

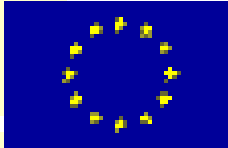
EUROPEAN COMMISSION
DIRECTORATE GENERAL ECONOMIC AND FINANCIAL AFFAIRS

Economic developments and challenges in the Mediterranean region

Euro-Mediterranean ECOFIN Senior Officials meeting

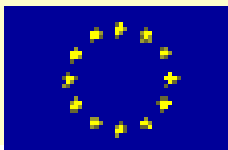
27 June 2007, Brussels

Antonio de Lecea
Director for International Economic Affairs



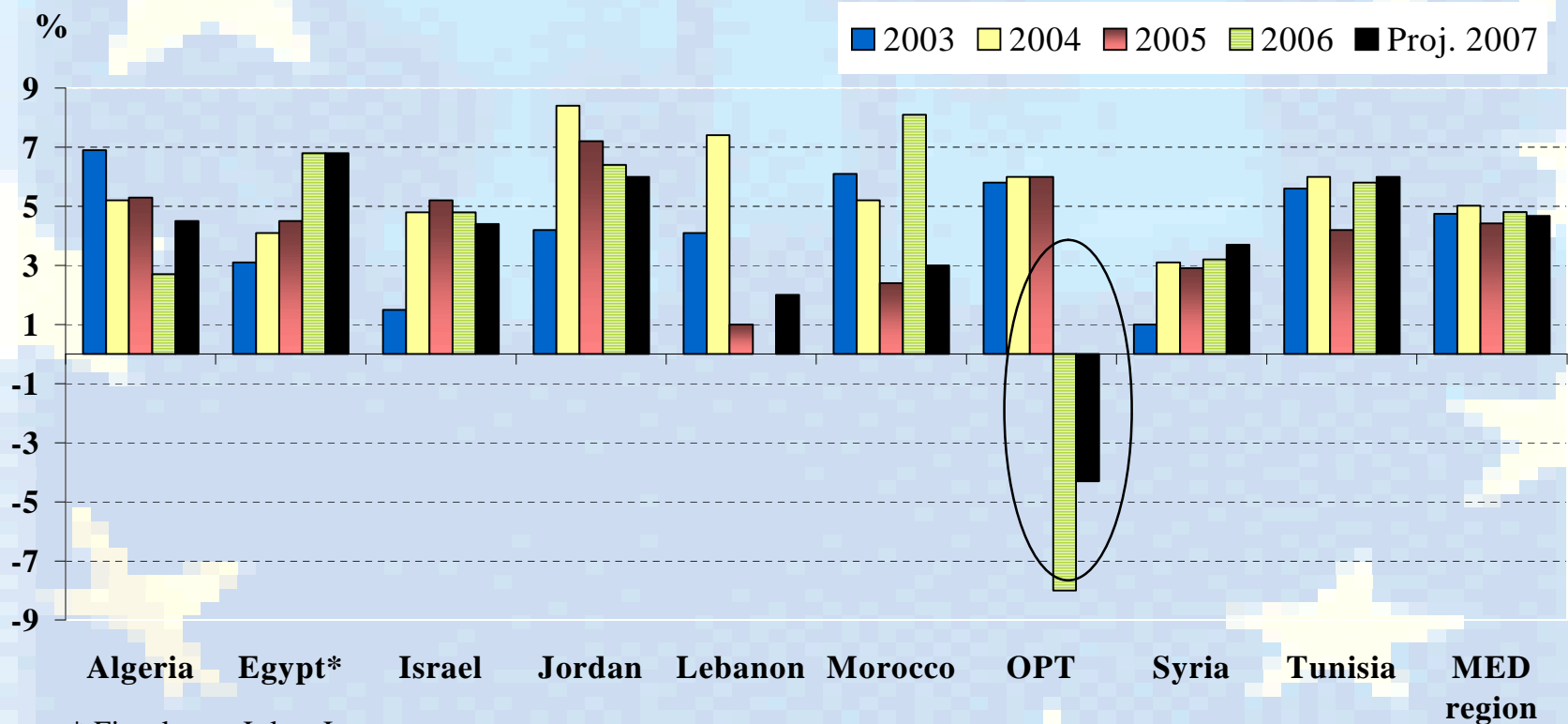
Chair's conclusions of the 2nd Euro-Med ECOFIN Ministerial in Tunis (25-26 June 2006)

- Reaffirmed commitment and support to the four priority areas for reform agreed in 2005 in Skhirat
- Agreement to put in place a forum to share and disseminate good practices and progress (Senior Officials Meeting)
- Agreement to continue reviewing jointly developments in the four agreed priority areas and mandate given to the EC to provide an overview of progress.



