

Euro-Mediterranean Economic Transition Conference

6-7 June 2006, Brussels

**Trade as an integration instrument:
what remains to be achieved in the
Euro-Med Free Trade Area?**

Philippe Meyer

Head of Unit D2

European Commission, DG Trade

1. The Euromed Process: a priority for the EU

- The Barcelona Process complemented by the Neighbourhood Policy
- A strong political support from and a priority for the EU
- Stability, security and prosperity in Euromed incompatible with a big divide
- Trade contribution: a progressive regional free trade area, starting asymmetrically
- Technical assistance: still developing
- Marrakesh Trade Ministerial: launched specific actions of the 5-year work programme

2. Progress so far?

- Agreements on liberalisation of trade in goods:
 - a (almost) complete North – South series of 8 Association Agreements (the one with Syria still to be concluded) and 1 Custom Union-Turkey;
 - a (embryonic) network of South – South agreements: Tunisia – Turkey and Morocco – Turkey (operational), Egypt – Turkey (signed), Syria – Turkey (signed), Israel – Jordan (former Trade Agreement updated in 2004, still to be notified), Agadir Agreement (Egypt, Tunisia, Morocco, Jordan, ratification by Morocco announced for soon);
- Harmonisation of origin rules (Pan Euro Med Cumulation of origin in progress)
- Modernisation of customs procedures (trade facilitation)
- Economic Cooperation/assistance (MEDA)

3. The Barcelona Summit 5 year work programme: Five specific trade components...

- Liberalisation of trade in **agriculture**, processed agricultural products and fisheries products
- Progressive liberalisation of trade in **services** and right of establishment
- Approximate the **technical legislation** on industrial goods, including standards and conformity assessment procedures
- Include the Pan-Euro-Med protocol on **cumulation** of origin in all Assoc Agreements
- Develop the network of South-South **FTAs**

4- ...and a series of trade-related components

- Consider the incorporation of an EIB majority owned subsidiary dedicated to the Mediterranean
- Apply the principles of the Euro-Mediterranean Charter for Enterprises
- Promote investment
- Promote Mediterranean Strategy for Sustainable Development
- Develop scientific and technological research and technology transfer
- Develop a regional transport infrastructure network
- Promote a Euro-Mediterranean energy market
- Enhance impact of tourism on job creation, infrastructure, etc
- Promote Health Cooperation
- Etc.

5. Impulse towards 2010 given at Marrakech

- Liberalisation in agriculture, processed agricultural - and fisheries products
- Progressive liberalisation of trade in services and establishment
- A Dispute settlement mechanism
- Approximate technical legislation on industrial goods, incl. standards + conformity assessment: « stake in the internal market »
- the Pan-Euro-Med protocol on cumulation of origin and the negotiation of South-South FTAs

6- Complete liberalisation of trade in agriculture, processed agricultural - and fisheries products

- A series of bilateral negotiations covering agricultural products, processed agricultural products, and fisheries products
- Negotiations currently going on with Morocco, Tunisia and Israel, soon with Egypt and Lebanon, partly achieved with Jordan, etc.

7- Progressive liberalisation of trade in services and establishment

- Extension of the Association Agreements to include services and right of establishment
- Negotiations launched formally at the March 2006 Marrakech Ministerial with Morocco, Tunisia, Palestinian Authority, Lebanon, Jordan, Egypt, Israel.
- See Mr Kiener's presentation

8. A new Dispute Settlement Mechanism

- No DSM in the existing Assoc. Agreements (political consultation only)
- Experience gained with other FTAs (e.g. Chili, Syria)
- Need for a mechanism designed for trade issues (fast, technical, organised in advance, compatible with WTO practice, etc)
- Gov to Gov mechanism
- Talks to take place in 2006, adoption in 2007?

9- Approximate technical legislation on industrial goods, including standards and conformity assessment procedures

- An alignment of the Meds technical requirements for goods has started, focussing first on priority sectors.
- Alignment of both the horizontal technical legislation (requirements, standardisation, accreditation, conformity assessment, etc) and the «vertical » legislation (products)
- Alignment of legislation and practice should lead to recognition agreements

10. Alignment of technical legislation for industrial goods

- Transfer of legislative know-how
- Changes supported by Technical Assistance
- Modernization tool
- Widely experimented legislation and practice, suitable for an incremental number of countries
- State-of-the-art approach helping exports and improving quality and safety of goods for the local consumers as well
- Efforts needed, but progress can be adapted to the needs

11. Technical legislation: a try at a better understanding of a « stake in the internal market »

- Market access facilitation
 - Alignment of technical legislation
 - Need to reflect on level of participation in the EU system (e.g. in designing the system, in EU standardisation bodies, in alert systems, in exchange of information systems, etc)
- These 3 aspects are interlinked

12. A plea to speed up the process re. the Pan-Euro-Med protocol on cumulation of origin and the negotiation of South-South FTAs

- The new protocol on cumulation of origin of goods in the Pan Euro Med Region needs to be inserted in the Association agreements (done for Morocco, Egypt and Israel)
- Med countries need to develop their network of South – South FTAs to make the best use of this new facility and create this Euromed Free Trade Area including goods and services

13- Trade-related Technical Assistance: The MEDA programme

- Since 1995, the EU has been providing sizeable financial and technical assistance to the Mediterranean region through the MEDA programme.
- MEDA is the key instrument for the implementation of the Euro-Mediterranean Partnership: it offers fundamental support to accompany economic and social reforms in the Mediterranean countries and sustains the realization of a Euromed free-trade area by 2010 (€3.4 billion for 1995-1999, €5.35 billion for 2000-2006 (MEDA II)).
- Support to competitiveness & ind. modernisation, and trade-related assistance

14. The new European Neighbourhood Policy Instrument - ENPI

- With the launch of the new European Neighbourhood Policy, a new financial instrument common to the EU Eastern and Southern neighbours will entry into force in early 2007, replacing the MEDA, TACIS and CARDS programmes.
- **Funds:** The ENPI will be endowed with €12 billion for 2007-2013, compared to €8.5 billion for 2000-2006 under respective antecedent programmes TACIS and MEDA.
- It will constitute a single financial instrument, with the purpose of providing optimal coherence and further simplifying the delivery of EU assistance.
- Additional resources will be given to the cross-border cooperation component.
- *The MEDA and Tacis programmes will continue to operate until the end of 2006*

15- Conclusion

- 2010 still the political objective, and a priority for the EU
- An ambitious trade policy programme fixed by the last Summit and the Marrakech Trade Ministerial
- Governments set the political and regulatory context, but up to the private sector to seize the opportunities.
- Challenge: encourage the development of South-South trade and reforms in Med countries

Contacts points in DG Trade

Philippe Meyer, Head of Unit

+32 2 295 1891

**Christophe Rames (Euromed, Morocco,
Algeria)**

+32 2 296 1664

Michele Villani (ENP, Egypt, Lebanon)

+ 32 2 298 7471

**Gijs Berends (Israel, Palestine, Jordan and
the Trilateral Process)**

+ 32 2 295 0443

Olivier Sautière (Tunisia)

+32 2 299 9727