

## For a common future in the Mediterranean

### Propositions made by IPEMED in close cooperation with Euro-Mediterranean partners

The financial and economic crisis, with its repercussions in Greece and possibly other European Mediterranean countries next, demands more from Europe – more solidarity and more regulation. At the same time, the rise of the major emerging countries, organized into regional blocks (East Asia, Alena and Mercosur), continues.

The equation that led to the creation of UFM in 2008 is more relevant than ever:

- The Euro-Mediterranean basin is just the right size; by establishing this economic and financial area tomorrow, with its 500 million people in the North and 500 million in the South, we will be able to build on its assets of proximity, complementarity and social responsibility, and carry weight in the global marketplace;
- United projects, that mobilize private stakeholders and particularly business, are the way to overcome the public finance crisis;
- North-South parity is indispensable for regaining confidence and assuring international regulation.

The future cannot wait. It must not be filled with our unresolved conflicts and collective weaknesses. The time has come to construct a common future for all Europeans, Arab-Muslims, Turks and Israelis.

The present propositions are the fruit of two years' work. This work has drawn from numerous partnerships that can be seen in the names figuring on these

pages, including experts from both sides of the Mediterranean, forecasting and research institutions from countries in the region, companies and business groups, and NGOs working on Euro-Mediterranean economic development. IPEMED never works in competition with existing expert centres or the political and diplomatic process. We are a think tank, and our only ambition is to help remove any obstacles to building the region.

The propositions concern the sectorial domains at the centre of the region's main challenges, i.e. the creation of a common financial area, a joint response to the water issue, cooperation in the rural and agricultural domain to tackle food insecurity, and the launch of a common energy policy.

Success also involves cross-cutting actions: launching a Euro-Mediterranean migration policy; producing shared, visionary, proactive foresight for the region, without which we cannot rally together for a common future; substituting professional mobility for immigration, so that we can make the Union through its people; and organizing a spatial planning policy for the region, to build a Mediterranean area of territories, towns and regions. Two actions complete our propositions: intermixing the leaders of tomorrow's Mediterranean; and supporting trans-Mediterranean professional networks, which are starting to weave their way through our region's territory and economy.

IPEMED adds double value to these propositions. Firstly, because it places businesses at the heart of projects, alongside public decision-makers. Then, because it plans genuine common policies, common rules and authorities that would obtain significant skills from the region's states. We are building for the future: we know that it will be a long journey and that the decision to get going lies in the hands of the states, spurred on by the UFM's General Secretariat in Barcelona. Yet the propositions presented here must be understood as part of a long-term process that should, in twenty or thirty years, lead to a real Union. The Euro-Mediterranean's economic stakeholders are already at work.

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#### PROJECTS

**Working towards better integration in the Mediterranean Financial Area**

**Food security and the right to food in the Mediterranean**

**A "Mediterranean Water Agency" to move from strategy to action**

**Make energy the first common Euro-Mediterranean Policy**

**Make the Union through its people: a "migratory ECSC"**

**Make a Mediterranean area of territories, towns and regions**

**"Mediterranean 2030" forecast**

**Trans-Mediterranean professional economic networks**

# Working towards better integration in the Mediterranean Financial Area



## CONTEXT AND CHALLENGES

IN ITS STUDY for the French Caisse des Dépôts (CDC), McKinsey Company assessed public projects in the pipeline over the next 5 years as totalling €200 billion in nine activity sectors in 11 SEMCs (excluding Turkey and including Libya), i.e. €40 billion per year for 5 years. The EIB has also estimated needs over the coming ten years in the sole South of the Mediterranean €100 billion in the energy sector, €110 billion for urban planning (water, sanitation, waste treatment and urban transport), €20 billion for logistics (ports, airports and highways), and €20 billion for supporting company development to contribute to the 50 million jobs that SEMCs need to create before 2020.

Funds from current stakeholders taken together, i.e. South and East Mediterranean countries, local

banks, multilateral institutions for funding development and private stakeholders, are insufficient to cover these needs. Investment remains low in the region and private investment even more so, particularly when it comes to investing in infrastructure for the long term, which is perceived as too risky for the profitability expected. Gross fixed capital formation (public and private investments) related to gross domestic product is below 25% in the Middle East and North Africa (MENA), compared to 40% for East Asia and the Pacific. Savings available locally are currently rarely mobilized by standard financial systems, because the region is characterized by low intermediation rates and limited development of its financial markets.

## UFM'S PROPOSITIONS FOR ACTION

Faced with the scale of investment needs in SEMCs, new opportunities for Euro-Mediterranean cooperation are emerging. This is a convenient moment because: (1) Europe needs to identify growth areas in its immediate environment; (2) SEMCs cannot individually find the resources to deal with monetary risk, market risks, risks of long-term FDI and risks of exports.

The proposal is to progressively put in place, adopting the variable geometry principle, an ambitious financial architecture specific to the region and centred around a Mediterranean development bank. This architecture would be inspired by the Bretton Woods institutions: a bank, monetary fund, agency to guarantee investment, standardized regional framework for protecting investments, mechanisms for settling disputes, etc.

This is the only appropriate format to address the deficiencies identified in the region by the "Mediterranean Investment Initiative" (2IM – [www.2im.coop](http://www.2im.coop)), jointly led by the CDC (France), the CDG (Morocco) and IPEMED.

An architecture of this type is necessary to:

1. Support and revitalize investment during the initial stages of business creation.
2. Develop capital markets in the region and encourage their connection.
3. Strengthen and extend export guarantee measures.
4. Offer an overall and common framework for securing investments.
5. Guarantee greater monetary stability in the region.
6. Federate existing initiatives and participate in revitalizing investment.
7. Create conditions for the long-term transformation of migrant savings.

The adversity of the current situation

calls for progress to be made to create the conditions needed to break with a procrastinating market and weak growth.

At the very least, and in the absence of such decisions, three actions need to be taken immediately by public powers:

- Set up a Guarantee Fund for infrastructures.
- Set up a Guarantee and Support Fund for SMEs.
- Put together a working group around the UFM's General Secretariat to continue the work done by the 2IM initiative and its teams and so rapidly formulate and adopt concrete propositions.

It is only by taking decisions of such kind that the private sector will be able to take over from public action, extend securely to encompass all countries in the Union for the Mediterranean, and innovate, and that the Private Public Partnership will be in a position to give maximum leverage to the resources available.

## Facts

**1. THE IMPORTANCE OF INVESTMENT CAPITAL AND CAPITAL MARKETS.** Like many other emerging countries, SEMCs still offer insufficient banking options for investment credits; banks are often ill equipped to provide long-term investment to economic stakeholders. They focus on short-term investment and their demands for guarantees are exorbitant for SMEs. To complete the range of banking available, more specialized funding channels are needed for creating and developing businesses and giving them direct access to capital markets. A capital investment economy is now established in SEMCs, yet because it is relatively recent, it remains incomplete, especially for the early development stages of businesses.

When it comes to capital markets, several SEMC stock markets are ignored, though dynamic, with their action resulting in far-reaching connections. Capital markets have high potential in the whole region. In this domain, Europe is absent: no major European stock market acts for SEMC markets; no index has been defined for the Euro-Mediterranean.

**2. SEMCS HAVE MOSTLY CAUGHT UP IN FDI.** From 2000 to 2007, SEMCs for the most part made up for their lagging behind in FDI and there is no reason to think that the crisis will sustainably inverse trends observed up to 2007. Some SEMCs have thus joined the countries in the world that proportionately receive the most FDI for their economic size (source: UNCTAD 2006 ranking).

The result is that in some SEMCs, investment efforts are largely left to foreign investment (e.g. Jordan). FDI is increasingly looking towards heavy industry, either for exports or to satisfy fast-growing domestic markets. Despite the crisis, several SEMCs are now reaping the fruits of efforts they have been making for several years.

**3. SEMCS DO NOT HAVE THE SYSTEMS NEEDED FOR PROVIDING MORE EXPORT GUARANTEES.** Most SEMCs, like their Northern neighbours, provide their national companies with aid for exports and setting up abroad. Sometimes certain types of company are targeted, frequently in technology. These guarantees remain limited in number and the financing purposes covered, since local banks still frequently set conditions whereby access to hard currency credit requires constituting local currency deposits that are prohibitive for SMEs. In SEMCs, public guarantees are generally almost exclusively focused on covering the non-payment of exports and are a long way from guaranteeing every stage of an entrepreneur's international development. In comparison, western systems successively cover: market prospection (covering part of costs of prospection undertaken but not amortized due to insufficient sales), pre-financing of

exports, exchange rate risks linked to export contracts, fulfilment of contracts and their payment, guarantee of supplier credit, guarantee of immaterial goods (e.g. patents, brands, etc.), guarantee of mobilizing credits started abroad, guarantee of documentary credits, and political risk that is likely to hit investments.

**4. LEGAL GUARANTEES OF INVESTMENTS JUDGED TO BE INSUFFICIENT.** All Mediterranean countries have adopted laws or national codes on foreign investment (source: Anima 2010). 582 bilateral treaties for protecting investment have been adopted, including 73 treaties concluded between countries in the region (although only a third are in force) (source: OECD 2010). Some free trade agreements concluded by countries in the region also include dispositions relating to investment protection. Most countries in the region are also part of regional organizations, some of which foresee specific investment guarantee regimes (Organization of the Islamic Conference, Arab League, Arab Maghreb Union) completed by an international court of arbitration (Arab League) and/or an investment guarantee agency (Arab League, Organization of the Islamic Conference). Twelve states have signed the Washington Convention that constitutes the ICSID.

However, it emerges from a number of reports, in particular by the OECD and UNCTAD, as well as interviews with certain investors in the North of the Mediterranean and the Gulf states, that expectations regarding investment protection in the region are high. The experience of the Argentinean crisis in particular and the administrative measures that followed have convinced investors that it is important to set up a legal framework for protecting and promoting investment making it possible to quickly and efficiently neutralize or compensate political or systems-related risks.

**5. SEMCS' MONETARY STABILITY – A TRUE CHALLENGE.** The global financial crisis also hit SEMCs, who saw their currency resources diminish (e.g. drop in transfers, less FDI and a drop in exports). This crisis could threaten their monetary and financial stability. Some SEMCs receive imports from the EU paid for in Euro while most of their exports to the rest of the world are in Dollars. A scissors effect will emerge with a currency war that risks endangering economic take-off in these countries.

Regional economic integration is difficult to envisage without a degree of financial stability between the different currencies involved, even before a free trade principle can be applied to all categories of goods. The question of linking SEMCs' currencies to the Euro needs to be posed.



## Propositions

**1. A NECESSARY PROJECT'S COORDINATION.** A multilateral body needs to be entrusted with guiding, coordinating and supervising public actions and commitments within projects chosen by the UFM. An obvious choice for this body could be the UFM's Secretariat. Donors would make their expertise available and could directly pilot the public side of European funding. Other public and private investors could also be called on, including from outside the region. An operational structure would need to be created which would be the contracting party, responsible for labelling projects, legally and financially engineering them and running them. It would act on behalf of the Secretariat and could be attached to it, and would liaise with donors and investors grouped around projects. These investors, from different public and private backgrounds, could be associated to a Trust, which would itself designate the structure as its trustee. The main advantage of this type of set-up is that it could run the projects in a single way, within a multilateral framework, while bringing together different investors to finance them.

**2. A DEVELOPMENT BANK SPECIFIC TO THE REGION.** Like the EBRD set up from 1989 in Eastern Europe, a Mediterranean development bank could bring undisputable added value to the region:

- Firstly, its creation would give out a strong signal to investors. It would contribute to restoring confidence within governments, banking systems and industrial partners. Its simple existence would create conditions of security for savings flows and investment.
- It would make it possible to move from an investment fund logic to one of regionally integrated, sustainable cross-cutting development, and would give out the image of a region that sticks together and is committed to constructing and defending its common future.
- It would help transform unproductive cash balances into long-term funding and encourage conditions of stability and monetary anchorage.
- Even with a modest role in project finance, intervention from the Mediterranean bank would have a catalyst effect, encouraging commercial banks and other capital stock investors by giving reassurance on the feasibility of projects.
- Like the EBRD in Eastern Europe, the bank would have to provide essential functions aimed at upgrading the region's economies and financing SMEs and the private sector.
- It would contribute to improving the quality of projects by lending expertise and identifying and assessing risks, which are largely lacking in the region.

- Lastly, only a regional development bank would be capable of carrying cross-cutting, ambitious, mobilizing projects such as: TGVs in the South, electricity interconnections and cross-border motorways. Until now, only the Arab Fund for Economic and Social Development has financed projects of this kind, with limited resources.



**3. A GUARANTEE FUND FOR FINANCING INFRASTRUCTURE.** Initiated by Europe, and capable of associating traditional political risk guarantee actors, this kind of Fund is an ideal way of concentrating public resources and leveraging the resources used. The Fund is particularly suitable for projects with differed income and relatively low yields, and would provide guarantees for energy projects (e.g. production, transport and distribution of electricity and gas), renewable energy, transport projects, telecommunications, environment (water and sanitation, waste treatment, removing pollution, etc.) as well as human and social capital (e.g. hospitals, teaching establishments and social housing). Alongside traditional political risks, it could cover liquidity risks beyond a fixed maturity, and thus encourage long-term project funding.

**4. A COMMON EURO-MEDITERRANEAN FUND FOR GUARANTEEING EXPORTS.** This kind of Fund – one of whose functions could be to ensure greater coordination between national export guarantee agencies in the region – would provide structures in SEMCs active in this domain with complementary resources to: extend the range of their services; improve their reinsurance conditions and, for long procedures, receive advances to help them swiftly compensate their business clients in whole or in part; and work more with local banks, which in SEMCs tend to rarely promote export guarantees.

**5. AN SME REGIONAL GUARANTEE FUND WITH A PRIORITY FOCUS ON CLUSTERS.** This Fund would complete the Mediterranean Business Development Initiative (MBDI) launched by Italy and Spain along with the EIB. It would put European regions (Italy / Spain / France to start with) in partnership with regions South and East of the Mediterranean to set up a concrete instrument to support business creation and development:

- based on a territory principle, with a priority focus on clusters and competitiveness poles, the Fund would be able to mobilize all actions in place in North and South (research / universities / start-ups / capital investment / major enterprises / SMEs, etc.);
- it would provide strong technical assistance to accompany business applications and would be well placed to encourage the multiplication of genuine cluster funds, attracting both local capital and international investments (from Europe, the Gulf, etc.).



