and economic dialogue and facilitates the integration with the European systems, increasing, in this way, the competitiveness of the Mediterranean region within the global market.

- (e) Assess in December 2006 the possibility of the incorporation of an EIB majority owned subsidiary dedicated to the Mediterranean partner countries on the basis of an evaluation of FEMIP's performance
- (b) Increased access to bank lending by the private sector through consolidating and liberalising the financial sector, improving financial supervision and facilitating cooperation between financial institutions;

5. **To stimulate programmes of continuous training and Research & Development**

Continuous training and Research & Development appear as a fundamental tool that assures development and expansion, for the enterprises in general, and especially for the SMEs. It is necessary to encourage private sector led, demand driven suited programmes, resulted from the cooperation between universities and enterprises, in order to reach the objectives of development and growth.

- (f) Developed national capabilities in the field of scientific and technological research and innovation to establish a knowledge based society through increased co-operation with and access to relevant European programmes and institutions;
- (f) Support market based reform of Technical and Vocational Education and Training, the involvement of commerce and industry, and rationalisation of qualifications;

6. **Increase the competitiveness of the Euro-Mediterranean region facing the competition of other economic zones:**

- **To liberalize the market of products and services in the Euro-Mediterranean region.** In order to stimulate an economic growth and a real regional integration, it is considered necessary a higher liberalization of the markets of services, of the energetic sector, of the fishing and agricultural products; especially the latest should be followed by policies that assure a new rural development.

i. The progressive liberalisation of trade in agriculture, processed agricultural products and fisheries products,

Non-tariff aspects of agricultural trade liberalisation should be properly dealt with, along with other issues such as rural development, agricultural productivity and quality, as well as sustainable development. Negotiations will start with partner countries as soon as possible.

ii. The progressive liberalisation of trade in services

- **To apply a series of economic and structural reforms in the associated countries**, with the aim of encouraging and supporting the private sector, the competitiveness and the foreign trade; as well as attracting direct foreign investments and promoting the domestic ones, turning the remittances into productive investments. All this can be issued starting from a more active South-South economic dialogue.
- (g) Better socio-economic inclusion, in particular in order to face social consequences of sectoral restructuring;
- (i) Strengthen impact analysis of economic reforms and co-operation in the region.
- **The emergent sectors of the Mediterranean should have a higher power of attraction for the investors.** The sectors of telecommunications, agro-food and, above all, tourism, can be promoters of the economic growth and of the sustainable development in the region. Thus, it is necessary to support these sectors, spreading confidence among the private investors and promoting a unified, simplified and clear legislative/regulation framework in the trade and environment fields.
- (j) An increase in the region's domestic investment and of its share of global foreign direct investment, particularly in non-oil sectors, by inter alia improving its investment climate and supporting efforts to attract foreign and domestic investment that contribute to the creation of new jobs in the region
- (o) Co-operate to enhance the impact of tourism on job creation, infrastructure development and inter-cultural understanding while ensuring environmental sustainability.
- (d) Approximate standards, technical legislation and conformity assessment, and provide support and assistance to that end, so as to pave the way for the negotiations of Acceptance and Cooperation Assessment Agreements on Industrial Products (ACAAs) and the elimination of technical obstacles to commerce at the latest by 2010;
- **The application in the zone of the Pan-Euro-Mediterranean Protocol on the rules of origin** is a decisive step for the establishment of the Free-Trade Zone.
- (c) Take advantage of the adoption of the Pan-Euro-Mediterranean protocol on cumulation of origin as a step towards promoting intra and inter-regional integration.
- **To invest in infrastructures and promote the transference of new technologies, *Know How* and *Best Practice*.** For a real competitiveness of the Mediterranean area, it is essential to invest in the infrastructures fields in the region, promoting, especially, the sectors of:
 - **Transports:** Concretize the new projects as the *Gibraltar Tunnel* and the *Sea Highways*, improving the harbour infrastructures.
- (m) Develop a regional transport infrastructure network

- **Energy:** This one should change into an element of competitiveness for the economies of the Mediterranean, especially concerning the derived sectors of energy (Electricity, gas, etc.).

- (n) Implement sub-regional energy projects to promote a Euro-Mediterranean energy market, including the progressive integration of Mashrek-Maghreb electricity networks with the EU electricity network; the integration of Middle East gas networks, energy co-operation between Israel and the Palestinian Authority; and several important pipeline connections.

Assure **environmental policies** and support tools to the enterprises. Prevent pollution is a necessity that implicates a remarkable added cost for which companies require helps and financing.

Promote environmental sustainability

It is fundamental the diffusion of **new technologies, Know How and Best Practice**, the promotion of **innovation**, as well as the promotion of **training, information** and the elimination of the gap in the field of **I&CT** between the two banks of the Mediterranean sea.

- (i) Increased labour force productivity through greater access to vocational and technical training and measures to encourage technology transfer from European partners. An increased role for the private sector in financing and training within the workplace;
 - (k) Develop scientific and technological research and innovation and facilitate the transfer of technology in accordance with national legislation; implement the recommendations of the 2005 Euromed Dundalk Ministerial Conference on ICT; invite the competent EU authorities to extend the Eureka Programme to all Mediterranean partners;
7. **To support programmes that promote the businesswomen and the women entrepreneurs in the economic life of the Mediterranean countries**, especially in the associated ones, elaborating specific politics and programmes with their participation. This will encourage and stimulate their emergency and consolidation.
- c) Increase the participation of women in decision-making including in political, social, cultural and economic positions;
 - (h) A significant increase in the percentage of women in employment in all Euro-Mediterranean partner countries;
8. **To create an economic regional integrated space is necessary and urgent.** The integration South-South is fundamental for the conclusion of the association agreements: its absence restrains the development of the zone and restricts its possibilities, the opening of borders and the commercial interchanges. In order to increase the volume of the market and to attract foreign investors, it is important to create private sector led, designed and implemented support programmes and funds for regional actions that allow the improvement of this situation and assure the obtaining of progress in this field.

- (l) An increase in north-south and south-south regional or sub regional co-operation through financial assistance in fields of mutual interest.
 - (b) Advocate the acceleration of the conclusion of free trade agreements with each other, and promote other regional agreements and bilateral trade agreements; and work for the entry into force of the Agadir Agreement at the latest by the end of 2005
9. **To allocate resources for a MEDA 3 programme** besides those allocated under the Neighbourhood Policy, yet should be private sector led, designed and implemented, and focusing on regional rather than vertical programmes with emphasis on successful instruments implemented in other regions such as MedInvest, Partenariats, enterprises, ...etc.

All these propositions and recommendations must be applied in the framework of the **Barcelona Process**, which principles and programmes should receive new impetus, should be reinforced and widely spread out in the euro-Mediterranean region.

The **Euro-Mediterranean Association** needs a higher leading role in the international scene as well as new impulses. In the same time, a closer cooperation between the governments, the regional entities, the institutions and organizations of the zone, the associations of chambers of commerce and of managements, as well as the singles enterprises and the civil society is necessary.

(k) Work to increase the involvement of civil society in the EuroMed partnership,

More than ever it is necessary to introduce in the debate the implication of the private sector within the euro-Mediterranean Association, because the enterprises are playing a key role as promoters and creators of the economic activity and wealth; in this way, they are consolidating the economic pillar of the Barcelona Process.

Barcelona, 22 of November 2005