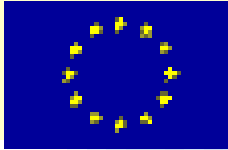
1. Consolidating macroeconomic stability

Real GDP growth rate

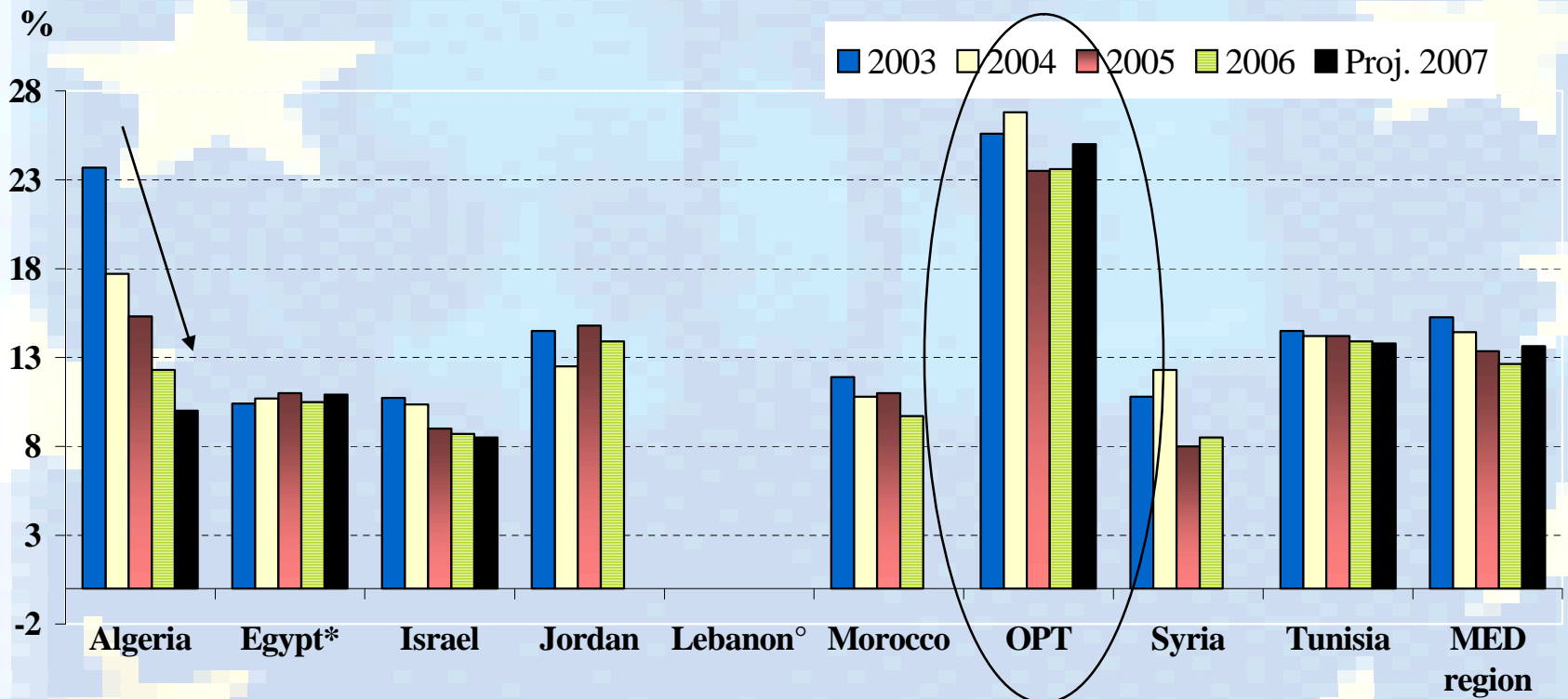


* Fiscal year July - June

Source: IMF.