**6. REVITALIZING CAPITAL MARKETS BY ENCOURAGING CONNECTIONS.** The challenges of developing capital markets are: to allow companies to access non-banking resources; to find more numerous outlet possibilities for investors; to mobilize local savings; and to provide warranties to countries receiving direct foreign investments on the sustainability of the funding and its contribution to the receiving economies. Reciprocally, foreign investors would be able to develop in more secure conditions. The first achievements in SEMCs show the way.

**7. GIVEN THEIR CONSIDERABLE INVESTMENT NEEDS,** and at a time when South and East Mediterranean Countries public budgets are highly constrained by the financial and economic crisis, it is inevitable that governments in the region will turn to Public Private Partnership (PPPs) both for infrastructure projects and financing SMEs. These mechanisms, which are not yet common in the region, could be promoted by developing and adopting a standardized regional PPP framework. This would have the advantage of (1) providing investors with greater legal clarity and more transparent transactions; (2) ensuring a reasonable allocation of risk between private operators and public authorities; (3) mobilizing local private operators; (4) strengthening states' institutional capacity to control and manage PPPs; and (5) developing innovative long-term finance schemes, which are crucial to infrastructures projects.

**8. A REGIONAL INVESTMENT FRAMEWORK IN THE MEDITERRANEAN POSSIBLY BASED ON THE FOLLOWING PRINCIPLES:**

- Multilateral standards for dealing with investment recognized by states in the region;
- Multilateral standards for investor behaviour applicable in states in the region;
- Flexibility that would allow all states, via a declaration system, to remain in a multilateral system and at the same time highlight certain clearly identified characteristics or provide reinforced protection to certain categories of investment;

- Establish a Mediterranean Investment Secretariat (MIS) responsible for supervising implementation of the multilateral agreement.

This type of multilateral framework would allow investors to rely on protection guarantees clearly identified for each country and offering a standardized regional framework. It would also allow states to highlight specific characteristics while still valuing the debate within a multilateral forum on the negative and positive effects that these characteristics have on investor behaviour in their respective economies. Lastly, in addition to this multilateralism of investment protection, an Investment Tribunal should no doubt be created to seek greater efficiency and more coherence with tribunal law, plus an investment guarantee agency. No guarantee is serious without efficient sanctions of the violation of the rule of law and without prompt compensation for prejudice of the investor or the state receiving the investment. As well as its main role, the investment guarantee agency could also be at the centre of an exchange of experience and debate between the region's states on improvements to introduce national legal frameworks for protecting and promoting investment. In any case, the existence of a legal framework for investments that is seen to protect would result in less costly insurance cover for political risks in existing systems.

This kind of framework could be implemented pragmatically via country membership on a case-by-case basis and/or based on projects promoted.

**9. IMPLEMENTING THE PROPOSITIONS.** This work needs to be taken further by the Union for the Mediterranean's authorities to rapidly reach concrete propositions. The lines identified need continued exploration and to be made into concrete propositions to submit to the governing bodies of the Union for the Mediterranean.

A working group should be set up without delay to adopt the 2IM's team and approach, bringing members of civil society who have already worked on these subjects together with experts from UFM member states. The Secretariat will organize a working programme for them with the aim of rapidly drawing up the expected propositions.

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IPeMED, Economic Foresight Institute for the Mediterranean region, is a general interest institute, created in 2006. As a think tank promoting the Mediterranean region, its mission is to bring the two shores of the Mediterranean closer, through economic ties. Privately funded, it is independent from political authorities. → [www.ipemed.coop](http://www.ipemed.coop)

# Food security and the right to food in the Mediterranean



## BACKGROUND AND CHALLENGES

THE ISSUE OF FOOD will become a crucial problem for the whole region owing to:

- Growing population in the South and East of the Mediterranean, with almost 400 million people to feed by 2030,
- Rising nutritional imbalances and diseases linked to the gradual abort of the Mediterranean diet,
- Deteriorating ecosystems, global warming, reduction of available farming land and water resources, with serious effects on the potential of local production, which currently provides more than 25 million jobs in the region.

- Consequence: rising biological and economic food deficit, increased dependency on imports coming from instable international markets.

If nothing is done immediately, a social, economic and ecological disaster is inevitable in the fairly near future. The EU is directly concerned geopolitically and for its contribution to the right to food and sustainable development. It needs to react and go beyond the discussions on Euro-Mediterranean free trade agreements that have been dragging on for thirty years.

## UFM'S PROPOSITIONS FOR ACTION

The EU must innovate by proposing a new Mediterranean policy for agriculture and food based on its half-century experience and principles of solidarity and co-development, along lines mechanisms that it knows how to devise and mobilize:

1. Encourage in SEMCs more local food production through significant investment in R&D and training, and by setting up institutions to organize CMO-type

(common market organization), inter-professional channels, plus regulations to improve product quality (regulations and labels);

2. Promote the Mediterranean diet by educating, developing geographic labels and setting up communication plans in UFM member countries and around the world, with a view to conquering domestic markets and increasing exports;
3. Create regional food security by stimulating North-South and South-South complementarity

via mid-term supply contracts, security stocks of strategic products (cereals and oleaginous plants) and Euro-Mediterranean commercial preference within the UFM for all food products.

These measures offer the two-fold advantage of being rapidly operational and relatively inexpensive. They could be implemented on a voluntary, co-financing basis for SEMCs after endorsement at the second UFM summit.

*Food security in the Mediterranean is probably one of the most critical issues that the region will have to face in the forthcoming decades. The UFM should make it an immediate priority and go as far as drawing up an institutional framework suitable for devising and implementing a genuine food security policy in the form of a Euro-Mediterranean pact.*

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## **1. Food security in the Mediterranean: a major issue**

FROM THE CONSUMER'S POINT OF VIEW, food security mirrors the "right to food" mentioned in the 1948 Universal Declaration of Human Rights. Although South and East Mediterranean countries are close to controlling malnutrition, the same cannot be said for the quality of their food nor for the safeguard of their culinary heritage. The fact is that in 2002, food-related illnesses were responsible for 55% of deaths in SEMCs (including the Balkans). Moreover, surveys show that the famous Mediterranean diet, viewed by nutritionists as ideal for health, is starting to disappear in the very countries that spent five millennia inventing it.

FROM A PRODUCTION POINT OF VIEW, the situation is also worrying in the whole of the Mediterranean region because of the significant pressure on land, water and markets. In addition to the limited potential of farming land (less than 85 million ha are farmable in the North African/Middle Eastern zone), there are insufficient water resources, as well as rising pressure from towns, industry and tourism. Climate change will exacerbate the situation and could lead to a drop in production of around 20% in the region. Food markets remain poorly organized and generally under-perform. They are marked by the duality of a modern sector working alongside a still widely prevalent traditional sector that weighs heavily in national economies. This situation explains, for the most part, the significant differences between the production levels of local businesses and companies dominating the international market.

FROM A GOVERNANCE POINT OF VIEW, SEMCs are characterized by insufficient field observation mechanisms (e.g. no health watch statistics, and no accounting information network on farming and the food industry), an absence of proper policy on food and nutrition, an erosion of farming policies after a period of structural adjustment (1980s), incomplete or rarely applied regulations on product quality, and a cumbersome informal sector.

If nothing is done, the worst food crises are yet to occur. All recent global forecasts indicate that the North Africa/Middle East zone has the highest deficit in terms of food availability per inhabitant, and that the situation is set to deteriorate in coming decades due to the rising gap between local productive resources and the needs of a rising population (380 million people in 2030 + 25% compared with 2010). This will automatically result in an explosive commercial bill (US\$ 16 billion in 2004-2006, +34% since 1995, + 80% in 2007-2008, probably doubling by around 2030).

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## **2. The geopolitics of food security**

A COMMON CAUSE OF FOOD CRISES is excessive deregulation. The belief that markets are capable of distributing resources and goods, managing risks and then transferring them to those who are best placed to bear them has blinded us. Rather than ourselves deciding what priority should be given to food, we have left the decision to financial markets, which treat raw materials, including food commodities, as assets.

The reasons behind the recent food crisis have not gone away. Once the price of a barrel of oil exceeds US\$ 80, biofuels become an attractive option, reducing the availability of cereals, oleaginous plants and sugar for food. When growth takes off in Asia, its imports of food products follow suit. As soon as a threat appears on the financial markets, investment funds start speculating on raw materials.

The same causes produce the same effects. The next food crisis might happen at any moment, bringing with it suffering and poverty for an increasing proportion of mankind. It risks being particularly violent in North Africa and the Middle East.

We can call for a deep-rooted reform of global raw materials markets and the introduction of more regulations, thus avoiding the traumas that arise when speculative bubbles burst. These might be joint changes or not. It is up to the G20 and global forums like the World Trade Organization, the

World Bank, the International Monetary Fund and UNCTAD, to promote this agenda and fight it out. France and the European Union have secured strong pledges to review international regulations on financial markets. Raw materials markets should be added to the package.

This action must be supported by a dynamic within the European Union. Discussions started on the “health check” of the Common Agricultural Policy would provide an opportunity for putting some order back into the drifts of exclusive management by the farming and food markets of Europe and the Mediterranean.

### 3. A food security action plan in three parts

THE OBJECTIVE BEHIND the suggested measures of the action is to reinforce regional food security. They fit into a perspective of sustainable development, based on neighbourhood solidarity.

Firstly, vigorous action is called for to improve the nutrition situation by promoting a standard Mediterranean diet that is both contemporary and rooted in history. Its uniqueness will be a means to conquer domestic markets and expand internationally. Information, education and communication campaigns will be necessary to consolidate and promote the Mediterranean diet. The information campaign would involve making an inventory of each country’s culinary heritage and creating a permanent observatory on nutrition. Education would involve teaching good food practices at all levels (primary, secondary and university) based on the Mediterranean diet. Communication would involve creating promotional tools to be used in the various media and circulated in Euro-Mediterranean countries and throughout the world.

THE SECOND PART deals with the increased production of local food in SEMCs thanks to a new institutional framework, technical and organizational innovation, and training. A policy on agriculture and food production, based on the concept of channels integrated in the territory, should stimulate economic stakeholders. A boost in R&D should result in improved agriculture and food production thanks to better managing of natural resources and the environment. Managerial qualifications resulting from ambitious training programmes should lead to gains in productivity at every stage.

This would involve taking the European Union’s experience of CEECs’ pre-accession and

using it to help SEMCs make a far-reaching reform of agriculture, leading to greater productivity while respecting criteria for sustainable development. A second item in this part would involve working with SEMCs to produce standards on quality, phytosanitation and traceability, by helping them agree and conform to European Union standards. An agreement to use European standards, coupled with broader cooperation in strengthening their monitoring institutions should be included in the Union for the Mediterranean’s agenda.

THE THIRD PART relates to instigating “collective food sovereignty”, based on the idea of complementarity and proximity, and involving the exchange of guarantees of supply against guarantees of market. This policy would be devised using three instruments that have proved efficient in Europe: (1) CMO (common market organizations) and (2) commercial preference, here extended to cover the Euro-Mediterranean area, in the domain of market regulation; (3) a system for protecting and promoting geographical indications (GIs) in the domain of local development; and (4) strengthening commercial relations by making mid-term supply contracts between the EU and SEMCs and creating a common security stock, collectively financed for by UFM countries.

### 4. Opportunities and challenges

TRANSFORMING AGRICULTURE in the South to make it more competitive will call for strong commitment from governments. For this reason, participation in this food security programme should be voluntary, involving countries set on making the necessary reforms for improving their consumption models and transforming their food production channels.

Through this initiative, the Union for the Mediterranean will demonstrate the active solidarity between its members and introduce cooperation into the agricultural and food industry sector – a sector that has done so much to alienate both shores of the Mediterranean.

This duty of solidarity is not the product of naïve selfless reasoning. It fits in with the interests of countries in the region for building strong bonds and favouring exchanges with their neighbours. Reform of agriculture and food production channels in South and East Mediterranean countries will obviously result in improved nutrition for inhabitants and a rise in purchasing power for countries whose leading commercial partner is the



European Union. It will also lead to more work opportunities for young people in these countries and reduce the temptation to emigrate and the tension it causes. It will ultimately ensure optimal supplies for food-producing companies, create outlets for agriculture and European industry, and thus jobs in the North.

If this project is to succeed, its main funding must come from the country that stands to gain most from it. Only in this way will it be responsible for its future and concerned by the efficiency of its policy. Cooperation should be simply a component, possibly substantial, but centred on supporting reform and not motivating it. The food crisis has

put the focus of policies and budgets back on agriculture; we all have lessons to learn from it.

More generally, the Euro-Mediterranean agricultural and food model prioritizes family farming and a dense fabric of food-producing and commercial SMEs, technologies tested by secular experience yet open to innovation, territorial rooting using GIs, and a diet now recognized for its health and social benefits the world over. All of this constitutes the basis of a regional sectorial policy that will allow us, together, to exist in the future thanks to our “outstanding capability” in the face of the globalization steamroller, and at the same time take up the challenges of sustainable development.

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# A “Mediterranean Water Agency” to move from strategy to action

## Handing over regional cooperation to hydrographic basin professionals



### SUMMARY

EVEN WITHOUT THE IMPACT of global warming, the Mediterranean is already experiencing problems in access to water and sanitation that at times lead to water conflicts. Yet water could become the cornerstone of a high-level economic channel and an ambitious international cooperation programme that could contribute to making the Mediterranean a leading “eco-region” on the international scene.

The priorities are well known: water demand management and efficient use of water; improved local and national governance; pricing that is economically appropriate and socially fair; and legal and financial security of investments to facilitate

public-private partnerships, especially for sanitation. Since 1976, Mediterranean water issues have been at the centre of numerous debates, and yet results have not made much progress.

The Mediterranean Water Strategy can only become fully operational if a Mediterranean Water Agency is created. Its role would be to step up and coordinate the resources and actions of NGOs and institutions focusing on water in the Mediterranean before gradually being handed over to professionals working in Mediterranean hydrographic basins or other relevant areas depending on the countries concerned.

