

Conclusions

Ministers of Economy and Finance from the Euro-Mediterranean region met for the first time in Rabat-Skhirat on 19-20 June 2005.

Ministers affirmed their adherence to the fundamental principles of the Barcelona declaration to create a Euro-Mediterranean area of shared prosperity.

They also underlined the importance of the Euro-Med Partnership as a framework for promoting economic reforms and cooperation.

Ministers reviewed economic and social developments in the EU Mediterranean partner countries and assessed progress and challenges in achieving an area of shared prosperity, one of the main objectives of the Euro-Mediterranean partnership.

In this regard, Ministers stressed that this partnership has led to satisfactory results, notably with respect to macroeconomic stabilization, and the establishment of a framework for cooperation and dialogue. However, they noted that this process has not led to the achievement of the main objectives of the partnership in terms of shared prosperity.

Ministers noted that overall growth performance has picked up during the past two years. They acknowledged reform efforts made by countries in the region. However, unemployment remains high, especially among the young and job creation is unable to keep pace with a rapidly growing labour force. Moreover the income gap between Mediterranean and European has not been reduced. Creating jobs for the expanding labour force, reducing unemployment and reducing poverty are the main development challenges for the region.

Ministers agreed that the gains achieved so far in terms of improving macroeconomic fundamentals provide a good basis to accelerate economic reforms in order to boost growth, create jobs and raise living standards.

In particular they agreed that, in accelerating economic reforms, particular attention should be paid to four inter-related priority areas:

1. Improving the business climate to enable firms to invest, create jobs and expand;

Ministers welcomed progress made so far in improving the business climate in the Mediterranean region, including with support from the EU. However they noted that further efforts should be made to create an enabling environment for private sector development, including eliminating unnecessary regulation and the administrative burden on enterprises. Improving the business environment is also crucial to enable businesses to fully reap the benefits of trade liberalization and increase investment.

In this regard, Ministers stressed the importance of increased foreign direct investment flows to the region.

2. Further liberalizing trade and opening the economy to increase competitiveness, efficiency and productivity;

Ministers welcomed progress made so far in liberalizing trade. Ministers strongly supported

the decision by Foreign Ministers in Luxembourg to develop a road map for the creation of a free trade area by 2010 that will include liberalization of services and establishment, as well as of trade in agriculture, processed agricultural and fisheries products.

Ministers shared the view that the potential for South-South trade is still not fully realised and supported the recommendation by foreign ministers that further progress should be made in regional trade liberalisation. In particular, they welcomed the conclusion of the Agadir agreement and called for its swift entry into force.

Liberalisation should be carried out taking into account the need to protect the most vulnerable groups of the population.

3. Upgrading public institutions and governance systems

Ministers stressed the importance of sound institutions and governance systems to support the investment climate and improve public services delivery, particularly in education, and to raise transparency and accountability.

4. Consolidating macroeconomic stability

Ministers stressed in particular the importance of consolidating fiscal performance through further fiscal consolidation in countries with high debt ratios and high quasi-fiscal deficits. They also underlined the importance of improving public finance management.

Ministers discussed how the EU can help raise economic growth in the Mediterranean, through the enhanced Barcelona process, reinforced by the new European Neighbourhood Policy.

Ministers welcomed the ENP and noted that it builds on -and is an important enhancement of the Barcelona Process, which will continue to be the reference framework for relations between the EU and the region.

Ministers welcomed progress made in establishing the Action Plans.

They recommended that regulatory and legislative convergence should be pursued on a selective basis, consistent with the national development strategy of each partner.

Ministers noted that the experience of new EU Member States provides useful insights on the process of economic transition and on regulatory convergence.

Ministers stressed the importance of enhancing financial, technical and scientific cooperation from the EU to the Mediterranean partners with a view to supporting the implementation of the ENP and achieving economic and social development objectives in the region.

Ministers noted that ENP Action Plans provide a framework for establishing targets and concrete actions of economic reforms. The Action Plans are evolutionary and regularly updated.

Ministers agreed that institutions and committees set up under the Euro-Med Partnership and the ENP will be used to monitor the progress made in implementing the Action Plans, notably in the above priority areas.

Within the context of the regional economic dialogue, Senior Officials will review progress

towards the key priority areas on a regional basis, as an input for the ministerial meeting.

Ministers recommended having a regular reporting on progress with reforms and economic development outcomes under Barcelona and the European Neighbourhood Policy, which would serve as a basis for future meetings of Economy and Finance Ministers.

Ministers agreed to meet again next year at ministerial level to ensure peer review of, and peer support to, the reform process and discuss specific topics of common interest.

See also:

- [Economic developments, prospects and challenges in the EU Mediterranean Partners](#)
Issues Paper for discussion, European Commission