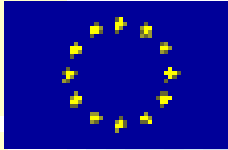
Official Unemployment Rate



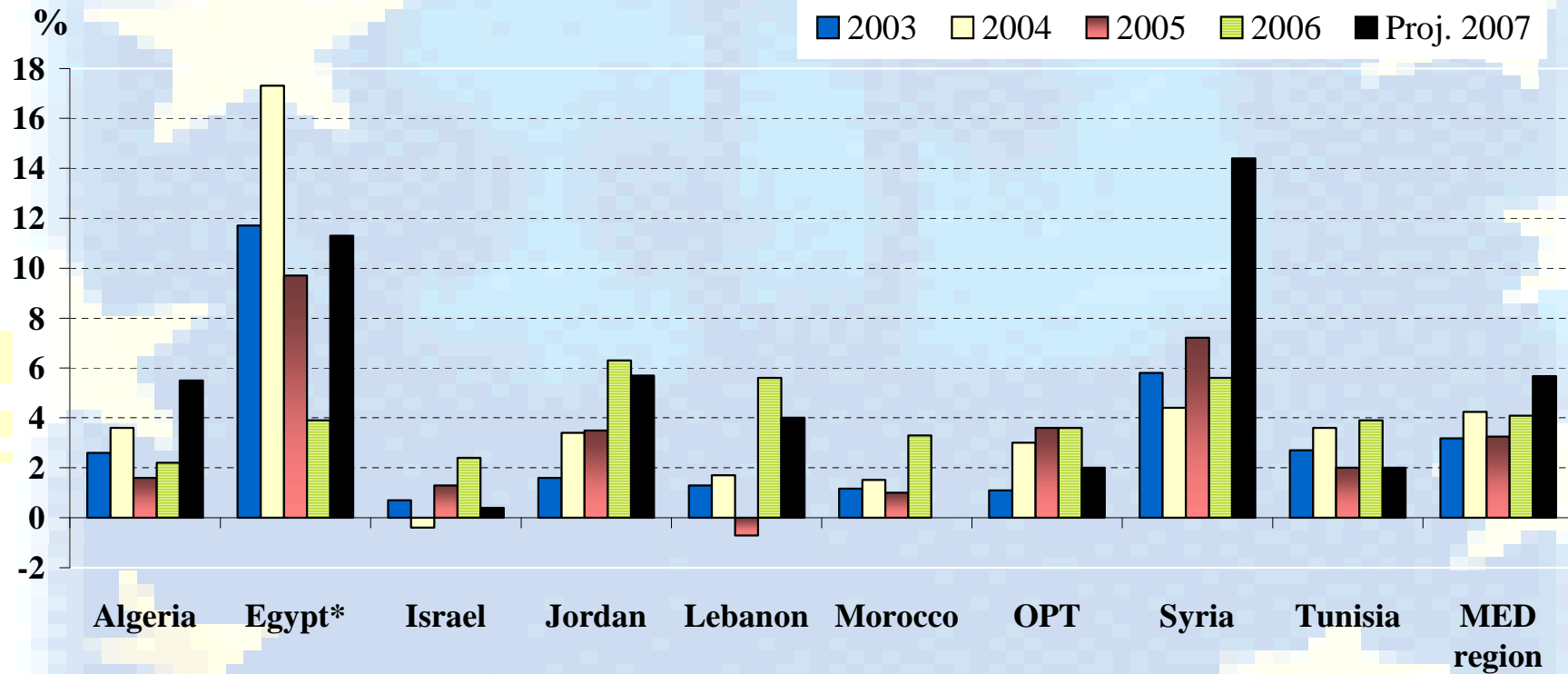
* Fiscal year July - July.

° Data are not available.

Source: IMF.

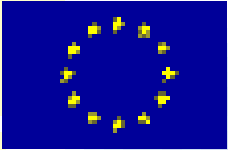


Inflation rate

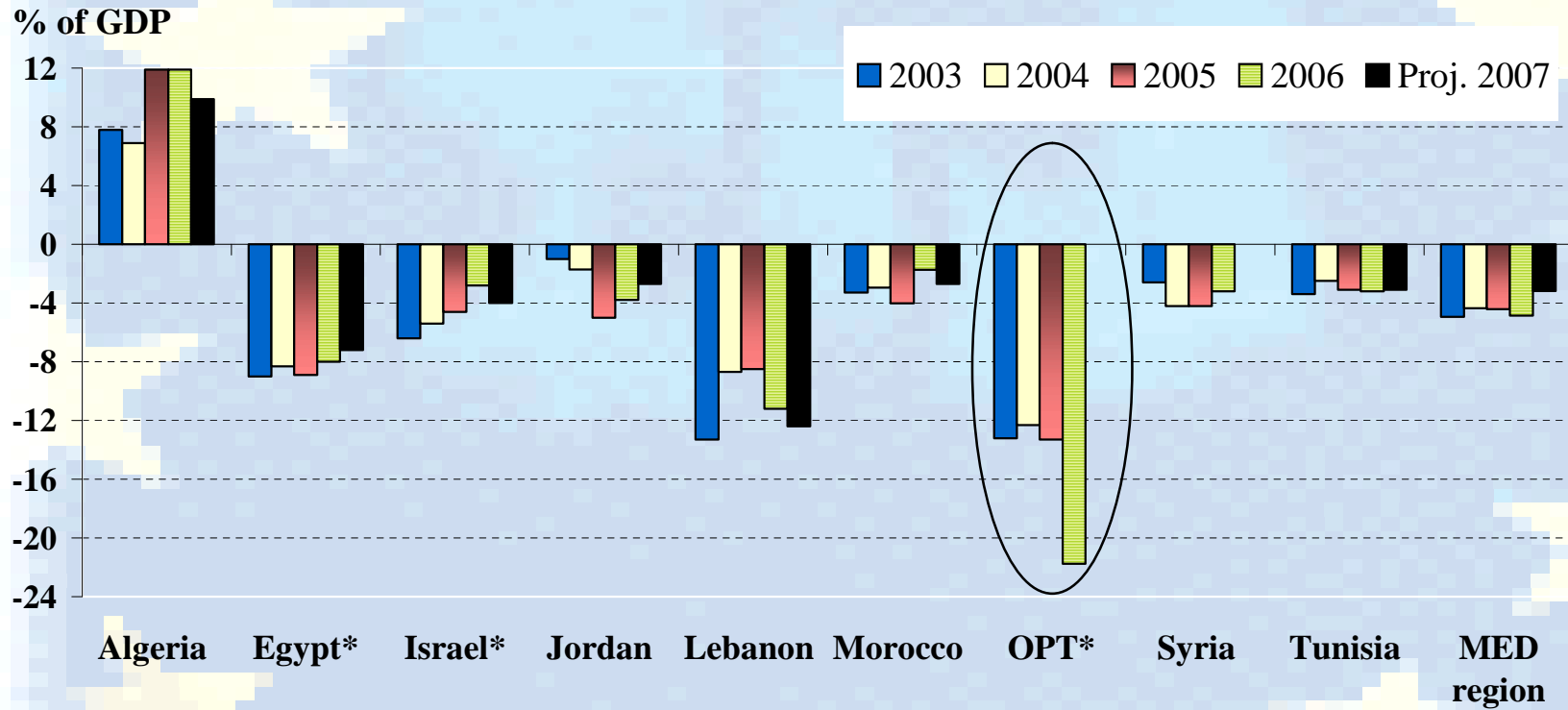


* Fiscal year July - June. Inflation Wholesale Price Index (WPI)