### UFM'S PROPOSITIONS FOR ACTION

UFM member states that choose to would create a Mediterranean Water Agency to coordinate and implement water projects and action in the Mediterranean. This Agency would be made available to the UFM General Secretariat for the Mediterranean Water Strategy's plan of action.

- **Charter:** The Agency would be based on a Mediterranean Water Charter, which would echo the common principles of the Mediterranean Water Strategy and would need to be respected to receive funding from public and private international donors.

- **Missions:** information, documentation and observation; promotion of new water practices for agriculture; exchange of experience and expertise; vocational training and research,

with the Agency playing the same role in the water domain as CIHEAM does in the agricultural domain, and drawing from a network of science parks around the Mediterranean; “hydro diplomacy”, modelling of Mediterranean hydrographic basins, debates on planning regional infrastructures, debates and mediation on managing transboundary waters and exceptional crises and situations; appraisal of projects submitted to the Secretariat General and then, as rapidly as possible, power to make decisions on Euro-Mediterranean projects.

- **Funding:** governments in the region that choose to would participate in financing the Agency according to a formula to be decided, possibly reflecting countries' wealth, the rate of flow of Mediterranean rivers that cross

them and the waste they discharge into the Mediterranean. Donors would participate.

- **Governance:**

- A “Euro-Mediterranean Water Council” would group representatives of Heads of State of participating countries, major towns in the region and directors of NGOs and institutions working with water in the Mediterranean, to determine the Agency's strategic lines;
- The running of the Agency itself and its executive decisions would be entrusted to professionals representing basins or other relevant areas depending on the country concerned, to provide the best mix of public and private water stakeholders at the right level, covering all actions necessary for integrated water and sanitation management.

## 1. The challenges are well known

### 1.1. Insufficient access to drinking water and sanitation

Even without counting the degeneration linked to exploding demand and climate change, which is going to be particularly severe in the region, 180 million Mediterranean inhabitants are already experiencing water stress, especially in the South; 20 million have no access to drinking water and 47 million do not have access to adequate sanitation. The solution is not to simply mobilize non-conventional water sources.

### 1.2. Priority to water demand management and efficient use of water

Demand for water in the North is likely to be 18% higher in 2050 than it is today, and 30% more in the South. The best way to respond is to increase the efficiency of supply networks, since water that is drawn then lost or unused represents 40% of demand. Improving the efficiency of water used in farming, and introducing new agricultural practices that help save this rare resource are key factors, because irrigation represents two thirds of water demand in the region, and more than three-quarters in the South.

### 1.3. Improving governance is a key to providing water services in the Mediterranean

Improving water governance in the Mediterranean is the system's lynchpin: national arbitration on water uses; clarifying the tasks of the contracting party and the contractor; drawing up contracts (either with private or public operators) and stable contracts; mobilizing local stakeholders and developing their technical, financial and human capacities; involving users and improving relationships between operators and consumers; ensuring the durability of the service through pricing; managing drinking water and sanitation together at the appropriate scale for basins and towns.

### 1.4. Managing conflicts of access and distribution

International tensions linked to water access make this a crucial domain for Mediterranean cooperation (e.g. the Red Sea to Dead Sea conveyance programme, transboundary management of aquifers in North Africa, management of transboundary surface and ground waters, etc.).

### 1.5. Developing treatment and reuse of wastewater

Sanitation is required to protect inhabitants' health, but also for rivers, water tables and the sea we share. Several of the region's countries have expert knowledge of the controlled reuse of wastewater, and this is an essential component of the New Water Mass.

### 1.6. Huge long-term investment needs

Pricing needs to at least cover current operating and maintenance costs. However, huge funding still needs to be found for modernizing and extending water and sanitation networks, involving several tens of billions of Euro. Upgrading existing water treatment facilities in line with the rising urban population would entail more than 10 billion Euro up to 2025.

## 2. Favourable context for moving from conventions to action

WATER HAS BEEN AT THE HEART of the Euro-Mediterranean cooperation's concerns since the Barcelona Convention in 1976. Integrated water resource management is one of the priorities of the Mediterranean Commission for Sustainable Development created in 1996. Several international conventions regulate this cooperation, covering for example, operating aquifers in North Africa (Sahara Sahel Observatory), the common strategic debate on the Nile basin (Nile Basin Initiative), and the protection of the Danube, etc.

A number of tools have successively been put in place to further the cooperation's operational side: EMWIS, Plan Bleu, Unep-Map, International Office for Water, Mediterranean Water Institute, GWP-Med, the Mediterranean component of the European Water Initiative, Euro-Mediterranean Network of Basin Organizations, etc. They are currently small and scattered, and have produced few tangible results.

In Europe, since 2000, the Water Framework Directive has determined the main regulations on protecting water resources, making hydrographic basins the scale of reference for analysis and action. The declaration of the EU's Council of Ministers on 22 March 2010 attaches greater value to the access to safe drinking water, declaring that it is "closely related with individual human rights (...) is a component element of the right to an adequate standard of living and is closely related to human dignity". In SEMCs, national legal frame-

works are converging when it comes to clarifying governance, inter-ministerial coordination, pricing, facilitating public-private partnerships, combating leaks in the network and managing by basin or any other relevant area.

Water stakeholders in the region are ready for a new stage in Euro-Mediterranean cooperation. Donor coordination is developing, as seen by the Commission’s Horizon 2020 initiative and the EIB’s project to protect the Mediterranean Sea from pollution. Although it was relaunched at the 2008 ministerial meeting in Jordan, the project for a Mediterranean Water Strategy has not yet come to anything. To do so, it must be given a tool for coordination and execution.

### 3. A “Mediterranean Water Agency” run by professionals from the basins

#### 3.1. A Mediterranean Water Charter overseeing funding for projects

The Agency’s action would be based on a Charter for water in the Mediterranean, the main lines of which already exist (i.e. the Barcelona Convention and the Mediterranean Water Strategy). It would underline: the three dimensions of sustainable development (ecological, social and economic); the imperative of water efficiency (primacy of demand management); the imperative of sanitation as much as access to drinking water; the protection of the quality of water resources; the importance of integrated resource management; good governance rules in delivering the service; drawing up contracts between public powers and the operator, whether private or public; the necessity of pricing to ensure the durability of services and social balancing-out; the preference for management by basin or any other relevant area.

On this basis, quantifiable targets would (1) provide long-term benchmarks for the Mediterranean Water Strategy, (2) serve as a common reference for national decision-makers to help them devise a national water policy, (3) show projects’ eligibility to receive funding from international public and private donors. Broken down by country, the targets would be the same as the Plan Bleu’s for the region, i.e.: economize a quarter of the overall demand for water by 2025, reduce leakage rates in drinking water supply to 15% and the rate of loss during transport and supply for irrigation to 10%, increase the efficiency of irrigation to land parcels to 80%, and expand industrial water recycling to 50%.

#### 3.2. The Agency’s missions

INFORMATION, DOCUMENTATION, OBSERVATION AND STANDARDIZATION. The Agency would be responsible for collecting studies and making them available to all. In line with the recommendations of the Mediterranean Water Strategy for creating joint tools, the Agency would be assisted by Plan Bleu and EMWIS to develop a regional observatory to aid decision-making, involving standardizing and collecting data and promoting common standards for documentation.

PROMOTING (WITH AGRICULTURE MANAGERS) NEW PRACTICES FOR WATER IN AGRICULTURE. Agriculture is the sector that uses by far the most water. The Agency would therefore develop, in coordination with CIHEAM, specific action to promote reasonable agriculture, drawing from SEMCs’ know-how, efficient use of water and modern irrigation techniques as well as fair water pricing.

EXPERTISE. The Agency would solicit existing institutions and activate a network of experts capable of responding to questions from states, local authorities and other water stakeholders that are currently confronted by plentiful but hard to mobilize potential expertise. It would participate in modelling hydrographic Mediterranean basins in order to ensure water demand management and inform strategic decisions on hydraulic infrastructure and exceptional crisis management.

EXCHANGE OF EXPERIENCE. Exchanging experiences is indispensable for circulating good practices, developing the self-assessment of services, and comparing points of view on contracts, especially PPPs. Existing exchanges of this type are scattered and rarely followed up, and therefore do not result in an accumulation of known-how or sufficient collective emulation, nor the adoption of common norms and standards. The Mediterranean Water Agency would facilitate decentralized cooperation and coordinate exchanges of experience between the region’s basins.

PROFESSIONAL TRAINING, RESEARCH, PROMOTION OF SCIENCE PARKS. Human resources are crucial (whether technical, economic, legal, administrative, financial, managerial or commercial). The development of skills calls for ambitious training policies at all levels of the profession. The Agency would be a central information point on all existing options. It would run a Mediterranean network of vocational water training centres similar to the International Network of Water Training Centres being developed by the International Office for



Water, and would circulate relevant research results. It would play the same role in the water sector as CIHEAM does in the agricultural domain. Around the Mediterranean, a network of science parks with a focus on water could bring together the circulation of good practices (aimed at professionals but also the general public), vocational training, circulation of research results and be an incubator for start-ups. It would encourage water-energy alliances.

“HYDRO-DIPLOMACY”. In the face of a risk of water conflicts, the Agency would be a tool for dialogue, debate and mediation and could become a cornerstone of Mediterranean cooperation. It would promote the management of transboundary basins and international waterways, taking into account environmental sustainability, public health and food security in border countries, economic development of basins and new technologies to increase the resource to be shared (the “new water mass”, including conventional and non-conventional waters). It would implement a New Water Culture founded on values of dialogue, justice, equality and collective commitment, and so prevent water issues from immediately getting caught up in international political power struggles and degenerating into conflict.

PROJECT APPRAISAL. The Agency would be asked by the UFM’s General Secretariat to appraise projects of regional interest. Projects would be assessed in line with the general objectives of the Charter and the quality of governance put into place. The projects’ quality criteria would be defined subject to concerted analysis with national and local water stakeholders. The criteria would vary according to

the country, the use of water (domestic, industrial or agricultural), and would always: (1) respect the general principles of the Mediterranean Water Charter, (2) lead towards the country’s achievement of the targets set in the Charter, (3) involve diverse local stakeholders in the participative process (e.g. associations of irrigators) under the auspices of institutions in the basin or other relevant area. After this, and as soon as possible, the Agency would become a decision-making body.

### 3.3. Governance of the Agency: the tool of professionals

Governments in the region that choose to would participate in financing the Agency, depending on each country’s wealth, the rate of flow of Mediterranean rivers crossing it and its pollution, based on rules to be defined.

Governance would be on two levels:

- A “Euro-Mediterranean Water Council” grouping representatives of heads of state of participating countries, major towns in the region, directors of NGOs and institutions working with water in the Mediterranean, would determine the Agency’s strategic lines;
- The running of the Agency and its executive decisions would be entrusted to professionals representing basins or other relevant areas in order to avoid cooperation deadlocks from inter-governmental power struggles and international conflicts. Basin institutions, towns and regions are best placed to involve public and private water stakeholders at the right level; they cover all integrated water management actions. They should therefore be at the root of the Mediterranean Water Agency’s operations.

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# Make energy the first common Euro-Mediterranean Policy



## SUMMARY

ENERGY IS THE DOMAIN in which the interdependence of Euro-Mediterranean countries is the most strategic: a third of the gas consumed in Europe and a quarter of the petrol come from North Africa, without counting the proportion transited through Turkey; 70% of North African oil exports and 90% of its gas exports go to Europe. This interdependence involves long-term commitments, such as multi-decennial gas contracts to finance the infrastructures involved; the imperative gradual move towards non-carbon energy sources; and the time it takes to plan profitable solar production or produce nuclear energy in the South.

It is also in energy that concrete cooperation has been the strongest, as seen by the decision to move towards Euro-Mediterranean electricity and gas markets, the creation of the Mediterranean electricity ring, and the launch of the Mediterranean Solar Plan. Yet for the time being, major commercial contracts are not extended into industrial agreements; significant distrust persists between producing countries and consuming countries, including those in the South; and we are still a long way from the ambitions declared at the start of the Barcelona process.

## UFM'S PROPOSITIONS FOR ACTION

Six decisions, the sixth being the most important, would lead to a common policy that would put an end to the distrust and parcelling of markets:

- 1) long-term security of purchases and sales, since sustainable cooperation cannot be founded on erratic exchange rates;
- 2) technological and industrial partnership between North and South;
- 3) more ambitious, shared targets on non-carbon energy sources;
- 4) a more central role for operators;
- 5) setting up joint finance tools and securing investments;
- 6) involving SEMCs in European strategic thought processes before discussions get started, without any prerequisites or conditions.

This entails making the following decisions:

- Complete interconnection between electricity networks and make progress on integrating gas and electricity markets as decided

in 2003, because this technical and commercial interconnection is the prerequisite to regional partnership;

- Maintain long-term agreements for energy purchases (especially gas) between UFM countries, with delivery guarantee systems;
- Secure investments in SEMCs and facilitate participation agreements between countries in the region, especially in order to accelerate the Mediterranean Solar Plan and the production of nuclear power stations;
- Create a Euro-Mediterranean network for transferring knowledge on energy and the water-energy overlap ("Mediterranean Institute of Sciences and Techniques relating to Energy and Water");
- Establish quantified targets (for the whole of the UFM and not just the European Union) on saving energy, the proportion of non-carbon energy (joint target of 50% by 2050), and reducing greenhouse gas emissions (including

a combined regional plan to develop nuclear energy in SEMCs);

- Make operators stakeholders in regional energy integration, by increasing resources available to the Mediterranean Energy Observatory and funding a large annual Euro-Mediterranean event to bring together public and private decision-makers in the energy domain;
- Because a European energy policy does not yet exist, because there is no international institution that associates consuming countries with producing countries, and because SEMCs and Europe are strategic partners in this domain, offer countries that want it a joint framework for strategy and action in the energy domain: involve SEMCs in European thought processes on strategic energy, extend to SEMCs European cooperation on gas purchases, jointly draw up a management plan on "South-South trans-Mediterranean energy highways".

