

**7th EUROMED TRADE MINISTERIAL CONFERENCE
Marseille, 2 July 2008**

Chairman's Conclusions

The 7th Euromed trade ministerial conference was held in Marseille on 2 July. It contributed to the preparation of the Heads of State and Government Summit of Paris for the Mediterranean to be held on July 13, 2008, in particular as regards the progress and economic benefits of the establishment of a Euromed Free Trade Area and the further directions suggested for the strengthening of economic integration in the region by 2010 and beyond.

The Conference held an open session devoted to a high level exchange of views between Ministers and key Euromed business representatives on the future Euromed trade relations. This exchange of views showed the strong support of the business community for an ambitious Euro-Mediterranean deep free trade area. The importance of a common regulatory framework based on transparency and predictability, as well as investments in infrastructure and human development was highlighted.

Towards the establishment of the Euro-Mediterranean Free Trade Area

Euromed Ministers reiterated the importance of establishing a Euromed Free Trade Area at the horizon of 2010. Ministers welcomed the full implementation of the first Euro-Mediterranean Association Agreement between the EU and Tunisia and the positive results which have derived from trade liberalisation in terms of increased trade flows and diversification. The importance of the on-going process of tariff dismantling in accordance with the Euro-Mediterranean Association Agreements and the conclusion of the on-going negotiations was highlighted.

Ministers have expressed their concerns about the effects of the price increase of oil products, raw material and agricultural products, and its impact on their economies. Ministers have agreed to assess the appropriate means to counterbalance the negative effects of this situation in the spirit of solidarity of the Euro-Mediterranean partnership.

Liberalising trade on services and the right of establishment

Following the decision by Ministers at the last Euromed Trade Ministerial conference in Lisbon, bilateral negotiations on the liberalisation of trade in services and the right of establishment have been launched in 2008 with Egypt, Morocco and Tunisia and will be launched with Israel in July. Ministers welcomed the work and progress made in these negotiations and recalled that they are open to all Mediterranean partners and are based on a few core principles namely compatibility with WTO rules, regional

integration and development dimension. Given their expected benefits in terms of increased investments in the Euro-Mediterranean region, Ministers agreed that it is important to maintain a high level of ambition in these negotiations, which aim at progressive, reciprocal and asymmetric liberalisation of trade in services and the right of establishment. They hoped that these negotiations could be concluded in the course of 2009. With a view to make progress in the coming months, Ministers emphasised the need to intensify contacts with a view to exchange offers and in parallel seek to resolve remaining differences with regards to the horizontal text.

Euromed Ministers recognised that the regional phase of negotiations has been fruitful and needs to be continued mainly in order to ensure transparency of bilateral negotiations and to prepare those Mediterranean partners with whom bilateral negotiations have not been yet launched, including through technical assistance.

Reinforcing the institutional and legal framework for Euro-Mediterranean trade: negotiations on the establishment of a dispute settlement mechanism

Euromed Ministers welcomed the significant progress made since the Marrakesh Ministerial in the negotiations on the establishment of a more efficient dispute settlement mechanism for the trade provisions of the Association Agreements. Ministers welcomed the initialling of the agreement with Tunisia and the substantial progress made in the bilateral negotiations with Morocco, which should lead to the initialling of the agreement in the near future.

Ministers agreed that discussions need to be accelerated with a view to concluding as soon as possible the remaining bilateral protocols fulfilling the mandate given at Marrakesh in 2006.

Deepening liberalisation of agriculture, processed agricultural and fisheries products

Euromed Ministers welcomed progress achieved in the negotiations on further liberalisation of agricultural, processed agricultural and fisheries products, in accordance with the Rabat Euro-Mediterranean Road Map for Agriculture.

Ministers encouraged the conclusion of the on-going negotiations with Morocco, welcomed the conclusion of negotiations with Egypt and Israel and the recent launch of negotiations with Tunisia and stressed the importance of launching negotiations on further liberalisation of agricultural, processed agricultural and fisheries products with the rest of Mediterranean partners. They stressed the objectives of rural development, agricultural productivity, and development and promotion of quality production.

Enhancing regional integration

Euromed Ministers welcomed progress in the consolidation of the network of Free Trade Agreements amongst Mediterranean partners. The first year of implementation of the Agadir Agreement between Morocco, Tunisia, Jordan and Egypt has shown so far mitigated results in terms of increase of trade flows amongst the partners. Ministers

stressed the importance of fully implementing this agreement, which remains open to the participation of other eligible Mediterranean partners.

The EU encouraged Mediterranean countries to accelerate the negotiation and entry into force of Free Trade Agreements with one another so as to strengthen south-south regional integration. Euromed Ministers support efforts to strengthen trade and economic relations between the Palestinian Authority and other Euromed partners, through appropriate mechanisms.

Ministers highlighted the crucial role played by rules of origin in regional economic integration and the need to use all means available to increase awareness on the opportunities offered by the system, particularly for the business community.

In this context, Ministers stressed the importance of concluding the single regional convention on the Pan-Euro-Mediterranean rules of origin, which could lead to simplify rules of origin. In parallel, following the decision of Euromed Ministers in Lisbon, preparations have started to allow the inclusion of the Western Balkans into the Pan-Euro-Mediterranean system.

