

Conclusions
Barcelona Process: Union for the Mediterranean
Joint Euromed ECOFIN and FEMIP Ministerial Meeting
(Luxembourg, 7 October 2008)

Ministers from the Euro-Mediterranean region gathered in Luxembourg on 7 October 2008 under the Barcelona Process: Union for the Mediterranean, for a Joint Euro-Mediterranean ECOFIN and Facility for Euro-Mediterranean Investment and Partnership (FEMIP) Ministerial Meetings. This event was prepared during the Euromed ECOFIN Senior Officials Meeting in Brussels and the FEMIP Senior Officials Meeting in Malta in the previous weeks.

In the direct aftermath of the Paris Summit for the Mediterranean, Ministers shared the conviction that the Barcelona Process: Union for the Mediterranean plays an important role in addressing common socioeconomic challenges facing the Euro-Mediterranean region. Ministers welcomed the Barcelona Process: Union for the Mediterranean objectives as an empowered vehicle to promote regional integration, enhance multilateral relations, strengthen co-ownership of the process, and a framework of governance on the basis of equal footing that translates into concrete projects that are more visible to citizens.

Economic situation:

Ministers discussed the current challenging global developments, including the recent financial markets turmoil, the looming global economic slowdown, and volatility in food and other basic commodity prices. In contrast to the robust growth and low inflation environment enjoyed over past years, the world economy is going through major uncertainties. Ministers called on concerned regulatory institutions and international bodies to take necessary actions to preserve global financial stability.

Ministers highlighted the resilience that emerging markets and developing countries economies have shown so far in the face of ongoing financial crisis, but noted the downside risks and the weak near term outlook for growth.

Ministers discussed most recent economic developments in the Mediterranean partner countries and the EU Member States and the challenges ahead. They welcomed the overall good economic outcomes realised by the southern Mediterranean partners in the region in 2007 and into 2008: continued solid economic growth of close to 5 percent in 2007, falling unemployment, ongoing foreign direct investment (FDI) inflows notably linked to ongoing structural reforms in most countries, and high oil surpluses in oil-exporting countries. They welcomed the overall progress made by Mediterranean partners in consolidating public budgets and debt –which underpins the resilience of these economies to adverse international shocks. Ministers also noted with satisfaction the overall quite strong solid economic performance of the EU in 2007 but acknowledged the moderation of growth into 2008.

Ministers expressed deep concerns regarding the recent surge and prolonged volatility in food and energy prices and their strong impact on the poorest segments of population in developing countries, especially within net food and/or oil importing countries. The surge in oil and food

prices has also contributed to feeding inflation and reducing purchasing power in developed economies.

Ministers stressed the need to better identify the root causes and consequences of commodity prices volatility, which remains a complex phenomenon. In this respect, monitoring food and oil prices developments and better understanding of the role of financial factors in the price developments is crucial. Against this background, Ministers took note of ongoing monitoring work of the European Commission, that will report to the European Council.

With due respect of country specific circumstances, Ministers exchanged experiences in face of high and volatile commodity prices. They shared consensus that policy interventions should be limited in duration and targeted to minimize distortions. They took note of the considerable impact that volatility of commodity prices has on the most vulnerable groups and public finances, especially in countries where food and energy subsidies and price support schemes are in place.

Ministers reviewed recent and new initiatives:

They reviewed progress in the reform process and reaffirmed their continued commitment and full support to implementing reforms focusing on the four priority areas agreed upon at the Rabat-Skhirat ECOFIN Ministerial meeting (19-20 June 2005): (i) improving the business climate to enable firms to invest, create jobs and promote growth; (ii) further liberalizing trade and opening the economy to increase competitiveness, efficiency and productivity; (iii) upgrading public institutions and governance systems; and (iv) consolidating macroeconomic stability.

They also noted with satisfaction the successful launch of the Euro-Mediterranean Network of Public Finance Experts agreed upon at the 2007 Porto Euro-Med Ministerial, and agreed on the suggestion made by Egypt to widen the scope of the network to include public finance management functions including advanced treasury tasks.

They underscored the importance of fostering the volume and quality of FDI and trade flows in the Mediterranean region and developing solid links between Mediterranean companies and their European counterparts to contribute to a sustainable economic development of the area, as stressed at the 7th Euromed Trade ministerial Conference. In this context, they also welcomed the successful launch of “Invest in Med” in April 2008.

Follow up of the Paris Summit:

Ministers affirmed their commitment to implement concrete regional and sub regional projects as identified in the Heads of states and governments declarations during the Paris Summit. Ministers also emphasized the importance of the active participation of the private sector to the process.

Ministers recalled that the Barcelona Process: Union for the Mediterranean aims at mobilising additional funding for the region, inter alia from private sources, as well as funding from FEMIP, the Neighbourhood Investment Facility and other EU budget instruments applicable to the countries covered by the initiative (e.g. the European Neighbourhood and Partnership Instrument,), from partners, and from international financial institutions.

Against this background and with respect to the *six key initiatives* listed by the Paris Summit, Ministers welcomed FEMIP's active role to support in particular three priority projects. Regarding the *De-pollution of the Mediterranean*, building on the first outcome of the Horizon 2020 initiative, FEMIP is expected to develop a consolidated pipeline of projects aiming at reducing the level of pollution in the Mediterranean Sea, in close coordination with the other financial institutions involved in the Horizon 2020 initiative. Particular attention will be given to private sector involvement. To accompany the implementation of the *Maritime and Land Highways*, FEMIP is expected to support the development of platforms in the Mediterranean countries providing high-quality labelled logistic facilities, which will be a key factor for the development of a Euro-Med multimodal transport system. To contribute to the *Mediterranean Solar Plan*, taking into consideration the extensive experience that the EIB has gained in Europe through financing for solar energy technologies and more broadly in the fields of renewable energies and energy efficiencies, FEMIP has offered to play a key role, in close cooperation with the relevant actors involved, in the several investment-programmes and projects which are due to be implemented in the Mediterranean region within the coming years. To meet the labour market needs, FEMIP has also offered to support vocational training in the region. Ministers also highlighted that FEMIP activity should be supported through sufficient financial resources to carry out such tasks.

Ministers welcomed steps taken by Italy and Spain in close collaboration with other partners to implement the *Mediterranean Business Development Initiative*. This initiative is aimed at assisting the existing entities in partner countries operating in support of micro, small and medium-sized enterprises by assessing the needs of these enterprises, defining policy solutions and providing these entities with resources in the form of technical assistance and financial instruments and based on the principle of co-ownership. In addition, Ministers encouraged the interested parties to continue their work in close coordination with countries, financial institutions and EU institutions active in the area. Contributions by countries from both rims of the Mediterranean will be done on a voluntary basis.

Ministers approved the FEMIP overall strategy for 2008-2010, and welcomed the FEMIP Committee's contribution to an increased co-ownership of this co-operation. Ministers asked to be kept informed on an annual basis with regard to the strategy progress.

Ministers agreed to meet again in the second half of 2009 in a place and a date to be determined by the chairs of the next joint ECOFIN Barcelona Process: Union for the Mediterranean. The organization's details of the next FEMIP ministerial meeting will be also determined in due time.