## 1. Energy is the domain in which we are most interdependent

### 1.1. Sustainable, strategic Euro-Mediterranean interdependence

UNLIKE THE NORTH, which consumes high levels of energy (European energy dependency will reach 65% by 2025 and up to 80% for gas), the South possesses 5% of the world's oil resources and 3% of its gas; SEMCs supply significant resources to Europe (a third of the gas and a quarter of the petrol consumed in Europe come from North Africa) as well as transit zones (Turkey). Production and transit countries are similarly dependent on European consumer markets: 70% of North Africa's oil exports and 90% of its gas exports are sent to Europe.

The potential for energy collaboration between UFM countries is therefore strategic and set to last. It could be the basis of an ambitious partnership in the three sectors of energy, environment and industry.

ENERGY. The issue is to make both supplies and commercial markets secure. Securing supplies is as relevant for European countries as it is for SEMCs that do not produce hydrocarbons. In SEMCs, ten million people still have no access to energy and their demand for primary energy is set to rise by 5% per year up to 2030. It is therefore vital that an agreement between UFM countries should relate to supplies as a whole, both South-North and South-South. The issue of securing markets calls for preserving long-term gas agreements. Given that no joint legal framework exists between EU countries and SEMCs, a common policy needs to be based on long-term commercial commitments. Without these, the region would have to make do with isolated opportunities and lack the necessary visibility to construct in the long term.

ENVIRONMENT. The Mediterranean is one of the regions of the world where the impact of global warming is set to hit hardest. Sustainable development must therefore be a priority. The "climate and energy package" sets an ambitious ceiling on European energy consumption by 2020. SEMCs are also making an effort by adopting environmental measures, although these remain insufficient. Article 9 of the European EnR directive in the "climate and energy" package is a potentially important cooperation tool, including in terms of investment: EU countries will be able to include in their energy balance renewable energy produced outside the EU, notably from SEMCs.

INDUSTRY. Energy represents immense industrial potential for the whole region. The EIB estimates that SEMCs need to invest € 100 billion in energy over the next ten years. The Mediterranean Energy Observatory goes further: in the electricity sector alone, it estimates that by 2020, countries bordering the Mediterranean – essentially on the south side – will have to obtain additional capacity of 220 GW; without including the renewal of existing power plants, 440 new 500 MW units will have to be built, for a total investment of 120 billion Euro. The Mediterranean Solar Plan will cost tens of billions of dollars, not counting increased numbers of trans-Mediterranean electricity lines. To transport gas, a gas pipeline costs around 10 billion Euro, and a liquefaction factory around 1 billion. For oil, the region has a huge fuel oil production deficit. An immense technological and industrial co-development project could be set up, provided that we can transcend simple commercial relationships.

### 1.2. Current state of affairs

Energy is the domain in which the Euromed partnership has been the most tangible. The energy ministers participating in the Barcelona process decided in 2003 to move towards integrated gas and electricity markets. The scheduled completion of the Mediterranean electric ring is a significant component in this process. The launch of a 20 GW Mediterranean Solar Ring in 2008 by 2020 will imply an intensification of this programme, involving the infrastructures for producing and conveying electricity and the regulations involved.

Institutionally, the Euromed Energy Forum gathers the ministers concerned and takes place regularly, although not particularly often; networks exist of national agencies dedicated to energy savings and renewable energy sources (e.g. Medener), national regulators of electricity and gas as well (Medreg), and Medelec works on furthering the electric ring. Lastly, the Mediterranean Energy Observatory provides the region with a tool for cooperation between operators.

However, commercial contracts are not currently extended into industrial agreements because of a lack of joint legal and financial tools and the lack of a shared vision. There is strong distrust of producing countries, whose power to "turn off the taps" is overestimated, and of consuming countries, accused of closing their retail markets.

## 2. Launch the first Euro-Mediterranean common policy

Euro-Mediterranean energy cooperation today needs six decisions to be taken so that a genuine joint policy can be established. The most important of these is to include SEMCs in strategic European thought processes before discussions get started, with no prerequisites or conditions.

### 2.1. Secure supply agreements between producing and consuming countries

This shall involve:

- Accelerating the set-up of a Euro-Mediterranean market for electricity and gas;
- Making access to energy for inhabitants of SEMCs as much of a priority as securing energy supply to European countries;
- Ensuring that long-term agreements are maintained for energy purchases between UFM countries (notably gas) with guarantees for deliveries, both South-North and South-South, to facilitate South-South exchanges, which are currently very limited.

### 2.2. Establish an industrial and technological partnership

All commercial agreements for delivering energy should be part of a framework of regional technological and industrial partnership. SEMCs that produce hydrocarbons should no longer be simply a source of raw materials but should develop their own industrial and technological potential on this basis. A regional partnership would comprise two components:

(i) Investment security in SEMCs and easier participation agreements (mixed societies) between countries in the region, both North-South and South-South:

- Encourage – by associating investments from the North, the South and the Gulf – refining capacities in the South that will help reduce the rising fuel oil deficit, and the production of oil derivatives (petrochemicals, fertilizers, etc. of which e.g. North Africa could become a world-scale production platform);
- Intensify joint North-South participation in gas prospection and production, pipeline transportation, regasification, and electricity production and distribution;
- Terminate and develop electric network interconnection (Mediterranean ring);
- Accelerate the set-up of the Mediterranean Solar Plan (linking in the Desertec and Transgreen pro-

jects), by encouraging production of components in the South (e.g. photovoltaic unit parts, thermo-solar power stations, etc.).

(2) Creation of a Euro-Mediterranean network focusing on the transfer of knowledge on energy (“Mediterranean Institute of Sciences and Technics relating to Energy and Water”, IMESTENE)

- Specializing in energy and the overlap between water and energy;
- Centred on strategic planning, managing demand and promoting non-carbon energy sources;
- Acting as an interface between academia, government and industrial sectors, and drawing on science clusters;
- Offering training courses (Masters label), research courses (doctoral and post-doctoral school open to professionals in the region), technology transfer, technical cooperation and exchange of experience;
- Structured in a consortium of half a dozen national focal point partners, with a skills centre playing the role of network leader (based on the model of Ciheam for agriculture), possibly assured by EMUNI;
- Funded by UFM governments who choose to do so, but managed independently and transparently by specialists from both sides of the Mediterranean whose authority is recognized by their peers.

### 2.3. Take non-carbon energy targets further, to envisage a regional nuclear plan

Forecasts anticipate that fossil energy resources will continue to constitute 80% of primary energy in Mediterranean countries by 2030. This is neither ecologically nor economically tenable, since producing countries do not have inexhaustible reserves and are too dependent on exports of hydrocarbons. In the context of a Mediterranean strategy for sustainable development, it is imperative, for the whole of the UFM and not just the European Union, to establish quantifiable targets on:

- Energy savings (for which there is huge potential in SEMCs because their energy intensity is high, as a result of “energy-greedy” economies);
- The proportion of non-carbon energy sources (the EU’s 20% renewable energy target by 2020 should be extended to SEMCs, a joint target of 50% of non-carbon energy by 2050 could be set);
- Reduction of CO<sub>2</sub> emissions, including a concerted plan for developing nuclear energy in SEMCs, inevitably on a transnational scale (particularly the Maghreb).



#### 2.4. Make operators stakeholders in regional energy integration

This kind of partnership assumes that states will agree to provide forecasts of their mid-term energy requirements and production levels and regularly communicate this information known to the OME, which would play the role of regional expert and receive increased resources for the task. The main advantage of the OME is that it is primarily a pooling of operators. If operators are to be involved in strategic thought processes and funding the Euro-Mediterranean partnership (operators play a key role in European cooperation in the absence of a European energy policy), the OME needs to become a reference. A regular event could be organized to gather Euro-Mediterranean energy stakeholders, government decision-makers and operators.

#### 2.5. Funding

Specialized funds, combining private and public capital, could contribute to financing energy projects and ensuing industrial operations. A regional carbon fund could facilitate investment in CDM (Clean Development Mechanism) projects and encourage more restrained use of carbon in energy development.

#### 2.6. Immediately start involving SEMCs in European thought processes on strategic energy

Because as yet there is no European institutional and legal framework relating to energy, because no international institution exists to associate consuming countries with producing countries, and because SEMCs and Europe are strategic partners in this domain, the UFM could make a radical innovation by proposing a joint framework for strategy and action on energy to countries that want it, by:

- Reflecting together – right from the start, and pooling strategic information, with no prerequisite political conditions – on a regional plan for energy efficiency and the promotion of non-carbon energy resources (with shared diagnosis and targets);
- Jointly drawing up a management plan for “Trans-Mediterranean and South-South Energy Highways” that would encompass existing energy transportation channels and future projects and take into account imperatives for sustainable development and industrial partnerships between UFM countries. This plan, once approved, would receive preferential funding designated to this type of liaison;
- Extending the cooperation that exists between state authorities and operators to SEMCs, which would both reinforce Europe’s negotiating power and involve producing countries to the South of the Mediterranean (their strategic position is much more compatible with Europe’s interests than Russia’s is).



**IPEMED**

- INSTITUT DE PROSPECTIVE ÉCONOMIQUE DU MONDE MÉDITERRANÉEN -

# Make the Union through its people: a “migratory ECSC”



Moving from an administrative migration approach to an economic approach based on mobility

## SUMMARY

THERE ARE SIX REASONS why the movement of people should be one of the Euro-Mediterranean common policies: 1) the complementary age structures of North and South; 2) the constant need to use mobility to adjust work markets between countries in the region; 3) the need to circulate for professionals, who are increasingly numerous and diverse; 4) international competition to attract qualified workers, who continue to leave the region; 5) the community of interest concerning countries from both sides on managing migration; 6) the specific cultural characteristics of regional Euro-

Mediterranean integration, whereby the intermixing of people is a historic legacy and a strategic necessity.

In the Mediterranean over the long term, inhabitants are unlikely to understand the concept of a union where people cannot circulate freely. There is much work to be done before the Euro-Mediterranean can assimilate the statement of the UN Global Commission on International Migration that, “the old paradigm of permanent migrant settlement is progressively giving way to temporary and circular migration”.

## UFM’S PROPOSITIONS FOR ACTION

SA common (“migratory ECSC”) policy, based on the joint responsibility of states and their complete freedom to participate in it, would aim to progressively establish free circulation for people within the UFM area. This would begin with easier mobility for the increasing numbers of professionals, and then expand to general free circulation within countries that agree to it, and ultimately involve extending the equivalent of the Schengen Area to SEMCs. It would include the following measures for making professional mobility easier:

- Long-term, multiple-entry visas for all professionals who belong to trans-Mediterranean professional networks to be labelled by the UFM;
- “Qualifying migrations”: host countries would fund training programmes for professionals

who are needed in their work markets and have received initial training in another country in the region; both countries would recognize the professional experience gained;

- “Circular migrations”;
- Progressive introduction – but as fast as possible to compete with other global regions and especially North America – of a passport between countries that want it allowing professionals with “high human capital” to circulate freely (e.g. businesspeople, artists, academics, etc.)

A Euro-Mediterranean Migration Agency (EMA) would orchestrate this policy:

- Coordinating policies for regulating and controlling migrations;
- Combating illegal work or work that is degrading for humans and penalizing for taxes;

- Informing about temporary work programmes for migrant workers;
- Facilitating mobility for young experienced professionals (North-South and South-South);
- Promoting flows of graduates in the region and regulating to avoid a brain drain;
- Organizing flows needed by the knowledge economy and especially launching (at last!) Euromed Erasmus, which has found consensus for a long time;
- Its funding would be assured by voluntary contributions from states, as well as a contribution that could be defined in proportion to the number of graduates hosted coming from SEMCs;
- Initially, the Agency would be arbitrated by UFM heads of state; afterwards it would become a “High Authority”, acting according to the sovereignty that states have agreed to transfer to it.

## 1. The potential complementary effect of migration in the Mediterranean

### 1.1. Circulation of people in the Mediterranean: a misplaced question

Migration has a much larger place in public debates than it does in actual international exchanges, because people circulate a lot less freely than goods and capital. The Mediterranean is no exception to the rule. Despite the European Neighbourhood Policy's statement in 2004, which outlines "four freedoms" – free circulation of goods, services, capital and people – the region is still a long way from achieving the level of circulation needed for deep-seated integration to take place. The liberalization of the exchange of goods and services cannot replace the international mobility of production factors, and especially work. The idea of substituting migration with trade continues to inspire the region's governments, yet what is needed is to activate the tools for mobility, which will be an essential partner to economic interdependence between the two sides of the Mediterranean.

The UNDP's latest report on human development ("Overcoming barriers: Human mobility and development", 2009) reminds us that, "Some regions are creating free-movement zones to promote freer trade while enhancing the benefits of migration—such as West Africa and the Southern Cone of Latin America"; the Mediterranean should ideally be included in these regions<sup>(1)</sup>.

South and East countries of the Mediterranean (SEMCs) have frequently made requests for increased mobility from European countries, which they accuse of making only minimum adjustments to their migration policies, limiting the movements of people for security reasons. European countries reply to SEMCs that there is not always guaranteed freedom to circulate between countries in the South, and that opening up circulation would also result in "brain drain" problems to which SEMCs themselves would be opposed. Despite recent inter-government cooperation between the North and South Mediterranean, the migration issue is still a bone of contention between countries in the region. It remains dominated by security and demographic aspects, even though it should be tackled from a more economic and strategic angle.

### 1.2. The six components of Euro-Mediterranean migratory interdependence

The first of these is the complementary age structures of European countries and SEMCs. This is the argument most frequently put forward, especially since the UN's "Population" Department published its forecasts, which show that Europe is set to lose tens of millions of workers in the coming decades. The argument is persuasive: ageing populations on one side, and young, available populations on the other, because SEMCs are reaching the end of their demographic transition – a period of "demographic windfall" during which there are numerous young workers and few people in their charge (children and the retired). However, the argument is less convincing than at first sight, since the reduction in the number of active workers in Europe could be compensated by a continued rise in female employment rates and the probable extension of the retirement age. In other words, the future of migration in the Mediterranean should not be seen as an immense transferral of inhabitants from countries with excessive populations to those with reduced populations.