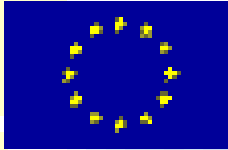
Source: IMF.



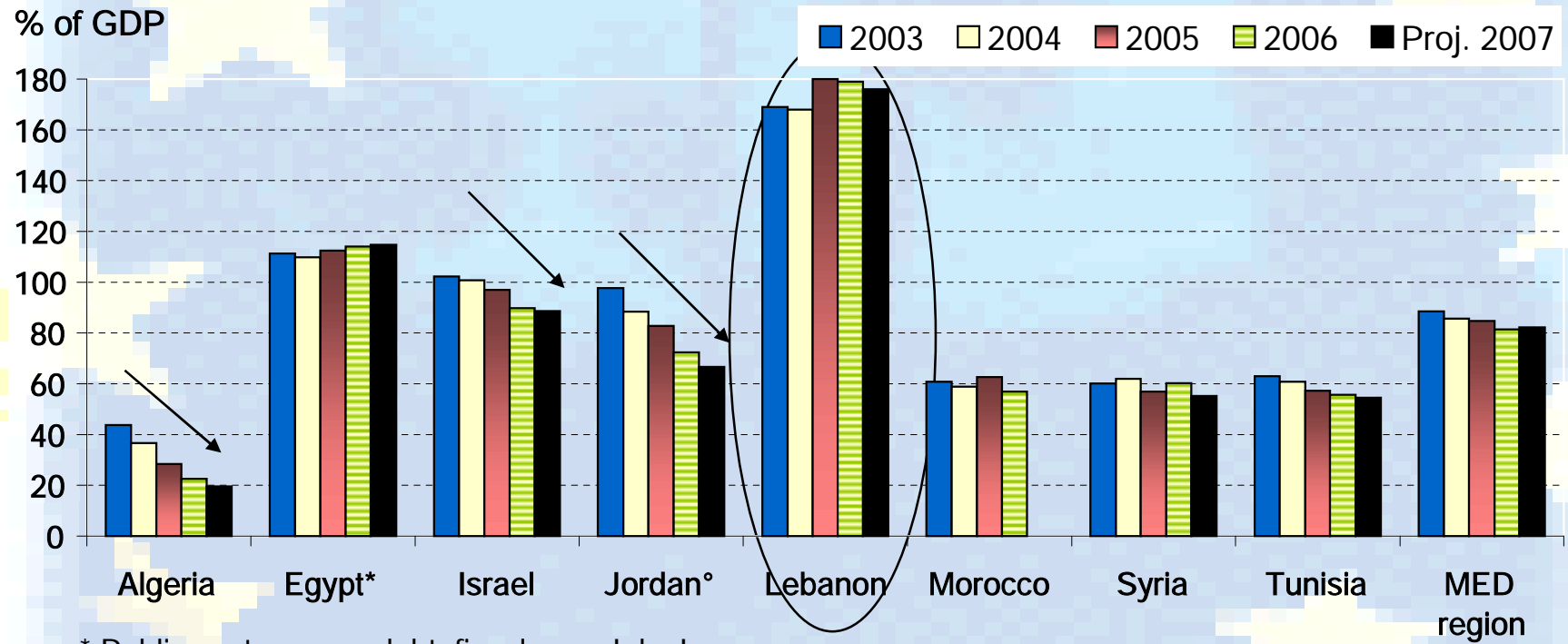
Central government balance



Source: IMF.