The Euromed Trade Roadmap till 2010 and beyond: The ways to make it a success

Euromed Ministers welcomed the on-going work by Senior Officials on the Euromed Trade Roadmap till 2010 and beyond. In line with the Ministers' conclusions in Lisbon, the work of the Senior Officials Working Group has focused on how to diversify and enhance trade, to encourage industrial integration and European investments in the Mediterranean countries, taking into account the overall objective of establishing of a deep Euro-Mediterranean Free Trade Area at the horizon of 2010.

The Group has assessed the strengths and weaknesses of Euro-Mediterranean trade relations and has concluded that despite the potential comparative advantages of Southern Mediterranean partners, significant potential remains for further diversification of Euro-Mediterranean trade flows and for the development of trade in services and investments.

In light of this, the Group looked at possible means of strengthening the Euro-Mediterranean trade partnership and made a distinction between those actions which are already on-going or can be rapidly implemented between now and 2010 and the elements of the future Euromed trade road map beyond 2010, including prospects for a deep Euro-Mediterranean Free Trade Area.

Concerning the first set of actions, Ministers agreed that all the above on-going negotiations and the preparations for the negotiations on Agreements on Conformity Assessment and Accreditation should be given the highest priority and be concluded as soon as possible. They have also agreed that South-South regional integration is another key building block of the Euromed Free Trade Area and that the network of Free Trade Agreements in the Mediterranean region needs to be completed. This should also include efforts to facilitate Palestinian trade with other Euromed partners.

Ministers stressed the importance of implementing initiatives which could bring results in the short and medium term to the Euro-Mediterranean trade partnership. Ministers instructed the Group to look in detail at the proposals presented and to make concrete recommendations for their implementation in its report to Ministers in 2009. Particular attention was given to proposals to bring further transparency and facilitate the contribution of the business sector to the preparation of the Euro-Mediterranean trade agenda. Ministers have therefore instructed the Group to study the establishment of a Euro-Mediterranean trade facilitation mechanism which would bring further transparency on trade and investment opportunities in the Euro-Mediterranean region, and assist economic operators.

Ministers agreed that the Group should consider specific actions in traditional sectors of socio-economic importance in the Euro-Mediterranean region, such as textiles, leather and footwear, agriculture and food processing industries, but also in other sectors such as energy, high technology, automotive, and chemicals which will contribute to sustainable growth, job creation and regional integration.

Ministers agree that on-going market access negotiations are not sufficient to bring the benefits of deep integration to Mediterranean partners. The on-going free trade agreement negotiations between the EU and other third countries as well as multilateral discussions at WTO level will result in an erosion of preferences. Ministers share the view that Euro-Mediterranean trade relations need to address more deeply non tariff barriers and "behind the border" issues. This will not only allow real market access but will also contribute to a more favourable investment climate and to attract both domestic and foreign investment, through increased transparency, predictability and sustained economic growth.

Ministers have considered the non exhaustive list of areas on which the Group suggest that the Euro-Mediterranean trade partnership could be reinforced, i.e. technical regulations on industrial products, standards and conformity assessment, sanitary and phytosanitary measures, intellectual property rights, competition policy, public procurement, trade facilitation and customs, rules of origin, trade defence instruments, and trade and sustainable development. Work on these areas would lead to deepening the trade relations under the current Euro-Mediterranean Association Agreements and keeping in mind the prospects of deep free trade agreements. Ministers noted that work on regulatory convergence is already ongoing in many sectors and that it is necessary to build on this. They also acknowledged that there is no "one size-fits-all" solution and that the level of ambition and the timing will differ amongst Southern Mediterranean partners. In this respect, the level of development and specific situation of each Mediterranean partner will be considered. Ministers concurred however on the importance of agreeing on minimum common objectives to reach on the above mentioned trade-related areas. Ministers instructed the Group to assess appropriate actions and objectives in these areas and in others which would be of relevance.

Ministers stressed the importance of South-South regional integration in achieving trade diversification, encouraging industrial integration and fostering European investments in the Mediterranean countries, thanks to the potential size of an integrated Mediterranean market. Ministers agreed on the need to further develop integration initiatives in which Southern Mediterranean partners are engaged and to exploit

synergies with the deepening of regulatory convergence between Mediterranean countries and the EU. All of this aims at the establishment of an ambitious Euro-Mediterranean deep free trade area.

Ministers agreed on the importance of strengthening capacity building and institutional development in trade and trade-related matters, either through the participation of Mediterranean partners in certain EU programmes, agencies and bodies or through enhanced and targeted technical and financial assistance to help them to converge towards the trade-related acquis.

Ministers recognized the need to raise public awareness and ownership of the Euromed trade agenda. Thus they valued the contributions to their discussion from the business representatives invited to participate to the conference in Marseille. They look forward to renewing and widening such direct dialogue with high level business representatives on the occasion of future Euromed trade ministerial conferences and other meetings.

Ministers instructed the Group to present a Euro-Mediterranean Trade Roadmap till 2010 and beyond to the 8th Euro-Mediterranean Trade Ministerial in 2009.