The other components are more important than the first, purely demographic, component, yet they are given insufficient attention. The first of these is the permanent need to adjust work markets between countries in the region. There will always, and increasingly, be occasional requirements for workers in certain towns and countries, particularly in Europe, given the weak professional mobility that exists between, and even within, EU countries. The contribution of doctors, nurses and agricultural workers from SEMCs in Europe's local work markets plays an adjustment role that is set to increase, especially with the boom in service activities ("mode 4" of the General Agreement on Trade in Services – managing the movement of people). Mobility should be as fluid as possible so that these adjustments can be as efficient as possible. A demonstration of the reciprocal benefits can be seen in the mobility of CEEC workers in Western Europe since 2004: some Western countries, Ireland and the United Kingdom in particular immediately accepted the free circulation of workers from the new EU member states. Their contribution not only made local employment markets more dynamic, but when the financial crisis reduced demand, Slovaks and Polish people returned home and found work thanks to the skills they had acquired when they migrated to the West.

The third component is businesspeople's need to circulate. If economic integration is to bring the two sides of the Mediterranean closer, businessmen and women need to be able to circulate easily. This is a well-known fact. Less well known is that the definition of "businesspeople" has changed. They

(1) See also the report: "Long term perspectives on people & job mobility for MENA", World Bank, 2009.



are infinitely more numerous and diverse than they used to be – e.g. members of diasporas returning to their countries for family reasons or leisure and doing a bit of business while they are there; and more and more women are involved in business. They work for major companies, but increasingly also SMEs and the various professional networks being set up in the region. We should not forget that the European demand for visas has undermined this multitude of economic exchanges – to the advantage of places like Dubai and Istanbul.

The fourth component is international competition to attract qualified migrants. With the entry into the knowledge economy, attracting the highly skilled has become a geo-economic issue of the utmost importance, and one that Latin Europe is often too scrupulous and cold-footed to grasp. As a result, it attracts proportionately less and less highly skilled workers from SEMCs, who instead turn to the Gulf, the United Kingdom and the Americas. People who migrate are in fact increasingly highly qualified. To re-establish preferential links between the two sides of the Mediterranean, a whole system needs to be put in place, from student internships in different countries to facilitating professional installations – way beyond the European blue card scheme.

The fifth component is the community of interest involving countries from both sides for managing regular and irregular migrations. SEMCs have also become immigration countries, and the European Union asks for their help in regulating migrant flows. This cooperation has commenced in the form of the first coordinated proposals for sending back clandestine migrants.

The final component is the most important. It is the cultural dimension, but its economic impact is crucial. This involves the actual conception of regional integration and the Union for the Mediterranean. We will not be able to achieve true Euro-Mediterranean integration without involving its people; we will not be able to build a wall round the Mediterranean like the United States have built on the Rio Grande; we will not be able to do as the “ASEAN plus three” countries have done and limit regional integration to trade and investment in order to avoid the arrival of millions of underpaid Chinese workers. For deep-seated historical and cultural reasons, and because the respective presence of a North to South heritage and a South to North heritage is the foundation of this region’s culture, we cannot do otherwise than recognise this interaction through the intermixing of people. This is furthermore the best way to operate work markets, circulate skills in line with business requirements, reduce tensions linked to identity, and definitively consign to history the so-called “clash of civilizations” theory.

### 1.3. We have already made the move from migration to mobility

There is already a significant degree of circulation in the Mediterranean, although it is rarely accounted for in most international migration statistics – if only because migrants’ departures from immigration countries are not well measured: departures of Algerian, Moroccan and Turkish immigrants from European countries are often equivalent to more than half of arrivals. Once it has reached maturity, a migratory wave tends to balance departures and arrivals (whether people are returning to their country of origin or settling in another developed country).

Circulation is also increasing because migrants are more and more mobile and sensitive to economic circumstances, increasingly well qualified (including clandestine workers), better connected to opportunities for work abroad, and can easily keep in contact with their country of origin thanks to new means of communication and reduced transport costs.



## 2. A “migratory ECSC” to gradually move towards free regional circulation

THE OBJECTIVE OF A COMMON (“migratory ECSC”) policy should be to progressively establish free circulation of people within the UFM area. This would start with easier mobility for increasing numbers of professionals, then expand to general free circulation in countries that agree to it, and ultimately extend the Schengen Area to SEMCs

### 2.1. Measures for facilitating professional mobility:

- Long-term, multiple-entry visas for all professionals who belong to trans-Mediterranean professional networks to be labelled by UFM (e.g. Euromed Postal, Copeam, Euromed capital forum, Med Fer, etc.);
- Simplified visa procedures (i.e. computerization, shorter administrative circuits), more flexible rules on allowing inhabitants of UFM member countries to settle;
- Extended list of open trades with no opposition to the work situation and rules for entry and residence for foreigners from UFM member countries;
- “Qualifying migrations”: host countries would fund training programmes for professionals required in their work market who have been educated in another country in the region; both countries would recognize the professional experience acquired;



- “Circular migration”, e.g. based on the Swiss model using work permits whose duration could be proportional to qualifications: four months for a seasonal grape-picker, two years for a doctor (including tariffs readjusted to current levels and a pledge to return organized in partnership with the country of origin so that the doctor can find a position in line with the experience acquired), etc.;
- Then the progressive introduction – but as fast as possible to compete with other global regions and especially North America – of a passport between countries that want it allowing professionals with “high human capital” to circulate freely (e.g. businesspeople, artists, academics, etc.)

## 2.2. A Euro-Mediterranean Migration Agency (EMA) for orchestrating this common policy

A Euro-Mediterranean Migration Agency would organize and facilitate these flows. Based on the European Commission model, it would be under the authority of members designated by states that opt to participate (non-binding). It would give accounts to national parliaments. Its missions would be as follows:

- Coordinate policies to regulate and control migration;
- Combat illegal work that is degrading for humans and penalizing for state taxes;
- Inform about the main available programmes for transnational temporary work (e.g. tourism, harvesting, etc.);

- Facilitate (including financially) mobility for young experienced professionals who fit in with programmes for transferring expertise (North-South and South-South);
- Promote the flow of graduates within the region to avoid brain drains to other regions in the world; regulate these flows with the aim of providing all the information and remediation required to face up to the brain drain problem;
- Organize flows required by the knowledge economy: student exchanges, professional internships, a centralized point of information on funding for existing and future student mobility (and at last launch Euromed Erasmus which has gained general consensus).

Funding for the Agency would come from (i) voluntary contributions from states, (ii) transmission to the EMA of a share of the budgets of national administrations for cooperation, (iii) a contribution from countries hosting highly skilled migrants, used to fund training programmes in the countries they come from (to compensate the brain drain).

Initially, the Agency would be arbitrated by UFM heads of state; afterwards it would become a “High Authority”, acting according to the sovereignty that states have agreed to transfer to it.

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# Make a Mediterranean area of territories, towns and regions



## SUMMARY

THE EXCEPTIONAL HERITAGE of Mediterranean territories is jeopardized by a number of issues that the region is having trouble controlling. These issues are threatening the potential for tourism and weakening the role that territories play in contemporary economic development. They are: rapid urbanization, excessive coastal development, destabilization of an often isolated rural world, climate change, the unsustainable rise in transport dominated by road transport, growing tourism competition in the world, sub-optimal international logistics that struggle to make the most of proximity, and the lack of local activity in areas disrupted by a modernization in which they play little part. France's DATAR gives the same diagnosis in its Euro-Mediterranean project.

Mediterranean territories therefore make up both a cross-cutting domain involving the region's

agricultural, urban, rural, environmental, economic and social challenges; and a domain for unique potential cooperation that could have enormous long-term economic benefits.

Town and country planning should be promoted as an integrated policy in countries in the region and implemented by state authorities in association with civil society (users) and companies that contribute to territorial development. It could then mobilize infrastructure construction, town planning, architecture, rural development, innovation and clusters sustainably and efficiently. It could interlink local, urban, regional and international levels. The Euro-Mediterranean Regional and Local Assembly (ARLEM) could be used to encourage the rise of local stakeholders, local development and "short circuits". Moreover, there should be promotion of culture and foresight, anticipation and long-term planning.

## UFM'S PROPOSITIONS FOR ACTION

1) A strong recommendation is to set up public institutions responsible for urban planning and sustainable land development in all countries in the region. The "Agence villes et territoires durables en Méditerranée" in Marseille could serve as a prototype. These agencies would have three main functions:

- Engineering projects and providing technical assistance to local authorities in the Mediterranean basin;
- Exchanging and capitalizing on experiences of decentralized cooperation;
- Training top-level intermediary territorial managers.

Decisions would be made by public authorities but would be mapped

out in partnership with local authorities, user associations and the companies concerned. In each country, these institutions would promote the rising momentum of regional level as a way of encouraging local territorial activity; a Mediterranean of regions is a necessity that needs to be fostered.

2) A network coordinator ("Association of Mediterranean Towns and Territories Agencies, AMTTA") should be established in a South or East country of the Mediterranean. It would have four departments (central public authorities, local authorities, NGOs and companies), and carry out three functions:

- Stimulating and coordinating the different trans-Mediterranean

networks that focus on spatial activities (land planning agencies, architects, rail transport, ports, etc., drawing from the success of the Baltic region);

- Drawing up a management plan for trans-Mediterranean infrastructures ("Management Plan for the Euro-Mediterranean regional area");
- Providing a secretariat and organizing an annual conference of Ministers for Spatial Planning and Regional Development.

3) An annual conference of Ministers for Spatial Planning and Regional Development should be established. This conference would be prepared and followed up by the Association of Mediterranean Towns and Territories Agencies.

## 1. Issues: exceptional heritage but under-developed territories in peril

THE UNIQUE FEATURES and beauty of the Mediterranean territories make this region the leading tourism destination in the world. There are three factors to this exceptional heritage. The first is its dry, but not arid, climate, which is still perfect for varied agricultural production provided that farming practices are sustained (fruit and vegetables, cereal crops, livestock and derived products); and provided that the strategic resource of water is managed properly – in ancient times, farmers chose suitable geological sites and organized village communities around this rare resource.

The second is its topography, where generally low mountains juxtapose with plains or plateaus to shape distinctive countries that have nevertheless always managed to communicate with each other. The third factor is the geography of a maritime basin that has resulted in cultural differentiation and sometimes even confrontation of three continents (“the sea, this true frontier” as Fernand Braudel said) and trade, making the Mediterranean the site where interactions between culture, trade and port activities were for a long time the most fruitful in the world.

These three factors together have formed a whole whose complexity is hard to totally grasp, and yet its unique quality springs to mind at the simple word “Mediterranean”. There are few regions in the world whose geographical and historical features can so fully justify the idea that territories are consolidated time.

Yet this heritage is jeopardized by several challenges that the region is having trouble controlling, and which are not only threatening its potential for tourism but weakening the role that territories play in contemporary economic development:

- Rapid urbanization formerly in Europe and currently to the South and East, occurring without adequate planning control often without provision for essential urban services, with no prior anticipation of risk prevention (e.g. earthquakes, climate, flooding, etc.), and without giving towns a chance to capitalize on the savings resulting from built-up areas that modern development needs;
- Excessive coastline construction, which concentrates in over-exploited territories all the environmental constraints that development cannot fully stamp out, despite the fact that their density is a potential basis for ecologically efficient management;
- Destabilization of an often isolated rural world, especially in SEMCs, where the modernization of

tax and land reform structures is not moving fast enough to cope with transformations in farming issues, and where the planned liberalization of international agricultural exchange risks bringing them up against insurmountable difficulties;

- Climate change, which is starting to weigh down on an already fragile balance and threaten rare resources like water and arable land;
- Non-sustainable rise of transport dominated by road, which is contributing to diluting urbanization, scattering territories, weakening the benefits of urban density and increasing CO<sub>2</sub> emissions;
- Rising competition for tourism in the world, which the Mediterranean struggles to respond to by being too concentrated on the coastline, not fully developing its cultural, inland and rural heritage, arbitrating badly on the use of water, and insufficiently developing one of its main sectors of activity and employment;
- Sub-optimal international logistics, resulting in slow modernization of ports, insufficient development of intermodal transportation, and a lack of modern, sustainable infrastructures, or put simply, difficulties in making the most of Euro-Mediterranean proximity;
- Lack of local activities in territories disrupted by a modernization in which they play little part, meaning that they cannot play a production factor role like, for example, agricultural territories with Appellations d’Origine Protégée (designation of origin labels), the top innovators like Silicon Valley and Italy’s industrial districts.

In numerous countries in the Mediterranean, people are fighting to preserve ancestral land occupation systems at the same time as modernizing them. Yet they do not always have the tools they need to do so, even though the region as a whole possesses the know-how for tackling this issue together.

Territories therefore make up both a cross-cutting domain in which the region’s agricultural, urban, rural, environmental, economic and social issues play a part; and a domain of unprecedented potential cooperation whose long-term economic benefits could be immense. The Union for the Mediterranean cannot be made without putting in place an ambitious policy for its territories, towns and regions.



## 2. Observation: town and country planning, the missing link in “UFM” projects

**NEED FOR INTEGRATED TERRITORIAL POLICIES.** There is currently no UFM project that deals with planning towns, territories and regions in the Mediterranean, or activating local development. A cross-cutting project is needed because spatial planning requires an integrated policy: towns and territories cannot be reduced to sanitation, roads and town planning schemes. Developing sustainable, productive territories with their own identities calls for coordination between sectorial administrations and strong participation from local authorities, users and operators.

**HIGH DEMAND FOR EXCHANGE OF EXPERIENCES AND TRANSFER OF KNOWLEDGE.** In SEMCs there is high demand for assistance and transferring knowledge to attempt to tackle over-rapid transformations that are disturbing territories, habitats and transport. Reciprocally, in the North there is increasing demand to make use of the kind of expertise that uses little resources (water and heating) that architects and local communities in the South have managed to conserve. The future experiences of towns and the countryside in Morocco, Turkey, Spain and Greece are unknown to authorities and elected parties in other countries of the region. There is an obvious need for a place to exchange experience on territorial public policies in the Mediterranean.

**POLICIES THAT ANTICIPATE PLANNING TO COPE WITH CLIMATE CHANGE.** Problems linked to climate change will increasingly penalize any lack of anticipation; desertification may reclaim land and lead to saturated coastlines threatened by flooding as sea levels rise. We must therefore, together, envisage concerted land planning operations at the level of the entire Mediterranean basin.