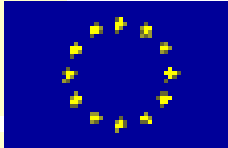
Total gross public debt



* Public sector gross debt, fiscal year July-June

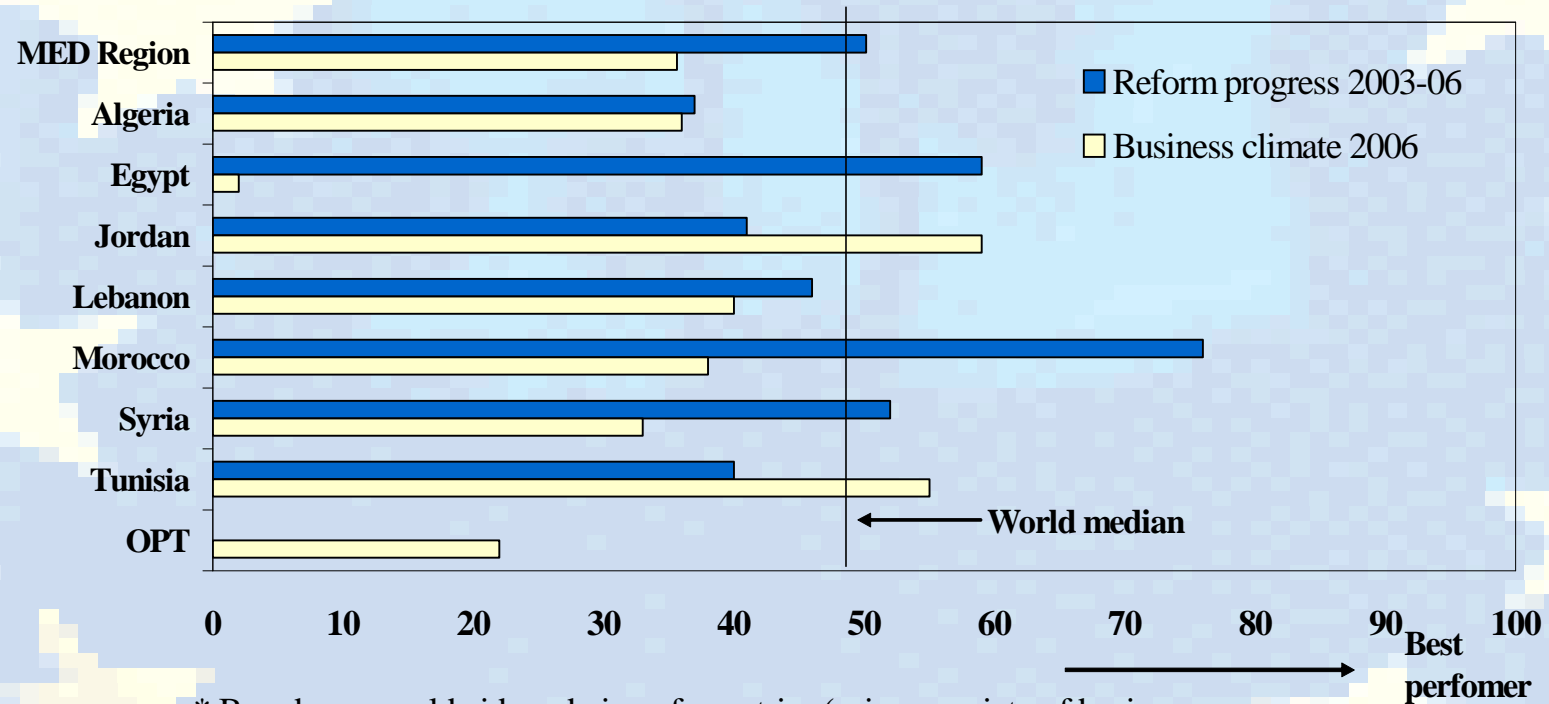
° Net public debt

Source: IMF.



2. Improving the business environment

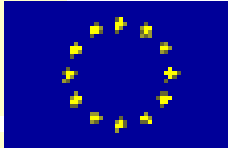
Business environment in 2006 vs. regulatory reform 2003-2006*



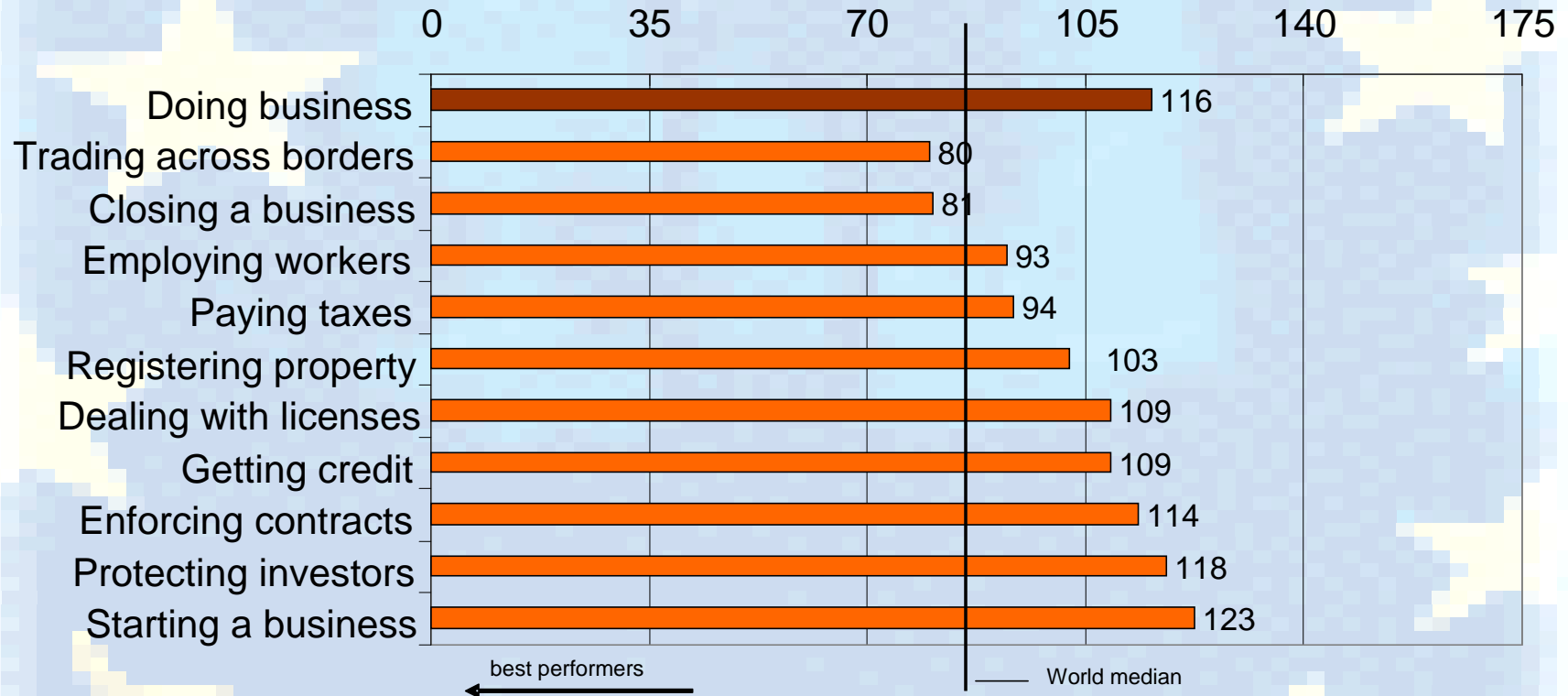
* Based on a worldwide ordering of countries (using a variety of business environment indicators), and expressed as a cumulative distribution function ranking economies from 0 to 100 (best).

