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Coproduction in the Mediterranean

Examples and recommendations

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INTRODUCTION

North and South of the Mediterranean, the situation does not outwardly appear favourable for splitting value chains between North and South. Yet a strategy of coproduction, if developed, would allow North and South to meet a common challenge: create jobs to reabsorb massive unemployment and ensure long-term growth likely to support sustainable, inclusive development.

Industrialization threatened in the Nord, needed in the South

International growth, led by emerging economies in Asia, Africa and Latin America, should bring European companies new opportunities. Faced with today's global competition, European firms offer numerous advantages. They are at the cutting edge of industrial development, which they master, designing frontline technologies. They exist within an institutional environment that is favourable to innovation. They benefit from a "made in Europe" brand image, and its national equivalents, ensuring them a reputation for quality round the world. However, in the current climate, these companies often prove incapable of winning their share of global competition, especially in the face of emerging countries. Their difficulties in increasing performance have an impact on their national economies. Europe constantly sees itself threatened by deindustrialization. Growth is sluggish and unemployment remains high.

In the southern Mediterranean, the industrialization process, which brings with it economic development and employment, has not accelerated. Four years after the Tunisian uprisings and their promise of new regional dynamics, transition remains focused on its political aspect. Most countries are neglecting industrial development issues, and yet it is increasingly urgent that they accomplish their economic and social transition. Unemployment is rising sharply in these countries, especially for the young. Regional unrest (Libya, Syria) is eclipsing the enthusiasm generated by democratic fervour and deepening the crisis of confidence between North and South.

Potential solution: North-South alliance based on coproduction

This regional stagnation is regrettable because countries in the North and South Mediterranean could, by working together in a more strategic way, devise a solution that would be beneficial for the whole region. Companies in the North and South are key to this renewal, provided that they cooperate. That is IPEMED's conviction when it comes to industrial development and the ensuing massive job creation for both sides. By pooling the resources available on both sides of the Mediterranean, they would be able to give new growth impetus to regional industry. They could consolidate their positions in their markets, in Europe and the Mediterranean, and extend beyond their traditional zones of influence, in particular towards sub-Saharan Africa, which is undergoing high economic growth.

By adapting industrial strategies to the complexity of the great emerging Europe-Mediterranean-Africa region, companies could combine competitiveness and growth. In this vast regional bloc, several configurations coexist: new markets are emerging, others are consolidating, some continue to mature. This segmentation is based on countries' development level, and modifies the factors that determine competitiveness for companies seeking international growth. The challenge is no longer to deliver standard products and services on a homogenous market, but rather to adapt them to the specific features of the desired markets. The price, range and nature of products need to vary depending on whether they are to be sold in Germany, Turkey or Senegal, to match differences in purchasing power, equipment requirements and consumer behaviour. A company that wants to work with these three types of market needs to be able to organize itself on several fronts simultaneously: innovation, flexible production costs and market knowledge. This challenge is key to a successful coproduction strategy.

New North-South complementary factors and shared growth

Coproduction is an industrial model based on new complementary factors between the North and South Mediterranean.

The old model, which still prevails in the region, brought into play complementary strengths between North and South. This was limited to a regional division of labour, by which European companies offshored unqualified, labour-intensive segments with low added value to the South. This model is obsolete because it completely overlooks the strong points offered by countries in the South.

A new coproduction model is gaining ground and IPEMED has observed it. This model is based on the main assets of the South, i.e. qualified and highly qualified labour, trained either in Europe or locally; industrial partners that are well established in their markets; a solid infrastructure that continues to be modernized; access to emerging markets, in the Mediterranean and beyond; enthusiastic young people, who are keen to be part of a forward progression; and, since the democratic uprisings, political regimes in transition whose priority must be to build up the economy.

Qualifications, trade and diplomatic networks, markets, logistical infrastructures: these complementary strengths are shaping a new area of North-South cooperation, and yet they do not substitute complementary factors linked to the cost of labour. On the contrary, they create new opportunities for them, and that is what is so innovative about coproduction. The aim is no longer to maintain activities that require qualified labour in the North, and offshore activities requiring unqualified labour in the South; instead, qualified, less expensive labour in the South is associated with high added-value activities. Nor is the aim to fill qualified jobs in the North with qualified workers in the South; instead, partners or segments located in the South become part of a joint growth project on the European market (500 million people) and on the vast emerging African market (2 billion people in 2050).

This new sharing of tasks can take different forms, depending on the sectors and objectives. It can involve developing a sub-segment of R&D in the South, where engineers work on the less sensitive phases of a project in liaison with laboratories in Europe. Another option is to make teams in the South responsible for developing projects with local clients, with technical support from the mother company. Another is to set up a partnership with a company in the South involving transfers of technologies and skills, and aimed at reinforcing or winning shared positions on regional markets. These types of cooperation do not repeat the contradictions inherent to simple offshoring (i.e. destruction of jobs in the North, creation of insecure jobs in the South). On the contrary, coproduction boosts the expansion of companies in both North and South. Those in the North can focus their efforts on an innovation strategy that is now less expensive, because partially carried out in the South, and that favours qualified labour. Those in the South, which produce at a low cost, benefit from a learning process that strengthens their competitiveness on their market and on markets further South. Together, partners in the North and South achieve a scale that brings them growth opportunities.

This coproduction model, with one foot in the North and the other in the South, resulting from extending the value chain, is not just wishful thinking. It is a reality.

This study aims to illustrate how it works in practice through nine case studies of companies whose coproduction strategies are already well established. These industrial success stories are the fruit of private initiatives, taken both by companies in the North that have developed in the South and companies in the South that have set up in the North. They are also implemented by firms outside the region, from America and Asia, as part of their development in the greater Europe-Mediterranean-Africa region.