**NEED FOR THOUSANDS OF SCIENCE PARKS AND CLUSTERS TO CREATE MILLIONS OF JOBS.** For economic development, 50 million jobs will have to be created in SEMCs over the next twenty years. These positions will for the most part need to be created in competitiveness clusters and science parks – which means that politicians and local authorities will have to make concerted efforts to create an environment that can produce external economies likely to be attractive to FDI and young professionals keen to work in an innovating economic environment.

**THE INFRASTRUCTURE PROGRAMME IN SEMCS CALLS FOR STRONG COORDINATION.** Major infrastructure needs (water, sanitation, transport, energy, housing, etc.) in SEMCs are estimated at 300 billion Euro over the next twenty years. It is hard to imagine that these sectorial programmes could be carried out without regional coordination, nor that individual countries and major operators could be left to act as they choose on their own.

**DEEP-SEATED TREND TOWARDS LOCAL RESPONSIBILITY AND “SHORT CIRCUITS”.** There is evidence of a deep-seated trend towards devolution, decentralization and regionalization. Increasingly, local stakeholders are the contracting parties responsible to central authorities and citizens. This trend has been facilitated by the arrival of technologies adapted to local development, like wind farms, photovoltaic solar power and desalinization, which make “short circuits” possible. The same goes for developing agricultural practices for quality farming that preserves the environment, through the development of more local distribution (e.g. for school canteens, company restaurants, tourist and local city markets). Short circuits are a structural movement of emancipation, innovation and preservation of the environment, which in some domains complete the work of the state. Countries and peoples of the Mediterranean are already participating in this historic evolution, but they need to accelerate it.



## 3. Objectives

- Unblock central government, mobilize skills in local development, sustainable town planning and territorial development. Three important stakeholders who never meet, i.e. the government (ministers of transport, land planning and agriculture, etc.), local authorities and major companies, should be able to work together on structuring projects;
- Make state policies more territorial by organizing them inter-sectorially on a territorial basis;
- Organize town planning agencies into a Euro-Mediterranean network and create them where they do not exist, put local administrations and authorities into networks, create a network of Mediterranean ports, transport operators, etc.;



- Better coordinate, at Euro-Mediterranean level, the different sectorial programmes (e.g. energy, transport, telecommunications) to interlink our common region and facilitate associations between local, national and international projects.

The combined effect of these trends would result in the creation of territories that are attractive to private companies, innovative for young professionals, and durable and stimulating for all citizens.

#### 4. Propositions

WE MAKE THREE CONNECTED propositions to the Heads of state and government, to give strong political impetus to the cross-cutting, multidisciplinary domains that towns, Mediterranean land planning and local development represent:

1) Encourage agencies for sustainable towns and territories to be set up in all countries in the region. France will create a prototype in Marseilles bringing together the skills of DATAR, AFD, CDC, the PACA region and the major towns in that region; the French agency will be active in training, project expertise and capitalizing on experience; it will be strongly oriented towards Mediterranean countries. Other national experiments will be developed by bringing together central and local state authorities, user associations, and land planning companies. These will work on encouraging the continued momentum of a regional level in partnership with the Euro-Mediterranean Regional and Local Assembly (ARLEM).

2) Create a leading agency to oversee the network of national agencies. This could be called the Association of Mediterranean Towns and Territories (AMTT) and would be a genuine discussion and exchange apparatus. The AMTT could be located in a country South or East of the Mediterranean (perhaps Tunisia, since it makes obvious efforts in this domain?). It would be a coordination structure and comprise four departments (central public authorities, local authorities, NGOs and companies). It would have five functions:

- Training top-level intermediary territorial managers;
- Exchanging and capitalizing on experiences of decentralized cooperation;
- Stimulating and coordinating the various trans-Mediterranean networks that focus on spatial activities (e.g. the Euromed network of town planning agencies “Med Urba”, “UMAR” architects, “Med-Fer” rail transports, ports, etc., drawing from the success of the Baltic region);
- Promoting structuring projects (e.g. links between local, national and international levels), with technical assistance from local authorities and appraisal of projects before they are submitted to UFM’s General Secretariat;
- Drawing up a management plan for trans-Mediterranean infrastructures (“Management Plan for the Euro-Mediterranean regional area”);
- Providing a secretariat and organizing an annual conference of Ministers for Spatial Planning and Regional Development.

3) An annual conference of Ministers for Spatial Planning and Regional Development should be established. This conference would be prepared and followed up by the Association of Mediterranean Towns and Territories.



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# The Mediterranean in 2030: routes to a better future



## SUMMARY

IT IS UNCERTAIN what the destiny of countries bordering the Mediterranean shall be over the next twenty years. It might be decline. We might see diverging growth rates and different levels of participation in globalization; or there could be convergence and definitive allegiance to a system of mutual interdependence from the three shores of the Mediterranean. The future is sufficiently open for all three of these scenarios to be possible. It is therefore reasonable to work on a hypothesis of convergence taking place, wherein European countries share a common future with countries South and East of the Mediterranean. What should governments and civil society stakeholders do to

strengthen and accelerate the probability of convergence? The Mediterranean 2030 project sets out 10 propositions.

The Mediterranean 2030 project involves bringing together all public and private foresight bodies in countries bordering the Mediterranean. The aim is to work together to produce a foresight study, propose representations of this common future, and in particular decide together which actions need to be implemented now so that the convergence scenario can become a reality in twenty years' time. As Maurice Blondel once said, "One does not predict the future, one prepares for it".

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**Centre for Mediterranean Middle East and Islamic studies – University of Peloponnese** (Greece)

**Euro-Mediterranean Consortium for Applied Research on International Migration (CARIM)**

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**T**HE MEDITERRANEAN area has developed a fabric of economic, political and human relations that lend it a definite regional dimension. However, this integration is highly varied, depending on the country or sub-region concerned. The European Union plays a central role for all Mediterranean countries, which might be members or future members, or have established agreements and privileged economic relationships with it. Although Latin Europe, the Adriatic countries (western Balkans), the Middle East and the Maghreb display geographical continuity, from an economic, institutional and socio-cultural point of view, their heterogeneity is obvious. The Mediterranean is in progress and is the object of political and private investment. The motivation behind such investment might be grounded in economics, politics, citizenship, society, ecology or culture, depending on countries and their inhabitants. But these initiatives all tend to weave closer what history has done and undone, to accelerate convergence towards a better state of being for the region, and to speed up its global ranking as compared to world economic giants. In this context, a Mediterranean foresight study appears crucial.

At first sight, the diagnosis is not particularly favourable to Mediterranean integration. Income convergence between countries in the Mediterranean is not significant; exchanges of goods and capital have made less progress within the region than with other global trade zones (e.g. emerging countries). The growth of investment flows coming from the Gulf States has strongly influenced the Mediterranean Arab countries towards developing real estate, telecommunications and, to a lesser extent, financial services. The diversification of exchanges of goods and capital could represent an opportunity if it were accompanied by a rise in both quality and technology, resulting in productivity gains that encourage growth and employment. It is undeniable that the centrifugal dynamics of Europe have not led to a major investment flow (it stagnates at around 2%) sparking off significant technological transfers, nor to industrial joint processing comparable to that organized with Eastern European countries or within emerging Asia.

IN CATCHING UP WITH EUROPE, the Mediterranean region has taken advantage of past dynamics of global growth drawn by emerging countries. Yet this growth remains low in comparison with that of the world's most dynamic geographical areas. Europe's demographic slowdown and weak productivity gains mean that it has entered into a low-level zone. In 2030, India and China's

combined population will be 3 billion, representing 25% of global GDP, compared with 12% today and only 3% in 1990. This shift in the world economy brings with it brand-new market opportunities as well as the possibility of global income convergence and an exit from poverty. But it also brings the risk of marginalizing the least dynamic regions. The Euro-Mediterranean region could thus be confronted with a weakening of its capacity to influence international regulations that will affect its future as economies continue to look outwards. China and America's handling of an exit from the crisis indicates a move away from multipolarity. This domination of state continents and emerging markets could have the effect of imposing a more unequal and less protective social model on the Mediterranean region in the race to be the most attractive. The effect would be to maintain low work conditions in the South and accentuate labour market duality and fears of outsourcing in the North. Although emerging countries' economic power will equal that of advanced countries by 2030, income per inhabitant will not experience the same progression: they will be rich as a whole, but individually poor, thus increasing the global workforce competition. Obviously, perspectives might be more open if the new geopolitical context lead us to a multipolar world, and if emerging countries, under domestic social pressure, put in place fairer social systems.

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### Synergies for a fully Mediterranean vision

YET THERE ARE CLEAR Euro-Mediterranean complementary features. First, there is a **demographic synergy** between an ageing Europe, facing a probable drop in workforce numbers affecting potential growth, and the South and East Mediterranean countries, where high numbers of more qualified young people are entering the job market due to investment in education (between 20% and 60% of the population will have been educated to secondary level or above by 2030 in many countries). In 2030, 40% of the potential workforce will be on the East and South shores of the Mediterranean, and 60% in Europe (including the western Balkans), compared with 30% and 70% today. In the future, the politically viable count unit will be

one billion inhabitants. The EU27 with its current boundary will stagnate around 500 million and the addition of the Euro-Mediterranean would help approach this target.

Although in the future there will be a larger workforce in the South, **work dynamics remain uncertain**. Maintaining the current rate of job creation in Europe (1.3%) would result in a workforce deficit of 40 million by 2030, even if working lives are extended. Symmetrically, maintaining rates of job creation in South and East Mediterranean countries (2%) will not be sufficient in 2030 to substantially reduce unemployment rates and “formal” inactivity, which are both high in the region (including a significant economic share of informal “subsistence” work). Although additions from one side will not automatically make up for lacks on the other side, due to both compartmentalized work markets and restrictive migration policies, two factors argue for greater mobility within the Euro-Mediterranean region: (i) it could compensate for the weaknesses of intra-European mobility and make up sectorial labour deficits (caring professions, hotels and catering, construction work); (ii) it could strengthen qualification levels of workers from the South and the Balkans and their capacity to adapt to the needs of the economy, and encourage more circular migration.

**The synergies of natural resources** also make the case for greater regional integration. Such synergy is obviously energy-related, not just because of fossil energy, but more especially due to the natural availability of renewable resources in South and East Mediterranean countries (e.g. 1 m<sup>2</sup> of the Sahara is equivalent to a barrel of petrol, wind speed in the South ranges from 6 to 11 m/s). It could also be agriculture-based: Europe being more crop- and meat-centred, with relatively abundant arable land and water resources but with now marginal agricultural employment, and the South maintaining high rural work figures but with Mediterranean production threatened by water stress, rampant urbanization and the impact of climate change. Paradoxically, although the Mediterranean diet is esteemed in Europe, cereal crops are the mainstay of consumption in the South and East Mediterranean. Complementarities between consumption and natural resources will be reinforced in 2030: in the South by a population and income growth increasing its cereal consumption, and in the North by a concern for diet (obesity), which will move food choices towards fruit and vegetables. Once again, the resources of some countries will

not automatically fulfil the requirements of others in a global market where emerging powers fuel the market and attempt to get hold of increasingly scarce natural resources.

Euro-Mediterranean synergies should not be limited to asymmetrical complementary trade, the South being a supplier of natural resources and primary goods with low added value, and the North providing sophisticated, more expensive goods. “Natural” resources are themselves not only sources of “malediction” but also tend to become scarcer, which increases their comparative short-term benefits and imposes a transition that shall already be largely underway by 2030. Whatever the availability of natural resources, which varies greatly from country to country, **supply logic should be replaced by demand logic**. This is true for energy and the environment, where the solution to scarcer resources (water and energy) and environmental security depends just as much, if not more, on the “savings” that can be made (e.g. lower energy intensity, water supply management), than it does on technological progress and fossil fuel alternatives. Regarding agriculture, pursuing a supply logic would lead to the disappearance of food-producing farming and create difficult rural, social and environmental challenges. In the North, it would tend towards intensive farming, which is detrimental to employment, rural development and ecological balance.

Moving from a supply logic to a demand logic involves **encouraging the creation of solvent markets** rather than maintaining those economies cat-ching up with Europe in a demeaning sub-contracting role differentiated only by wage levels. Instead of transforming such countries into low-cost platforms destined for the common market (a role already fulfilled by Turkey and Croatia and to a lesser extent the Maghreb), the emphasis should be on proximity, which guarantees quality (particularly for health and the environment), and responsiveness. The rising trend of transportation costs in the mid-term (insufficient oil substitutes) and their environmental impact, the chronic resurgence of health-related incidents linked to importing low-cost goods, the increased variability of demand and the convergence of consumption patterns on both sides of the Mediterranean all confirm this hypothesis. The decision to tighten up location choices on a regional basis could lead to the progressive reduction of differences in salary and work conditions. Greater mobility of



labour would be an additional factor in the tendency to curb wage inequality, reinforcing the social acceptability of Mediterranean offshoring and outsourcing.

In this context, **renewal of the Euro-Mediterranean's production organization shall also involve services**, which all countries can provide. This not only means promoting each country's comparative advantages – with Europe specializing in services with high added value, and South and East Mediterranean countries specializing in service support (e.g. tourism, transport and telecommunications with a slight progression in medical and financial services) – it also involves increasingly synergies between goods and services, leading to more deep-rooted and harmonious Euro-Mediterranean integration. There are no services without goods, as illustrated by the boom in mobile phone industry (physical goods and related services). In the same way, transport and distribution services go hand in hand with food and energy industries. Services add the highest levels of value to mass-produced goods produced cheaply in different places round the world. In addition, the exchange of services fosters the harmonisation of standards that, along with multilateral trade liberalization, are the first obstacles to trade. Services impose the circulation of people, through the provision of services or freedom of establishment, thus promoting the convergence of skills and wages. In the long term, they will allow a development less focus on possessing physical goods, thus allowing a lower consumption of natural resources.