Note: Reform progress 2003-06 for OPT is not available.

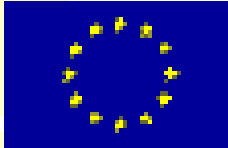
Source: World Bank, 2007.



"Doing business" rankings (Mediterranean median)

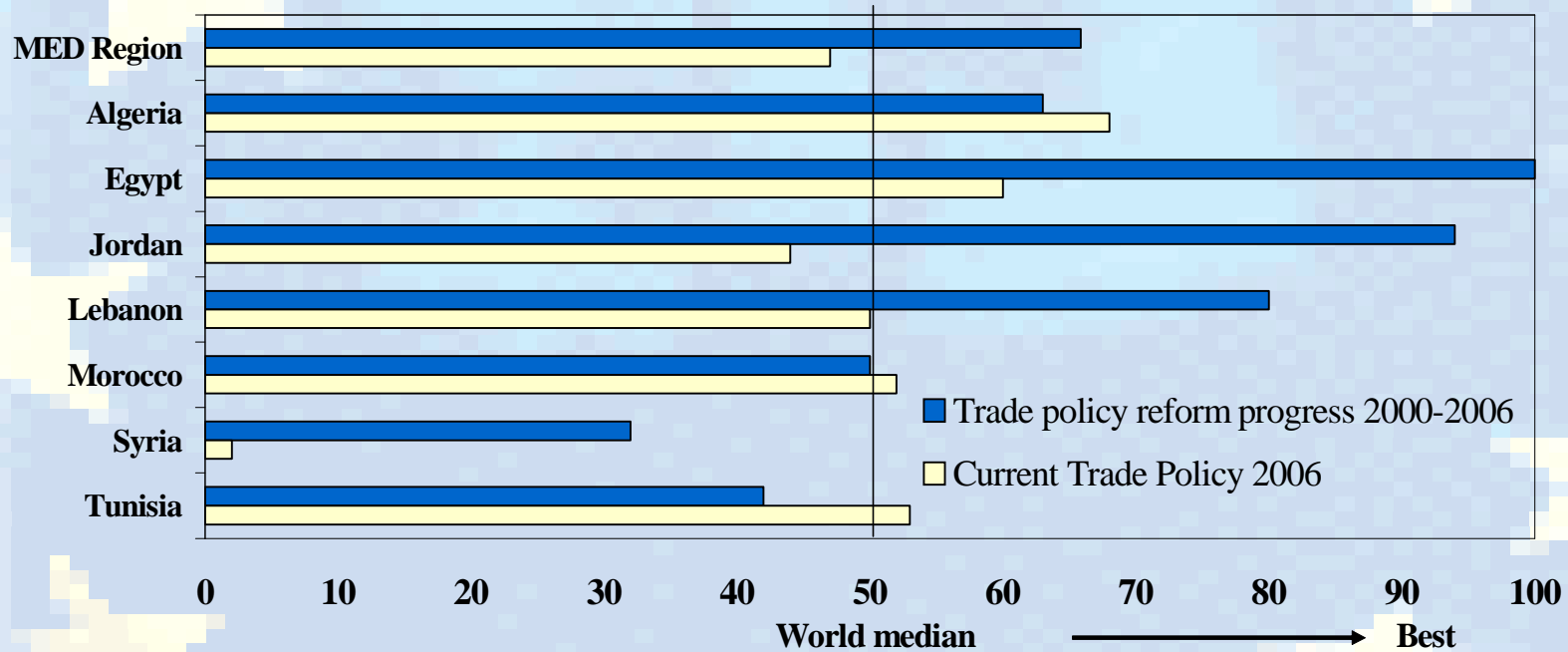


The ease of doing business index ranks economies from 1 (best) to 175. The Mediterranean median refers to the Arab countries among the Mediterranean ENP countries.