A detailed examination of these coproduction examples shows how important these strategic partnerships are for industrial development. They also illustrate the beneficial impacts for economies in the region: on both sides of the Mediterranean, coproduction creates jobs with a focus on shifting upmarket and sharing added value. Lastly, they show that, although already in place, if this movement is to expand and accelerate, it requires political impetus. In this regard, the study makes recommendations aimed at countries North and South of the Mediterranean and proposes setting up an observatory for monitoring and accompanying coproduction in the Mediterranean. The annex provides a non-exhaustive list of companies implementing coproduction identified by IPEMED.

COPRODUCTION STRATEGIES

9 EXAMPLES

RENAULT

“ Implementation of an automotive industry in Morocco

The French vehicle manufacturer RENAULT has established a major production unit to make low-cost vehicles in Morocco, prompting the development of a local automotive industry.

When it opened up a unit in Tangier in 2012, the RENAULT group became the first car manufacturer to produce vehicles in Morocco. The factory manufactures several low-cost models of the group's DACIA marque. These vehicles, although destined for an international market, are above all sold on the Moroccan market and markets in the Mediterranean (especially France and Turkey). In 2013, one year after it opened, the site was producing over 100,000 cars a year. Its capacity is set to increase to 400,000 vehicles in the next few years. In the long term, the factory will employ over 6,000 people.

RENAULT TANGER : the product of a win-win partnership between the Moroccan state and the French group

The production site is located in the Tangier Free Zone, where RENAULT benefits from several tax exonerations and an integrated infrastructure built by the Moroccan government. The Tanger Med mega port serves as a platform for the export of spare parts and vehicles around the world, while road and train networks that cross the free zone and connect it to the rest of the country facilitate logistics. The Moroccan government has also financed a training institute for the automotive trades (IFMIA) adjacent to the RENAULT factory to train its technicians. This centre will supply qualified staff capable of carrying out locally multiple simple and complex tasks. IFMIA is working with RENAULT to develop its training courses to adapt local workers and contribute to improving production techniques.

The Moroccan site, which is responsible for an entire section of the low-cost production, fits into the group's global strategy. In addition to benefiting from low production costs, RENAULT develops technologies and specific skills for the type of vehicles manufactured in Tangier. In the long term, the hub should grow autonomously (production of new models, new markets), which will boost the group's performance. French units concentrate more on segments with high added value, such as manufacturing top-range vehicles, marketing and R&D strategy, centred on electric and hybrid vehicles.

RENAULT TANGER is taking on a greater dimension because of its knock-on effects

The automotive industry is made up of a group of equipment manufacturers that revolve around the manufacturer and supply it with spare parts that it then assembles (e.g. engines, windows, tyres). These first-line equipment manufacturers obtain their own intermediate goods from second-line manufacturers (e.g. fuel injection systems, cables), who get theirs from third-line manufacturers, etc. The relationships between the car manufacturers and the first-line equipment manufacturers are usually subject to agreements. These agreements make the original equipment manufacturer (OEM) the long-term supplier of the marque's original equipment, thus guaranteeing constant, predictable orders. In exchange, the OEM is obliged to respect the agreed prices and develop products adapted to the car manufacturer's technological innovations. The "order giver/OEM" relationship is based on a partnership arrangement, which takes the form of information exchanges and codevelopment programmes, focused on productivity, quality and sharing standards and technologies. To ensure that each party remains competitive, this cooperation is replicated at every stage of the industry (between equipment manufacturers on the first, second and third line, etc.), thus communicating skills and technologies between order givers and equipment manufacturers.

The collaborative nature of sub-contraction in the car industry means that suppliers need to be close to their customers. This is why when RENAULT set up in Tangier, its OEMs also established units in Morocco and, by repercussion, so did other equipment manufacturers in the industry. Groups already present in Morocco, like VALEO, LEONI and COFICAB, have increased their activity in Morocco and moved it upmarket as a result. They are now establishing coproduction models similar to Renault's, developing the technical skills necessary to rapidly adapt production processes. Equipment manufacturers on the next line, from France, Spain, Italy and even Japan, have also followed. In addition, Moroccan companies have moved into the industry. Through their client and with the support of the Moroccan government[1], they benefit from a learning process and modernization. In this way, RENAULT's presence has given rise to an integrated industry that fosters the specific skills available in Morocco, while improving the competitiveness of several European automotive groups.

1— See box 2

CEVITAL

“ Strategic reorganization of the production system

CEVITAL, Algeria's leading private company, recently acquired several struggling European firms, including the group FAGOR-BRANDT. By taking advantage of complementary coproduction between Europe and Algeria, the group intends to strengthen BRANDT's positions on markets in North and South.

With a turnover of 2.6 billion euro in 2013 and over 13,000 employees, the Algerian firm CEVITAL is the leading agri-industrial group in Africa. Established in 1998 by Issad Rebrab, the mother company started off specializing in the agribusiness. During the 2000s, its managers undertook a vast diversification operation, making CEVITAL into a multinational conglomerate that is now present in Algeria and several countries in Africa and Europe. Agribusiness remains the group's main activity, but its subsidiaries are also involved in production and services, in the sectors of household appliances, glass, steelworks and construction.

In 2013, CEVITAL reached a milestone in its internationalization strategy in Europe, when it acquired the factory of the Spanish group ALAS ALUMINIUM, which had entered into liquidation a few months earlier. The same year, the Algerian group looked further North, where it bought two French industry flagships faced with receivership: OXXO EVOLUTION, specializing in PVC door and window frames, and the household appliance manufacturer FAGOR-BRANDT, whose acquisition was finalized in early 2014.

Algeria, production base for southern markets

To stimulate the production of FAGOR-BRANDT, renamed GROUPE BRANDT, CEVITAL devised a two-part coproduction strategy. Firstly, CEVITAL's Algerian factories produce low-cost household appliances for the mass market, i.e. simply designed goods that are easy to manufacture. This production hub will be used to distribute Brandt goods in Algeria at prices adapted to the local market. At a later stage, it will be used as a base to conquer other markets in the Africa-Middle-East region, where the demand for basic household appliances is booming. To penetrate these markets, CEVITAL will be able to take advantage of distribution networks already established through the group's other activities. Growth forecasts are so good that CEVITAL has already planned to double production capacity at its Sétif site, with the opening of a unit specifically for BRANDT goods in 2016. The increased production will generate numerous industrial jobs, mostly for low-qualified workers, but some for qualified staff, since implementing this strategy involves recruiting local technicians and managers, for example for quality control, management and logistics.