Lastly, **individuals' values converge in the Mediterranean**, due to the high level of migration, where the circulation of ideas and people goes hand in hand with more homogenous lifestyles and aspirations. This lifestyle convergence is most obvious in the South and East Mediterranean with the rise of individualism, characterized by less emphasis on the extended family and a mistrust of institutions, which are victim to the same disaffiliation as in Europe. Fertility patterns are close to those of Europe and aspirations to freedom and well-being are translated by a desire to emigrate, most radically amongst the young. Once again, the idea is not to renew "cultural" domination, which would only give force to the "clash of civilizations" theory (S. Huntington), but to make foundations on genuine points of convergence with a respect for differences. Just as Europe has built a nation from nations, the Mediterranean should be built on its cultures.

## Taking up common challenges

**EURO-MEDITERRANEAN economies do not create enough jobs.** South and East Mediterranean rentier economies' low employment performances can be explained by their tendency towards weak entrepreneurship and innovation and the public sector's predominance over the private one. In Europe, just as it is catching up the technological gap with the United States, the working population has dropped to an extent that cannot be made up by investment alone. Overall, productivity gains will be crucial to future growth both in North and South. These productivity gains will be achieved through three fundamental factors: a distinct improvement in human capital (in the South) and its circulation (in the North), rationalized organization of production and improved performances in technology and innovation. In these three domains, the bases of existing cooperation would be worth reinforcing, thus accelerating the transfer of technology and know-how.

**Mediterranean economies must also adapt to greater energy restraint and the preservation of natural resources.** For hydrocarbon-producing economies, this will involve thinking beyond oil (apart from Libya, oil and gas production should peak in 2020-2025). Importing countries should reflect on diminishing the energy intensity of growth and creating economies that respect the environment more. If nothing is done, even taking into account the progress made and current projects for developing renewable energy sources, energy demand in the South and East will be enough to cancel out efforts made in Europe to fight climate change. Although the effects of climate change are set to be more severe in the Mediterranean than in the world as a whole, countries in North Africa, the Middle East and the Adriatic will have less means to protect themselves (income), even though they have contributed little to global warming (their greenhouse gas emissions, although rising, are well below European averages). These negative effects will add to the already difficult agroclimatic conditions in the South and East Mediterranean (pressure on water resources of over 100% according to Plan Bleu, use of farming land of over 80% by 2030 according to the FAO, urbanization set to rise by 60% according to the United Nations). In this context, a more sustainable development calls for the transfer of mainly European technologies and skills to promote eco-activities and the rationalized use of natural resources. Ecotechnologies are today's market

opportunities and they could find a foothold in the Mediterranean, particularly in countries that need to create new installations rather than upgrade old ones. Their cost, often still higher than that of less sober technologies, will need public incentives, possibly involving a Euro-Mediterranean “sharing” of funding with the aim of establishing a kind of environmental equity.

In addition to the predicted worsening of agro-climatic conditions in the Mediterranean, **the 2008 food crisis put the focus on agriculture and rural life issues**. It forced states to rethink agricultural policies and food security, to try to regulate trade and secure supplies. The halt of rural densification South and East of the Mediterranean in 2015 and the reform of the European CAP by 2013 should constitute ideal opportunities for reorganizing farming within a Euro-Mediterranean framework. This would include ensuring food safety for inhabitants, strengthening agricultural systems that produce local jobs and revenues, and organizing intensive farming to respect the environment. Quality management could prevail over quantity management, with labelling for Mediterranean products, highlighting the “services” it provides in terms of health, nutritional and environmental quality and proximity. This kind of development would lead to more added value for Mediterranean production and accelerate North/South investment in agriculture, the professionalization of different types of production and improve farmers’ qualifications. This more “Mediterranean” orientation for agricultural policy could be compensated by a contribution from cereal production to set up a form of market price stability and a supply guarantee by constituting security stocks and setting up a North-South agreement.

**The last Mediterranean challenge is that “Mediterranean” migration is set to continue.** This is due to both push factors (e.g. differences in demographics and income between the two shores, economic emergence which encourages the migration of middle classes who risk losing status) and pull factors (lack of labour in Europe along with high unemployment, desire to attract highly qualified workers, deeper regional integration). Yet, although they constitute undeniable factors for development and for social, economic and cultural integration, the balance between brain drain and brain gain on one side of the Mediterranean, and between economic advantage and social “losses” on the other, is controversial to say the least. A policy for Euro-Mediterranean mobility could nevertheless be based on the already per-

ceptible development of migration from the South and East (including the Balkans): migrant flows will become more educated than in the past, with migration perceived as only part of a process to increase experience, skills and qualifications, involving return trips. Euro-Mediterranean mobility should be based on this type of circular, qualifications-based migration and seen as an addition to (and not a replacement of) integration policies for migrants, which are currently a political priority in both arrival and departure countries. Such a policy calls for preconditions regarding the transportability of rights and recognition of qualifications, but its valorisation appears to be an indispensable development if mobility can hope to represent stability and prosperity.



## Mediterranean future threatened by marginalization or divergence

### The marginalization scenario: bottom-up convergence

A CONTINUATION OF CURRENT trends (European growth rates under 2% per year, close to 3-4% in South and East of the Mediterranean and in the Balkans) would not be conducive to Mediterranean convergence. In 2030, income gaps between countries would not have closed up, and specialization in South and East Mediterranean countries would remain confined to low-quality, low-tech products. A slow-down in rural areas would not be compensated by the creation of new activities. It would increase environmental pressure (with CO<sub>2</sub> emissions in South and East Mediterranean countries equalling Latin Europe’s stabilized levels by 2030). And it would not resolve the employment issue in the North, where restrictions on migration flows combined with a drop in the number of people in work would limit growth potential; nor in the South, where weak work dynamics would mean that over half the population is inactive and employment rates are close to 10%, with the informal market playing an adjustment variable role. The Balkan countries would be confronted with the same difficulties (inactivity rates slightly above 50% and unemployment rates slightly below 10%), with the simultaneous appearance of insufficient local and sectorial workers. In this context, migratory pres-



sure remains high, essentially fed by differences in income, while migration policy restrictions are increasingly strict in North and South, affecting both low qualified and qualified workers.

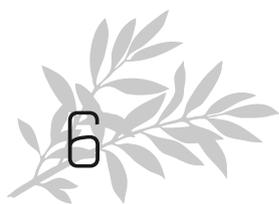
THE 2008 CRISIS could contribute to making the picture even more negative. South European countries have been made fragile by the crisis. They are also the European countries that make the most dynamic Euro-Mediterranean cross-exchanges, since trade remains strongly influenced by proximity, as do migratory movements. A durable slow-down in these economies, impeded by the Euro zone's fixed exchange rates and without solidarity from the Euro zone, would lead them to a withdrawal from investments and trade with countries neighbouring the Balkans and the South Mediterranean. Euro-Mediterranean institutional integration would remain limited and planned enlargement postponed indefinitely. The UfM would lack projects and the liberalization of services could be hindered by fears of social dumping. This sluggish growth in Latin Europe could lead to global marginalization of the Mediterranean area due to economies' interdependence (the Balkans, Turkey and the Maghreb essentially trading with Europe). More likely still, in economies south of the Mediterranean and the Balkans, it could also lead to transfers of capital from the Gulf and emerging countries making low-cost investments in a high-yield zone (as well as a diversion of trade towards these countries). A kind of bottom-up Mediterranean convergence would work in this way, where all the countries catching up with Europe would get close to European Mediterranean income levels, but with a marked European divergence.

**Divergence scenario:  
disparate insertion  
in the world economy**

DIVERGENCE THREATENS the Mediterranean more than marginalization does. The upset in the world economy's dynamics could take things this way, with winners and losers at national and regional level. Growth, drawn by emerging countries, could reinforce competition to the detriment of purchasing power and domestic demand. The industrial specializations of the Western Balkans and the South Mediterranean could approach those of Eastern European countries, turning them into a new low-cost platform for the European Community and providing emerging countries with a good position for penetrating the EU market. World economy's dynamics, more than

Euro-Mediterranean one, would benefit the most competitive economies that have already been catching up: Croatia would overtake Portugal in per capita income; Turkey, Tunisia and ex-Yugoslavian countries would get close to it, deepening the gap with other North African countries (Algeria and Egypt), the Middle East (Lebanon and Jordan) and the Adriatic (Albania), whose growth would be less dynamic. In Europe, potential growth of Greece and Portugal would also be weakened by balance of payment difficulties and public debt, increasing both intra-Mediterranean and intra-European divergence. The Euro-Mediterranean process would make progress in terms of agricultural liberalization, but this would not be compensated by transfers, thus accentuating rural exodus in the South and agricultural concentration in the North. The liberalization of services would be limited to some service provisions, without going as far as freedom of establishment, lending weight to labour selection based on qualifications.

IN THIS CONTEXT, in addition to environmental pressures linked to economic growth and income, the Mediterranean Sea's position as a world-economy transit site would be accentuated, benefiting from new opportunities for developing trade yet with deeper impacts in terms of pollution, loss of biodiversity and paving the coastline. This scenario would further emphasize the duality of economies and territories (marginalization of inland areas, coastline development) and lead to the development of export outlets for industry and agriculture to the detriment of production for domestic markets. Employment and activity rates would rise in the Mediterranean as a whole, but unequally: unemployment would decrease but remain high in the South and East of the Mediterranean and the Balkans (9% to 10%), Europe would manage to partially make up for its loss of activity by facilitating migration mostly for qualified workers (EU Blue Card), at the price of an appreciable extension of working life. Labour market duality would remain marked in North and South, emphasizing inequality between a globalized elite integrated in world trade, compared with low-qualified workers subject to increased flexibility in the North and a drop in working conditions and wages in the South. For energy, progress in the use of renewable resources would be balanced by increased demand resulting in a rise in greenhouse gas emissions, which would be as pronounced around the world as in the trend scenario, with more marked national differences. The Euro-Mediterranean agricultural decline would be accompanied by a strong penetration of suppliers' market from the rest of the



world (meat and cereal crops). While strictly “Mediterranean” production (fruit and vegetables, olive oil and wine) that had not received labelling would be under stiff competition from produce from afar (Chile, Australia, Brazil and China).

### Another future is possible: the top-down convergence scenario

A DIFFERENT FUTURE could exist for the Mediterranean, involving neither divergence nor marginalization, hinged on proactive political action shared by all inhabitants and applied with the help of multipolar international regulations. A stronger and richer economic growth in terms of employment involves developing Euro-Mediterranean synergies, extending certain means of redistribution and protection to the whole of the Mediterranean and strengthening competitiveness. Such a scenario would imply an enforced institutional framework in which the perspectives of access to the European Union or to the European internal market will foster the harmonization of norms as showed by examples of Croatia and Turkey as well as the new member states. In a regionally integrated system (i.e. regional establishment of the four EU freedoms, access to the European domestic market and standardized norms), accompanied by enhanced cooperation open to South and East Mediterranean countries, internal levers for growth could result in increased regional productivity and employment. All countries in the region would then attain *per capita* incomes of over USD 10,000 by 2030. Activity rates in South and East Mediterranean and Adriatic countries would be close to those of Europe, where more circular and better “integrated” migration would fill in the labour gaps and fuel consumer markets.

### What can be done?

TO OBTAIN CONVERGING regional performances that are more socially and territorially balanced, it is not enough to simply open up trade, since this has a limited impact in a global economy. Liberalizing services could be a more vigorous growth factor, but trade and work dynamics cannot be reinforced without a standardization of norms, without which liberalization shall remain limited, as shall its potential to create income. In addition, encouraging internal levers for growth must involve rehabilitating social welfare systems, which are guarantees of sustained consumption and public support to allow people and goods to stand up to intensified global competition. Seen this way, setting up a Mediterranean “ecosystem” is the condition for its autonomy and growth. A number of recommendations centring on the major challenges and Euro-Mediterranean convergence factors are proposed:

1. Invest in human capital by encouraging mobility (authorise temporary migration for services under contract and projects co-funded by the UfM) and qualifications (create a common base and a Euro-Mediterranean network of vocational training courses and establish recognition-accreditation of skills and diplomas; support the Euro-Mediterranean University project and take ErasmusMed further, etc.).
2. Accelerate the transfer of knowledge, skills and technology by (1) encouraging the emergence of Euro-Mediterranean competitiveness and research clusters in sectors with high growth or rich in employment (information and communication technologies for services, farming and energy efficiency techniques, etc.); (2) narrowing down location choices to the region: setting up a system of regional preferences going beyond free trade, based on social, health and environmental quality criteria would contribute to accelerating the transfer of capital and know-how.
3. Create a common institutional area accompanied by transfers, an advanced status including funds for “pre-accession” to the domestic market (with the progressive establishment of the four freedoms of movement for goods, capital, services and people), and pursue discussions on accession for EU candidate countries.



4. Commence a Mediterranean certification process, initially centred on services and agriculture, with a Mediterranean label guaranteeing health quality (establishment of a health agency) and environmental quality for farming, and skills level and service quality for the provision of services.
5. Select UfM projects (co-funding) based on job creation potential and/or energy restraint.
6. Create a Mediterranean environment fund aimed at strengthening the capacity to adapt to climate change in South and East Mediterranean countries and the Balkans. It will also finance renewable energy transport's infrastructure and public transport as an alternative to roads, clean development projects that reduce greenhouse gas emissions, and projects for rationalizing water demand and energy efficiency, particularly in the residential-tertiary sector. Set up a Euro-Mediterranean solar fund.
7. Set up a Mediterranean investment bank, based on the same principles as the EIB, and designed to encourage funding for SMEs, which are key to the creation of wealth and jobs.
8. Enlarge transport networks in the South Mediterranean to facilitate South-South commercial exchanges, with a particular focus on multimodal transport to better optimize logistical costs.
9. Draw up a common food security policy (mutualized insurance for agricultural risk, constitution of security stocks and emergency intervention systems) and a rural development policy (tangible and intangible infrastructures for industries, managerial and technological training courses).
10. Create a permanent Euro-Mediterranean observatory responsible for monitoring the convergence or divergence of Mediterranean development, evaluating the efficiency of any measures taken towards Mediterranean integration, and raising public awareness of these issues in all countries concerned.