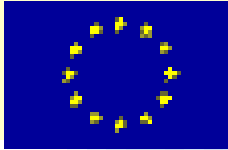
3. Liberalising trade and opening the economy

Current trade policy vs. reform progress 2000-2006*



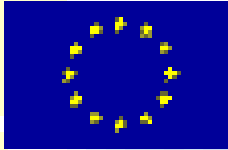
* Based on a worldwide ordering of countries (using simple average tariffs and a variety of indicators, respectively), and expressed as a cumulative distribution function ranking economies from 0 to 100 (best).

Source: World Bank 2007.



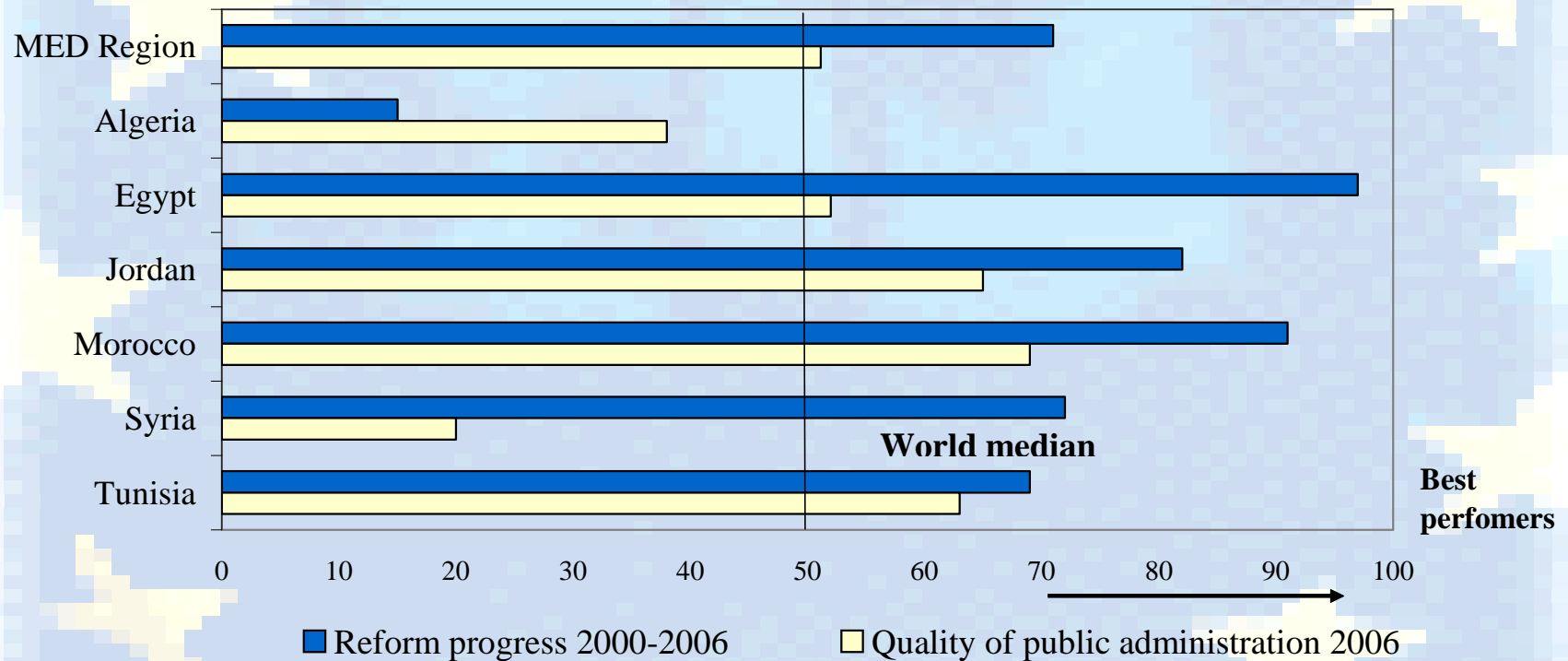
Recent developments in trade-specific issues

- Nov. 2005 Barcelona meeting: **Five-year roadmap** for tariff dismantling, market access, and trade-related policies
- “**New Pan-Euro MED Protocol of Origin**” adopted by Egypt, Israel, Jordan, Morocco and Tunisia
- Slow and disparate **approximation of standards, technical regulations and conformity assessments** for industrial products
- March 2005 Marrakech meeting launched **negotiations on services and investment**, including the right of establishment, with seven MED partners. Collective negotiations started in July 2006 on a services and investment Protocol.
- Negotiations on a progressive and asymmetrical **agricultural liberalisation** “with a possible selected number of exceptions” have started with Morocco, Israel and Egypt.
- Collective negotiations on an efficient and proportionate **dispute settlement mechanism** started in July 2006 with all partners except Syria. Bilateral Protocols will be presented for approval at the next Lisbon Trade Ministerial