New focus on innovation in the North

The second part of the strategy concerns the production activities of the Brandt group in France and Europe (Spain and Italy), where the competitiveness issue is different because the demand for household appliances is more mature than in the southern Mediterranean. BRANDT's European apparatus will be reorganized and gradually refocused on manufacturing, designing and developing top-range goods aimed at the European market. The budget for innovation, which had been dropping since 2009, will be gradually increased. CEVITAL's objective is to reposition the group's different brands (FAGOR, BRANDT, SAUTER, DE DIETRICH, VEDETTE) as leaders on the European market, and strengthen their presence on Mediterranean markets. To carry out these more complex activities, the Algerian group will make use of local skills and the technological capacities available on the production sites (R&D centres, logistical zones). This strategy justifies maintaining 1,200 jobs on its European sites, out of the 1,800 that existed before FAGOR-BRANDT went into liquidation. Most of the remaining jobs will be maintained by the Brandt group's service providers, which took over the sites it sold off when the group was acquired.

CEVITAL's strategy for the BRANDT group therefore involves organizing a regional split of the production chain. This takes the form of transferring activity and technologies to the South Mediterranean, and taking part in the innovation race in the North. By expanding BRANDT's production apparatus in Algeria, CEVITAL will increase the group's competitiveness in both mature and emerging markets. This reorganization should create a solid foundation from which to conquer markets beyond the region.

SIEMENS

“ The Maghreb as a regional skills base

The German group SIEMENS is present in all North African countries, where it develops the skills of its employees and local partners and adapts the services it offers to the region’s markets.

SIEMENS AG is a German multinational specializing in innovative solutions for industry, energy, health and infrastructures. It develops, produces and commercializes a vast range of products with a significant high-tech component, such as industrial automation systems, medical imaging apparatus and subway trains. The group is present in almost every country in the world and employed over 360,000 people in 2013, clocking up a turnover of 76 billion euro.

Coproduction strategy based on establishing skills centres in subsidiaries

SIEMENS has had sales offices in Tunisia, Algeria and Morocco for some time. Although several of its suppliers produce some components locally, the group has not established on-site manufacturing – its final products, involving high-precision assembly, are still mostly manufactured in Europe. Nevertheless, since 2009, SIEMENS teams in the Maghreb have been setting up an original coproduction strategy that involves developing skills centres in specific subsidiaries. This strategy is implemented through an internal measure that organizes a transfer of skills towards the North African units and, in some cases, towards local partners.

SIEMENS skills centres offer technical assistance to setting up industrial projects (equipment, infrastructure), that goes from presenting solutions to customers through to installing products and putting them into operation. In the Maghreb, three specialist centres have been created: the Tunisian division specializes in “health” projects (medical apparatus), the Algerian division in energy projects (smart grids), and the Moroccan division in industrial projects (chemistry). Although each of these divisions aims to win projects on the local market, their area of action is not delimited. They can also participate in projects in Europe, the Maghreb and Sub-Saharan Africa.

Activities in each division involve three types of qualified and highly qualified profession: technical sales representatives, who sell SIEMENS solutions – and therefore need to know them well; project managers, who supervise project implementation; and engineers, who accompany the installation of equipment and show customers how to use it. In total, the group employs 600 people, 400 of whom are managers in its North African subsidiaries. To make local recruitment easier, SIEMENS has developed a training course called SITRAIN. This programme organizes two types of exchange between the group's European sites and its North African subsidiaries: employees from the South attend training courses in Europe, and European engineers come and train local teams on the specific aspects of a project.

In Morocco, this training programme extends to SIEMENS' partners, because of the nature of the project in which the group is participating. Indeed, SIEMENS carries out complex industrial projects in Morocco, for which it has to create consortiums with other specialized companies. In helping these firms to upgrade their standards and production techniques, SIEMENS has constituted a diverse ecosystem of partners around its Moroccan subsidiary that it can solicit to help it win new projects.

In employing local skills, SIEMENS can offer world-renowned expertise at a competitive price for regional markets

These skills transfers aim to bring down the costs of services. By drawing from the reserve of qualified workers available in each of these countries, and by strengthening its local partners, SIEMENS is in a position to offer its world-renowned expertise at a competitive price adapted to local and regional markets. This coproduction strategy, by which the German group accumulates the skills of its North African staff into its overall production apparatus, ensures its expansion on these markets. Since 2009, the SIEMENS TUNISIA skills centre has ensured the marketing and installation of medical equipment in 23 Mediterranean and Sub-Saharan countries.

HIKMA

“ Expansion along North-South and South-South axes

The Jordanian pharmaceutical group HIKMA has developed its economic activity to straddle North and South of the Mediterranean. This coproduction strategy has seen it move from a simple drugs manufacturer to a developer of innovative products.

HIKMA is a Jordanian pharmaceutical group that specializes in developing and producing drugs for commercialization under brands or as generics. The Dubai-listed company made a turnover of 1,365 billion US dollars in 2013 and employs over 7,000 people. It commercializes its products on a global market that includes China, the United States, Europe and South Africa. The group holds the leading position in the MENA region, which is its main market and generates around half of its turnover. This region is still the group’s principal target, and it intends to profit from demographic growth in Arab countries and consolidation of their health policies.

HIKMA’s expansion is based on a South-North and South-South coproduction strategy

The company was established in 1978, and initially specialized in producing low-cost generic drugs in Jordan for Middle Eastern markets. It moved into the international sphere in 1991, when it bought the American pharmaceutical group WEST-WARD. The acquisition introduced the company to the American market’s demanding production techniques and led it to update its factories in Jordan. In 1996, HIKMA was the first Arabic firm to receive accreditation from the US Food and Drug Administration (FDA), allowing it to sell drugs in the United States, where it began selling products manufactured in Jordan. At the same time, the group set up a subsidiary in Portugal to penetrate the European market.