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As well as the signatories, the following bodies participated in deliberations at the "Mediterranean 2030" consortium and supported its action: **The Centre for Applied and Foresight Studies** (Algeria); **CeSPi, Centro Studi di Politica Internazionale** (Italy); **Commissariat Général à la Planification et à la Prospective** (Algeria); **Mediterranean Energy Observatory** (France); **State Planning Organization** (Turkey); **The Direction of Foresight studies, Ministry of Foreign Affairs** (France)

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**IPEMED**

- INSTITUT DE PROSPECTIVE ÉCONOMIQUE DU MONDE MÉDITERRANÉEN -

IPEMED, Economic Foresight Institute for the Mediterranean region, is a general interest institute, created in 2006. As a think tank promoting the Mediterranean region, its mission is to bring the two shores of the Mediterranean closer, through economic ties. Privately funded, it is independent from political authorities. → [www.ipemed.coop](http://www.ipemed.coop)

# Trans-Mediterranean professional economic networks



Support and coordinate socio-professional network initiatives in the region

## SUMMARY

SINCE THE BARCELONA process was launched in 1995, and often because of it, a large number of initiatives have been set up in civil society, weaving a trans-Mediterranean network of cooperation and solidarity in the economic sector (e.g. audiovisual companies, post offices, electricity transporters, cancer specialists, investment capital professionals, local communities, etc.).

Yet because they are not sufficiently coordinated, these initiatives remain scattered. They do not succeed in creating a dense mesh covering the territory. In comparison, countries bordering the Baltic Sea, encouraged by the governments of the Council of the Baltic Sea States, link up their ports, transporters, towns and universities.

## UFM'S PROPOSITIONS FOR ACTION

The UFM:

- Recognizes the importance of the work done by these professional networks in bringing the two sides of the Mediterranean closer;
- Appreciates the diversity of their approaches and welcomes their strategic autonomy;
- Recognizes their four aims: to share experiences, standardize norms and procedures, set up

joint vocational training courses, and form an alliance if possible;

- Suggests grouping them together during an annual meeting to be held, if circumstances allow, at the same time and place, during a large emblematic joint event, with the aim of facilitating alliances and giving them greater visibility;
- Is establishing and approving a list of the trans-Mediterranean professional economic networks whose development it will fund;

- Allots a budget totalling one million Euro per year for coordinating and supporting the running of these networks – irrespective of any specific funding that such networks might manage to mobilize autonomously for their projects;
- Facilitates professional mobility for agents and partners of UfM-approved networks.

## 1. Situation: professional networks are numerous, regional interconnection is rare

Since the Barcelona process was launched in 1995, and often because of it, a large number of initiatives have been set up in civil society, weaving a trans-Mediterranean network of cooperation and solidarity. Although the lack of coordination between them, which must respect their strategic autonomy, the result is that these initiatives remain scattered. They do not succeed in creating a dense mesh covering the territory. In comparison, countries bordering the Baltic Sea, encouraged by the governments of the Council of the Baltic Sea States, link ports, towns and universities.

For several years, sectorial professional groups (like audiovisual businesses, post offices, electricity transporters, cancer specialists, investment capital professionals, etc.), as well as territorial communities (e.g. CRPM, United Cities of the Mediterranean, Arc Latin, etc.) have been increasing exchanges between the two sides of the Mediterranean. Others are starting to emerge, in areas like railways and town planning, and involving water professionals, water basin agencies, veterinary surgeons, etc. These trans-Mediterranean networks remain largely unknown, even though they create durable exchanges and build confidence. More important still, the members of these networks are well placed to pinpoint existing standstills and deadlocks (e.g. incompatible technical and commercial standards, lack of exchanges of experience, circulating difficulties in the region, etc.), which, if authorities would take note of them, could help civil society bridge the gap between North and South more swiftly.

## 2. The four objectives of better coordination

- Recognize the relevance of the work that these professional networks do in bringing the two sides of the Mediterranean closer;
- Propose that the networks group together, to become more visible and cooperate, by holding an annual meeting, if circumstances allow and without upsetting their natural rhythms and specific meetings, at the same time and place, during a large emblematic joint event. This would make it possible to (1) identify existing networks and support them; (2) coordinate their operations and encourage alliances; (3) give these civil society stakeholders the chance to put forward a united message and so better present themselves to decision-makers;

- Fund networks which are inexpensive and can have an enormous impact on the region (e.g. strong capacity for simplifying professional environments in each country), but that often lack minimum resources to sustain their common work;
- Support in particular the actions of professional networks that could enter into the frame of a Mediterranean policy for regional territory networking (e.g. ports, town planning agencies, railways, competitiveness clusters, etc.), with the aim of creating interconnections between both sides of the Mediterranean and exchanging good practices.

## 3. Active professional networks

(non-exhaustive list)

- **BUSINESSMED** (Union Méditerranéenne des Confédérations d'Entreprises, [www.umce-med.org](http://www.umce-med.org)) is made up of employers' federations from Mediterranean countries: CGEA (Algeria), OEB (Cyprus), FEI (Egypt), MAI (Israel), JCI (Jordan), ALI (Lebanon), MFOI (Malta), CGE (Morocco), PFI (Palestinian Territories), FSCC & CCI (Syria), Utica (Tunisia), Tusiad and Tisk (Turkey). Observers are: CNPM (Mauritania), Confindustria (Italy), FIG-SEV (Greece) and the MEDEF (France). The UMCE promotes transition towards a market economy and the opening up of exchanges between member countries.
- **ASSOCIATION OF ORGANISATIONS OF MEDITERRANEAN BUSINESSWOMEN** ([www.afaemme.org](http://www.afaemme.org)) is composed of associations of businesswomen from Spain, Syria, Morocco, Algeria, France, Italy, Croatia, Albania, Greece, Malta, Cyprus, Turkey, Lebanon, Egypt and Jordan. It promotes equal work opportunities and the development of relations between Mediterranean businesswomen.
- **YOUNG MEDITERRANEAN LEADERS** (YML, [www.ymlforum.org](http://www.ymlforum.org)) works to bridge the gap between the two sides of the Mediterranean through concrete projects developed by young Mediterranean business decision-makers. The YML network meets once a year to debate on how it can act to give substance to the Mediterranean. The two-day Forum alternates between North and South and gathers 250 young leaders to listen to some prestigious speakers.
- The region also includes several associations of former university students that work on both sides of the Mediterranean: the Association des Marocains des Grandes Ecoles (AMGE, [www.amge-caravane.com](http://www.amge-caravane.com)), the Association des Tunisiens des Grandes Ecoles (ATUGE, [www.atuge.org](http://www.atuge.org)), the Réseau des Algériens diplômés des Grandes Ecoles françaises (REAGE, [www.reage.org](http://www.reage.org)), and the Union des Jeunes Euro Maghrébins (UJEM, [www.ujem.org](http://www.ujem.org)), etc.

● **THE FÉDÉRATION MÉDITERRANÉENNE DES RESSOURCES HUMAINES** (France, Morocco, Algeria, Tunisia, Spain, Portugal, [www.fmrh.org](http://www.fmrh.org)) promotes policies for managing human resources in public and private companies through the exchange of experiences between association members.

**EUROMED CAPITAL FORUM** ([capital investment, www.euromed-capital.com](http://capitalinvestment.com)) groups private equity funds and risk capital at work in the Mediterranean, and circulates sound methods for creating and funding SMEs. Each year, it brings together five hundred fund managers.

● Launched in 2008 by the Club des Partenariats Public-Privé ([www.club-ppp.org](http://www.club-ppp.org)), **THE CLUB PPP MED AFRIQUE** develops alliances between public and private stakeholders in Mediterranean countries, debates on PPP opportunities in different sectors and circulates feedback on experiences.

● **EUROMED POSTAL** held its constitutive symposium in July 2007, in which it brought together all post offices in countries bordering the Mediterranean. The association's aim is to facilitate postal transactions, align technical and commercial standards, develop services requested by inhabitants and SMEs in the Mediterranean, and increase exchanges of experience. In September 2010, the EPC (Euro-med Post Community) was set up in Alexandria.

● **THE MÉDÉLEC NETWORK** ([www.medelec.org](http://www.medelec.org)) was set up four years ago and groups electricity producers and distributors from around the Mediterranean. It receives strong support from the UCTE (Union de Coordination de Transport de l'Électricité), the AUPTE (association des électriciens des pays Arabes), Comelec (l'Union des électriciens du Maghreb), and the OME (Mediterranean Energy Observatory).

● **MEDENER** ([www.cres.gr/medener](http://www.cres.gr/medener)) is the Mediterranean association of national agencies for conserving energy: Ademe (France), Almee (Lebanon), Aner (Tunisia), Aprue (Algeria), Ageen (Portugal), CDER (Morocco), Cres (Greece), Enea (Italy), Idae (Spain), Nerc (Jordan), OEP (Egypt) and PÉC (Palestinian Territories). It works towards regional partnership in efficient use of energy and protecting the environment.

● Established in Rome on 28 October 1999, **THE FÉDÉRATION DES EXPERTS COMPTABLES MÉDITERRANÉENS** ([www.fcmweb.org](http://www.fcmweb.org)) encourages cooperation between both sides of the Mediterranean, monitors regulations and international developments in the profession, and gives technical assistance to members. Federations and orders of chartered accountants represented come from: Albania, Bulgaria, Egypt, France, Greece, Israel, Italy, Morocco, Romania, Serbia, Spain, Turkey and Tunisia.

● **THE ASSOCIATION DE RADIOTHÉRAPIE ET D'ONCOLOGIE DE LA MÉDITERRANÉE** (Arome, [www.aromecancer.org](http://www.aromecancer.org)) gathers cancer specialists

and other professionals caring for cancer around the Mediterranean. The objective is to encourage the exchange of information, disseminate good practices, and collaborate on care, research and teaching projects.

● **THE CONFÉRENCE PERMANENTE DE L'AUDIOVISUEL MÉDITERRANÉEN** (COPEAM, [www.copeam.org](http://www.copeam.org)) is a permanent cooperation forum for those working in the Euro-Mediterranean audiovisual field. One of its strategic projects is to create a multilingual, multicultural satellite channel for the Mediterranean.

● **THE UNION MÉDITERRANÉENNE DES ARCHITECTES** (UMAR, [www.umar.org](http://www.umar.org)), gathers national organisations of architects from Mediterranean countries, founded in 1994 in Rabat. It works to promote the fact that architecture is of public benefit and plays a key role in spatial planning.

● Established in 2006 by twenty state organisations, the association **ANIMA INVESTMENT NETWORK** ([www.animaweb.org](http://www.animaweb.org)) is concerned with economic monitoring and detecting investment projects that will benefit Mediterranean countries and their development agencies. It also analyzes and observes FDI projects, microprojects and investment funds.

● **THE COMMISSION INTERMÉDITERRANÉENNE DE LA CONFÉRENCE DES RÉGIONS PÉRIPHÉRIQUES MARITIMES** (CRPM, [www.medregions.com](http://www.medregions.com)) is an instrument for decentralized cooperation between Mediterranean regions on both sides. It is also a forum for promoting the rise of the regional dimension of the Mediterranean world.

● **MENBO** (Mediterranean Network of Basin Organizations) brings together in the Lebanon all organizations regulating water usage in hydrological basins.

● **UMEV** (Union méditerranéenne des écoles de vétérinaires) was constituted on 7 and 8 October 2010 at the veterinary school in Maisons-Alfort, France.



#### 4. Networks being developed or to promote

**MED-FER**: the Mediterranean extension of a trans-European network policy, which involves promoting the development of rail transport in the South to minimize greenhouse gas emissions, and encouraging dense, well-connected zones for reasons of economic efficiency. As part of the UIC, and with strong support from the SNCF, Med-Fer could: standardize transnational interconnections; play an advisory role in the separation between infrastructure and operations; facilitate North-South indus-



trial partnerships; promote the train as a means of urban and inter-urban transport; coordinate training activities in this domain.

“NETWORK OF FINANCIAL MARKET REGULATORS FROM BOTH SIDES OF THE MEDITERRANEAN”, which works to set up a framework for common supervision and standardizing work methods, with the aim of encouraging converging regulations and developing agreements for mutually recognizing regional stock exchanges on both sides of the Mediterranean.

MED-URBA: this network would gather town-planning agencies (or their equivalents) in towns in countries bordering the Mediterranean. It would help in facing up to the huge urban issues facing the Mediterranean: environmental challenges (coastline concentration, urban displacement plans, etc.), social challenges (access to essential services and housing); economic challenges (transport system, development of competitiveness clusters, etc.).

MED-DROIT: the coordination of networks of Mediterranean legal professions (notaries, lawyers, etc.) is currently being organized and will need support.

META (www.meta-tourism.com): this association is being created, and proposes to organize bringing together private and public professionals working in tourism and travel.

EURO-MEDITERRANEAN TRADE UNION FORUM (www.euromed-trade-union-forum.org).

Other networks that could be developed include: Med-Ports, Euromed regional and national natural reserves, Euromed national agencies for food safety and security, etc.

## 5. The resources needed

SOME OF THESE NETWORKS need to be set up, which will call for financial support for their inaugural seminar plus accompaniment during their initial years: €100 K to €50 K per network for the first year.

Most of the existing networks need support for assuring their development, which remains recent and fragile: €25 K per network.

Some of the networks are sufficiently established and dynamic to finance themselves. Yet joint resources will be necessary to ensure that they synergize with each other, their development via a common web portal (€15 K per year), and promotion of their activities. This will involve a the equivalent of a full-time position (€50 K per year) whose tasks will include identifying other existing networks not mentioned in this note, as well as those set up in the future.

Lastly, the organization of the annual framework convention involving all of the networks will call for specific logistics: €100 K per year.

The overall budget is one million Euro per year (€K inc. tax):

YEAR	1	2	3	4
<b>Emerging networks</b>				
year 1: €50 K				
-> year 4: €20 K	400	350	300	250
<b>Existing networks</b>				
year 1: €25 K				
-> year 4: €20 K	600	550	500	500
<b>Annual framework convention for the networks</b>				
	100	100	100	100
<b>Coordination (project manager, web, &amp; overheads)</b>				
	75	75	75	75
<b>TOTAL</b>	<b>1175</b>	<b>1075</b>	<b>975</b>	<b>925</b>

This budget for coordinating and supporting the operations of trans-Mediterranean professional networks is understood to be independent from any funding that a network might secure on its own (including, if necessary, from the UFM) to finance its projects.