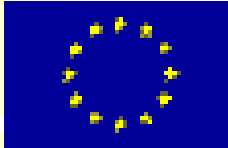
4. Upgrading institutions and governance systems

Quality of public administration in 2006 vs. reform progress 2000-2006*

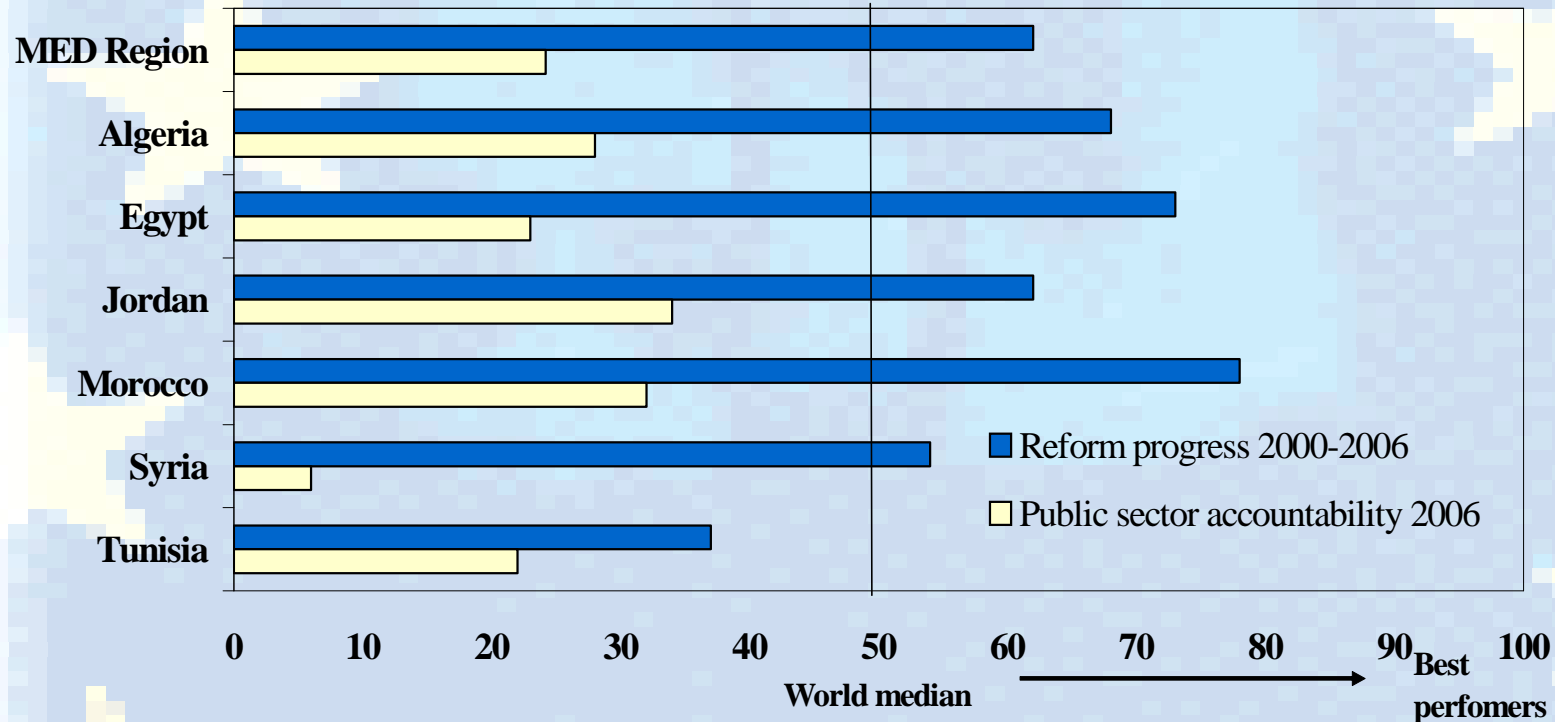


* Based on a worldwide ordering of countries (using a variety of governance indicators), and expressed as a cumulative distribution function ranking economies from 0 to 100 (best).

Source: World Bank, 2007.

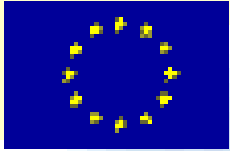


Public sector accountability in 2006 vs. reform progress 2000-2006*



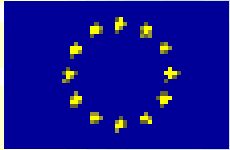
* Based on a worldwide ordering of countries (using a variety of governance indicators), and expressed as a cumulative distribution function ranking economies from 0 to 100 (best).

Source: World Bank, 2007.



Conclusions

- The region has continued to perform well in 2006...
- ...thanks in part to progress in reforms
- ...but challenges remain
- The current favourable conditions offer an opportunity to accelerate reforms
- Particular attention should continue to be paid to further fiscal consolidation, improving the business environment, fostering intra-regional trade and investment, and upgrading governance.



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Thank you for your attention