HIKMA’s growth nevertheless remained limited by loopholes in Jordanian law regarding industrial property protection. This situation dissuaded pharmaceutical groups from granting local producers with the licences required to manufacture generic drugs. From 2000, when Jordan became a member of the WTO, the government implemented a series of intellectual property reforms to conform to the principles of the TRIPS[2] agreement. This development opened a window of opportunity for HIKMA, which was

2– Agreement on Trade-Related Aspects of Intellectual Property Rights able to access the international licence market and develop partnerships with numerous patent-holders. The company gradually diversified its product portfolio and increased its production capacities. Working with local partners, it set up subsidiaries in Saudi Arabia, Egypt, Tunisia, Algeria and Morocco to manufacture an increasingly varied range of drugs. It also bought out several companies in Europe to acquire new competencies.

In parallel with manufacturing generic drugs, HIKMA has developed considerable R&D capacities

The group worked with research centres in Jordan, Europe and the United States and started to develop its own patents and commercialize its own drugs and production techniques. Thanks to its experience in the United States and Europe, it was able to update all of its manufacturing units to make it easier to obtain accreditation to sell its products on these markets. At the end of the 2000s, the group improved its R&D capacities by developing research activities in the South Mediterranean. Based in Tunisia, Egypt, Algeria and Morocco, these laboratories interact with the group's other R&D units. They also liaise with local health authorities to put together autonomous projects that respond to the specific requirements of their markets (e.g. treatments for cardiovascular disease, diabetes and the nervous system). In 2012, HIKMA's southern Mediterranean sites developed, manufactured and commercialized 32 new products. To boost growth, the group is investing in bringing its factories up to international standards, and training teams, with a mission to continue winning new market shares.

Today HIKMA is an exemplary North-South coproduction model

HIKMA'S industrial activity currently comprises 27 production sites and seven R&D centres in eleven countries in Europe, the United States and the North Africa/Middle East region. Technological progress and skills seamlessly circulate between units in the North and South. This North-South location strategy reinforces the competitiveness of each of the subsidiaries in their respective markets, at the same time as the group's global competitiveness. HIKMA can now build on these industrial foundations to conquer new markets in America and Asia.

SAFRAN

“ More competitive North African subsidiaries

Present for over thirty years in the Maghreb, SAFRAN is accelerating its coproduction strategy in Tunisia and Morocco, where its subsidiaries participate fully in the group’s global industrial development.

SAFRAN is an international group that originated in France and a global leader in the fields of aeronautics, space, defence and security. It comprises several dozen subsidiaries spread over every continent, employs 66,300 people, and recorded a turnover of 14.7 billion euro in 2013. The leading aircraft integrators, such as Boeing, Airbus, Bombardier and Dassault Aviation, feature among its biggest customers.

As a manufacturer specializing in high-tech equipment for the aviation and space industries, defence and security, SAFRAN needs to respect very rigorous standards and production techniques. The group must also deal with strong global competition. Quality and innovation are therefore at the heart of its competitive approach – in 2013, the company spent 1.8 billion euro on R&D, which is over 12% of its turnover.

SAFRAN has opted for coproduction to develop its activities in the Maghreb

Established in the Maghreb since the early 1980s, SAFRAN has developed its activities there based on a strategy of coproduction. Most of the group’s activities in the southern Mediterranean take place in Morocco, where it has set up eight subsidiaries and joint ventures with local partners, specializing in manufacturing components and aviation equipment. In the space of a few years, SAFRAN has become the spearhead of the aviation industry in Morocco, where it has accompanied most of its French sub-contractors and fostered the emergence of Moroccan partners. Its subsidiaries, which are concentrated in the Nouaceur aeronautics cluster close to Casablanca airport, represent 40% of the sector’s activity and employ over 3,200 people in the country.

SAFRAN has rapidly developed the skills of its subsidiaries established in Morocco. Its teams concentrate on increasingly complex activities in product production, industrialization, design, maintenance and development. In 2005, the subsidiary LABINAL POWER SYSTEMS set up an engineering division in Morocco to support its European offices. This division is now run by almost exclusively Moroccan teams, recruited locally as part of a partnership with the Mohammedia Engineering School. The production teams at LABINAL POWER SYSTEMS MAROC have also benefited from a training programme devised to improve the technical skills of staff, who now supervise the entire industrialization phase of the products. In total, 15% of SAFRAN personnel in Morocco are engineers and managers.

The Moroccan government supports the group to improve local employees' skills, partly through its "Plan Emergence". In 2014, for example, it signed a memorandum of understanding on developing research and technology in Morocco with the ministry of higher education. The cooperation includes the creation of PhD courses specializing in aviation issues. With this strategy, the Moroccan units are fully involved in SAFRAN's industrial development, with some directly supplying final products to the group's biggest international clients, such as Airbus, Embraer and Bombardier.

Following Morocco, SAFRAN is extending its coproduction strategy to Tunisia

In Tunisia, the SAFRAN MORPHO subsidiary has been developing a partnership with the Tunisian company TELNET for several years. In 2009, the two companies created two joint ventures, in which several hundred Tunisian and French engineers work together on designing electronic systems for aircraft and smart cards. This partnership was strengthened in 2013 with the announcement of new R&D programmes. SAFRAN also intends to embark on a more ambitious project that aims to make Tunisia the pilot country in a programme to create digital universal identity cards, designed and manufactured locally. If the project is successful, Tunisia will be in a good position to produce and export this technology.

JET ALU MAROC

“ Innovation and new regional markets

In 2013, the Moroccan group JET ALU MAROC acquired several French companies in order to complete its production system and develop new expertise with a view to winning new markets.

JET ALU MAROC was created in 1992 and is the main subsidiary of the industrial and financial holding AR CORPORATION, which has holdings in about fifteen Moroccan construction companies and employs over 2,000 people. In 2013, JET ALU MAROC achieved a turnover of 450 million dirham. The company specializes in light work and building frames, structures and envelopes, and offers customers “turnkey” solutions, whereby it takes care of the project design, purchase, construction and installation of all of the components needed to create a building. The company’s “engineering office” is responsible for designing these complete projects, in liaison with industrial units.

JET ALU MAROC embarked on its internationalization in 2013, through external growth operations in France and Algeria. In France, the company took over companies in liquidation in sectors directly connected to its traditional areas of expertise (aluminium work, iron/metalworking and servicing/maintenance) in the Ile-de-France and Nord-Ouest regions. Through JET ALU SAS (formerly LEBLANC SA), SILVER CONSTRUCTIONS, MICJET and SOTRAJET, JET ALU MAROC employs around one hundred people in France. Development in Algeria takes the form of a joint venture, JET ALU ALGÉRIE, with the Algerian group CEVITAL.

Integrating French subsidiaries into a coproduction plan

The French acquisitions made by JET ALU MAROC are part of a coproduction policy that aims to consolidate the group’s positions in Morocco and France and simultaneously launch the company into winning new markets. The strategy comprises three parts relating to manufacture, design and R&D. JET ALU MAROC has moved some sub-segments with lower added value to Morocco in order to make the companies acquired more viable. These transfers should bring down production costs in France to re-establish margins and earning power. They should also align its French production with higher added-value activities, which require mastering technologies, quality control and European standards. As a result of this splitting-up of production processes, some of the least qualified jobs will be maintained in France, compensating the transfer of jobs to Morocco by recruiting technicians to work on controlling the "made in France" chain.

Upgrading employees' skills and transferring competencies to Morocco

In parallel, JET ALU MAROC has transferred to Morocco some of the least complex operations from its engineering department, such as measurements carried out during the estimate and design phases. To implement this new set-up, the company has organized training sessions for its Moroccan employees, taught by the group's French engineers. Thanks to these skills transfers and split of the "studies" side, JET ALU MAROC has managed to reduce the overall cost of its project design activity. Engineers have been recruited in Morocco, and maintaining activities with higher added value in France has meant that the most qualified jobs have been kept in the country.

Focus on innovation and new markets

The third component of the strategy concerns development projects associated with the purchase of the four French companies. As well as giving the Moroccan group access to the firms' skills and European standards, these acquisitions have opened the door to an institutional environment favourable to R&D. Since 2012, JET ALU has been working with the CNRS, Rabat University and an American engineering school to create an international laboratory working on energy transition. Thanks to this participation, the group aims to increase its knowledge of photovoltaic technologies and so expand its products by designing and producing systems for solar panels on buildings.

Thanks to these lower production costs and its investment in innovation, JET ALU MAROC is set to significantly increase its competitiveness and thus conquer new markets. The group has already opened a subsidiary aimed at the local market in Algeria, and its French sites will allow it to move closer to international order-givers, whose head offices are often located in Europe. The French subsidiaries, which are familiar with international production standards, could also serve as a base to respond to calls for tender from these groups. Efforts will focus on projects in the Middle East and Africa, for which JET ALU MAROC could put forward the complementary strengths of its coproduction model and its simultaneous presence South and North of the Mediterranean.

SIFARIS

“ Alliance for growth with the South

As part of the Franco-Tunisian Digital Alliance, the French company SIFARIS and the Tunisian Internet Agency have established a partnership aimed at strengthening their respective skills and scopes.

Established in 2008, SIFARIS is a French consultancy firm specializing in cyber security, digital investigations and cyber crime. Since its creation, the company has developed specific expertise aimed at financial and banking outfits like Cobalt, Innovation Capital and Bpifrance, which have particularly rigorous requirements regarding information systems security.

In 2013, as part of the Franco-Tunisian Digital Alliance, SIFARIS developed a partnership with the Tunisian Internet Agency (ATI). Their cooperation is a good illustration of the opportunities opened up by coproduction in the services sector. It is part of a project to enable ATI, a state agency whose mandate includes supplying Internet access and managing IP addressing in Tunisia, to move into other service domains specializing in new technologies. More precisely, the goal is that ATI will acquire complementary expertise from SIFARIS in the domain of cyber security so that the two companies can work together to conquer new markets and develop joint programmes.

Transferring expertise from one partner to the other

The first phase of the project involves transferring one of SIFARIS's fields of expertise to ATI. The French firm trains the Tunisian staff on European methods and standards used in auditing information systems and digital investigations. This knowhow is transmitted thanks to an exchange of human resources and technologies between the two companies. ATI has made its staff available to participate in projects carried out by SIFARIS in Europe, where they will be immersed into an operational environment. SIFARIS has also sent teams to Tunisia to train ATI's staff on cyber security audit methods and help them set up Tunisia's first private computer emergency response team (CERT). SIFARIS has also transferred technology, by setting up its own tool at ATI to assess risks and compliance to European computer security standards.

Developing joint skills for a regional clientele

Once this learning period is complete, the two companies will enter the operational phase. One condition of the partnership is that ATI will share its client portfolio with SIFARIS in order to offer joint services. This pooling of resources should allow the pair to win markets in Tunisia and other countries in the Arab region and Sub-Saharan Africa, where ATI is involved in various public and private internet-centred networks. The complementary strengths of the two firms will allow them to market their services at a competitive rate to customers in the South.

Win-win coproduction model for services

This coproduction strategy brings advantages to both partners. ATI benefits from a learning process that gives it access to recognized expertise at European level, while, thanks to ATI, SIFARIS will get a foothold in Arab and African markets. By sharing the benefits of this development, both companies will continue to extend their capacities, diversify their services, and recruit a growing number of qualified workers in North and South.

ROYAL AIR MAROC

“ Joint ventures and North-South synergy

Through its coproduction partnerships, ROYAL AIR MAROC works closely with several French partners to develop shared expertise and expand its client base North and South of Morocco.

ROYAL AIR MAROC (RAM) is a Moroccan industrial group specializing in airline services. As well as owning and operating several airlines providing regular flights, low-cost transportation and freight transit, it also manages activities connected to transport, in airport services and aircraft maintenance. The group's recent development is closely connected to the liberalization of air transportation in Morocco, following the country's signature of the open sky agreement with the European Union in 2006. To tackle increasing competition from European operators, especially in the low-cost sector, the group has adopted a strategy to redeploy its companies in Sub-Saharan Africa. This has helped Morocco to establish itself as an airport hub between Europe and Africa, and strengthened its positions in the region.

The RAM group's ambitions are not restricted to developing air routes. Its strategy also involves improving the performance of its subsidiaries so that they can benefit from, and contribute to, its regional expansion. To this end, it has put in place a diversified coproduction strategy with several French companies. As far back as 1999, RAM partnered up with LABINAL (now a subsidiary of the group SAFRAN) to create SNECMA MOROCCO ENGINE SERVICES, an aircraft engine maintenance company. Since then, it has developed three other partnerships. In 2009, its subsidiary AEROTECHNIC INDUSTRIES, specializing in aircraft maintenance, counted AIR FRANCE among its shareholders. In 2013, the subsidiary ATLAS CATERING partnered with AIR FRANCE's catering company SERVAIR. Most recently, in 2014, RAM partnered up with the STTS Group, the European leader in aircraft painting, to create the French-Moroccan company STTS MAROC.

RAM group is improving the operational performance of its subsidiaries

Its alliance with French companies increases the RAM group's competencies because it involves transfers of knowhow. The group's subsidiaries improve their productivity (technologies and organizational techniques), professionalize their staff (training) and adopt international production standards. This learning process has already seen the subsidiaries build up their skills. Thus, ATLAS CATERING is gradually learning about new areas of expertise from SERVAIR, such as managing VIP events in airports. AEROTECHNIC INDUSTRIES, which until now worked on maintaining some AIRBUS engines, swiftly obtained the necessary European accreditation to carry out maintenance on BOEING engines. Similarly, after working with SAFRAN on updating its production standards, SNECMA MOROCCO ENGINE SERVICES has become the leading licensed maintenance centre in Africa to repair engines for new-generation BOEING planes. These developments have enabled the RAM group's subsidiaries to improve and diversify their services and as a result expand their client portfolio.

Increased competitiveness shared by RAM group and its partners

The RAM group and its partners share the same goal of winning new markets and developing their client base. Its coproduction strategy involves establishing shared expertise that combines two advantages: the reputation for quality brought by partners in the North, and the low production costs available at the Moroccan units. This model boosts the competitiveness of both partners, because it brings down the overall costs of the services without diminishing their quality. RAM group subsidiaries can promote their French partners to their clients. In return, French companies can take part, alongside their Moroccan partners, in developing RAM on Mediterranean and African markets. This cooperation results in increased production capacities in the North and South and creates jobs. When the new STTS MAROC joint venture kicked off, for example, it recruited 50 highly qualified Moroccan engineers, technicians and workers.

SOFIPROTÉOL

“ Reproducing an “industry” strategy in the South

Via its Moroccan subsidiary, the French group SOFIPROTÉOL is helping to develop an oilseed industry in Morocco involving local people. Products are aimed at the local market and for export to Mediterranean and Sub-Saharan African countries.

SOFIPROTÉOL is a French industrial group that produces and commercializes oilseeds and protein crops, sustainable chemistry and animal nutrition. It supervises several subsidiaries, in France and throughout the world, involved at different stages of the industry (crushing seeds, processing oil and meal). SOFIPROTÉOL also acts as a development bank through six investment funds devised to finance modernization and R&D projects in agribusiness companies, based on inter-professional codevelopment. In 2013, the group registered a turnover of 7.5 billion euro and employed close to 8,300 people.

Mediterranean countries play a central role in SOFIPROTÉOL's internationalization strategy. The group has been present in Tunisia since 2007, when it acquired a stake in CRISTAL TUNISIE. In 2012, it established a foothold in Morocco when it bought LESIEUR CRISTAL, the country's leading producer of oilseed, followed by Algeria, where its subsidiary GLON SANDERS opened a first factory to manufacture animal feed in 2014.

Building on its experience in developing different sectors of the industry and subsequent growth in France, SOFIPROTÉOL intends to take a coproduction approach to move into markets in the South

The model centres on Morocco and a cooperation with the government and FOLEA, a professional organization involving key oilseed producers. In 2013, two years after it purchased LESIEUR CRISTAL, negotiations between the French group and the Moroccan authorities resulted in a partnership aimed to boost the oilseed industry. The agreement targets a significant increase in rape and sunflower production so that by 2020 Morocco will be able to meet 20% of its requirements for food oil and derivatives (compared to 2% in 2013). This move will also support the development of livestock rearing by converting meal into animal feed. This project is part of the Plan Maroc

Vert programme that was launched in 2008 by the Ministry of Agriculture, with the aim of consolidating national production capacities to improve food security, reduce agricultural imports and develop jobs in the agribusiness sector.

Satisfying local, Mediterranean and Sub-Saharan markets

Along the same lines as its olive oil operations in place since 2011, LESIEUR CRISTAL acts as an "aggregator" of Moroccan producers, bringing together operators intervening at the different stages of the rape and sunflower seed industry. Intervening upstream, LESIEUR CRISTAL develops marketing strategies for the local and regional markets. The second phase of the project involves exporting Moroccan goods to other markets in the Mediterranean and Sub-Saharan Africa, where demand is growing fast. In parallel, LESIEUR CRISTAL, through its involvement in FOLEA, contributes to defining areas of work (training, R&D) and setting up programmes aimed at increasing the productivity of Moroccan companies and facilitating the way they work together within the production chain.

From France, SOFIPROTÉOL advises its Moroccan subsidiary on developing the industry. The French industry's professional organization also advises its Moroccan peer through its international cooperation structure, AGROPOL. In each domain, French experts work with their Moroccan homologues to give technical and organizational guidance. In addition, LESIEUR CRISTAL is supporting the creation of several agricultural service and consultancy companies that will be associated with the development programmes. The first of these was created in 2014, and involved recruiting agricultural engineers and technicians.

Integrating the Moroccan subsidiary and local network into the group's global strategy

The model developed by SOFIPROTÉOL follows coproduction principles. Added value is kept in Morocco, while the transfer of expertise from France encourages the recruitment of qualified and highly qualified workers (project managers, agricultural engineers). Given the inter-professional dimension of the industry, developing jobs and agri-industrial capacities impacts all of the companies included in the value chain, most of which are located in rural areas. This momentum will foster the integration of the Moroccan industry and its local network into SOFIPROTÉOL's global strategy. The group will be able to put the skills available in Morocco to work on other internationalization projects. This could be the case, for example, in Tunisia and Algeria, where the group has already developed connections with local operators, initiating the construction of industries to satisfy the needs of these countries.

RECOMMANDATIONS

The transformation of the Euro-Mediterranean industrial model is under way. This is clear from the coproduction experiences presented in this report, along with the numerous other cases listed in the annex. Taking different forms depending on their sectors, these companies have crossed the Mediterranean with the same target: to increase their short- and long-term competiveness. With an enterprising spirit, they have succeeded in understanding the dynamics at work and initiating the adaptations that will allow them to assert their leadership in the global economy. These pioneers prove, in line with IPEMED's premise, that companies are the catalysts of inclusive regional integration, which creates wealth and jobs on both sides of the Mediterranean.

The experience of these companies in terms of coproduction can serve as a model for industrial players in North and South – which makes it vital to highlight their success and promote it to economic leaders. These demonstrations have been conceived as a message aimed at public authorities, because if the coproduction model is to be massively taken up in the Mediterranean, it is indispensable that governments support businesses in their efforts. Companies need institutional impetus to encourage them to get involved in coproduction and support their decision in the long term. The global economy moves fast, which means that as well as reacting rapidly to this emerging movement, states need to anticipate its growth.

After several years of surveys and research, IPEMED and numerous partners that campaign for Euro-Mediterranean integration have identified the ways in which to boost coproduction strategies. The recommendations made, although targeting different types of problem, converge towards the same objective: establishing national and regional policies to support industrial upgrading in countries in the southern Mediterranean and, subsequently, the constitution of a North-South coproduction area that can serve as a base to win other markets, in particular in Sub-Saharan Africa. To achieve this, governments in countries in the South have a decisive role to play, but it is also indispensable that countries in the North get involved in reinforced regional cooperation.

RECOMMENDATIONS FOR SOUTHERN MEDITERRANEAN COUNTRIES

Make investment secure and attractive through reform

Generally speaking, southern Mediterranean countries must define a policy to encourage industrial investment. The example of HIKMA shows the extent to which regulatory reforms – in this case, the compliance of Jordanian intellectual property law with WTO standards – can positively influence industrial development. To win the confidence of investors, these countries must work to improve the legal regime affecting foreign investment and pursue standardization at regional level. The first steps to a more general reform could be: establishing standard regional legal guarantees to protect so-called strategic investments (e.g. energy, water, digital); reaffirming the freedom to invest along the same lines as national investors; and authorizing investments made in local currency[3]. In terms of South-North investments, the restrictions on capital outflows imposed by exchange controls in several southern countries create an obstacle for investors from the South that want to acquire companies in Europe. A review of these thresholds would encourage South-North coproduction similar to that put in place by CEVITAL and JET ALU MAROC.

Adopt country-specific industrial policies

General measures to improve the business climate are necessary but nevertheless insufficient to attract coproduction strategies. For southern Mediterranean countries, the challenge of coproduction is to develop local resources and involve the national private sector, which would anchor production activities in territories and make them less interchangeable with other countries. To achieve this, they need to draw up industrial specialization policies that define sectoral priorities, precise targets and measures to attract companies (e.g. tax exemption, flexible legislation, availability of special zones). As the case studies show, the sectoral policies put in place by Morocco in recent years, such as the Pacte pour l'Emergence Industrielle and Plan Maroc Vert, played an important role in attracting the installation of Renault, SAFRAN and SOFIPROTÉOL. These assertive policies have a strong appeal to investors. They are clearly necessary for setting up large-scale projects, such as construction and industrial channels.

3– On this subject, refer to the IPEMED Study, Measures to enhance and guarantee Investment in the Mediterranean, Michel Gonnet, Eric Diamantis, Amal Chevreau, 2IM, December 2010

Modernize infrastructures

An adequate infrastructure is crucial to attract industrial investment. An effective infrastructure is essential to move around the raw materials and merchandise used in split production systems. It links production zones together and connects them to consumer zones and export zones. Lastly, an efficient infrastructure fosters the benefits of proximity, because networks bring down cost in relation to distance. It is indispensable to consolidate national and regional infrastructures to establish a productive Euro-Mediterranean area in which proximity is put forward as an asset. In the South, transport modes must continue to be developed: airports for air transport, roads and motorways for land transport, ports and logistical platforms for maritime transport. The immaterial dimension of infrastructures should also be modernized, by accelerating the convergence of standards with European countries. Transit costs arising from formalities and customs delays impact the fluidity of the international logistic chains of coproduction, which generally operate on a just-in-time basis[4]. These material facilities and immaterial reforms are necessary to reinforce industrial integration with Europe, and can also help countries in the South establish their role as an interface between Europe and Sub-Saharan Africa. Tanger Med port is a good illustration. The physical capacities of the port and the adjacent logistical platform mean that Renault can import spare parts, and export parts to its other factories throughout the world, while guaranteeing delivery of its vehicles to export markets.

Encourage clusters

The development of clusters encourages industrial specialization, because of their potential for pooling complementary resources and moving upmarket thanks to projects focused on innovation. A recent IPEMED study listed around thirty clusters, competitiveness hubs and technopoles already active in the Maghreb, in a wide range of sectors including textiles/clothing, seafood products and the pharmaceutical industry[5]. Some of these outfits are already involved in coproduction in the form of partnerships with European companies and clusters. Significant examples also exist in other Arab Mediterranean countries, like Smart Village Cairo [Box 1]. Initiatives to encourage clusters complement policies on industrial specialization.

4-- See the IPEMED report: Sea Highways, Maxime Weigert, Collection IPEMED Notes, No. 7, February 2010

5-- See the IPEMED report (in French), Clusters au Maghreb : vers un modèle de cluster maghrébin spécifique, Paulette Pommier, Collection Etudes et Analyses, July 2014

1 - Smart Village Cairo: new technologies and coproduction in Egypt

Established in 2001, the technology cluster and business park Smart Village Cairo is the first cluster in Egypt specializing in new technologies. The site houses 160 companies, of which 30 are start-ups, together employing over 20,000 people. The Village is also one of the biggest high-tech centres in the southern Mediterranean. It offers a broad range of services, such as technological equipment, offices and a further education institute. Local and foreign businesses benefit from a fertile environment for projects related to new technologies and access to abundant qualified labour educated at Egyptian universities.

For most of the companies located there, Smart Village Cairo acts as a coproduction tool via which high-added value activities are carried out or outsourced in Egypt. As part of its development on the European market, the American group IBM, from its offices in Zurich, Switzerland, has opened up the first nanotechnology research centre in North Africa in the Village. IBM employs Egyptian scientists on the site, following a two-year training course in European laboratories. Along similar lines, the equipment manufacturer VALEO is developing its main R&D centre specializing in automotive software. Other major European groups, like the telecommunication service providers VODAFONE and ORANGE BUSINESS SERVICES, have also moved into the cluster on a coproduction basis.

Invest in vocational training

The case studies show that the availability of qualified staff is crucial when setting up a coproduction strategy. The companies studied recognize that education levels are generally high in southern Mediterranean countries, but most regret a lack of practical experience among young graduates. This situation results from insufficient connection between educational structures and the private sector (e.g. internships, trainers from the business sphere, international experience). It obliges European companies, especially major groups like SIEMENS, to take staff training into their own hands. This system has its limitations, because these private training centres generally only offer workers the complementary training that the company requires. If these operational skills are to be made available on the labour market, bridges need to be set up between education institutions and the private sector, as is the case for JET ALU MAROC and SIFARIS, which are developing training modules with partner universities in Morocco and Tunisia. Another option is public-private partnerships that aim not just to satisfy the interests of the partner company, but those of an entire sector. The Institut de formation aux métiers de l'automobile (IFMIA) in Tangier, jointly created by the Moroccan government and RENAULT, could constitute a model to this end, since the Institute will gradually open up to include all of the trades in the car-making industry.

Support the development of SMEs

Although South and East Mediterranean Countries (SEMCs) include several multinational firms, like CEVITAL and HIKMA, their industrial fabric is mainly made up of SMEs. These companies merit particular attention, since extensive industrial integration on the North and South sides of the Mediterranean depends on their capacity to find a place in coproduction. If they are to form structuring partnerships with European companies, SMEs must develop specific skills. However, in every country in the southern Mediterranean, the creation and modernization of SMEs are hampered by restricted access to private investment, especially from local sources. The reason for this situation is that most banking systems in the South are risk-averse and do not contribute sufficient funding to SMEs. The creation of a guarantee fund for SMEs in the region, offering cheap loans and business creation aids, could help fill this gap. In addition, to make it easier for existing SMEs to integrate the coproduction system, they need support in updating their equipment and technical and organizational skills. A strong command of rigorous production standards, in particular in sectors where quality is an issue, is a crucial competitiveness factor for companies that want to become suppliers to European countries. This type of SME support could be part of a targeted industrial project, such as the Moussanada programme in Morocco [Box 2].

2 - The Moussanada programme

The Moussanada programme was established by the National Agency for the Promotion of Small and Medium-sized Enterprises (ANPME) as part of Morocco's industrial emergency scheme (Pacte National pour l'Emergence Industrielle). The programme aims to encourage the modernization of 700 Moroccan SMEs per year through a support package and by funding 60% to 80% of the investment required. The package comprises three parts. The first is devoted to upgrading support functions such as accounting and sales services; the second gives companies an opportunity to request specialist help for a sector-specific skill (e.g. improving the production process, developing products); the third part focuses on integrating new technologies and mainly targets agribusiness, textile and car-making companies. Since 2009, as part of a convention between ANPME and RENAULT, several suppliers eligible for the Moussanada programme have benefited from additional support from the French constructor to improve their industrial performance (production standards, costs, delivery times). Renault's involvement reflects the group's commitment to involve an increasing number of local suppliers in the production chain at its Tangier factory.

Reinforce South-South integration

Reinforcing South-South integration in the Mediterranean would encourage FDI and the development of industry in countries in the South. Extending national markets into one regional market would encourage foreign companies to combine export-focused coproduction strategies with coproduction strategies focused on accessing regional markets. This is what RENAULT is doing in Morocco, where it intends to take advantage of the opportunities offered by the Agadir agreement[6], and make the Tangiers factory into a platform for exports towards southern Mediterranean countries. Regional integration would also boost companies in the South, especially SMEs, which could diversify their outlets and develop South-South industrial partnerships based on a complementary sector approach. The development of South-South inter-company exchanges would be made easier through consolidating transnational infrastructure networks, e.g. finishing the trans-Maghreb highway between Rabat and Tripoli.

6-- Signed in 2004, the Agadir agreement created a free trade zone involving Morocco, Tunisia, Egypt and the Palestinian territories

RECOMMENDATIONS FOR NORTHERN MEDITERRANEAN COUNTRIES

Promote the coproduction model in a widespread communication campaign

Coproduction dynamics fit into the European Union's project to refocus member states' economies on the knowledge and innovation economy. Political leaders in the North can involve the South in this structural change. This requires not just promoting coproduction to economic players, but making it an axis of the neighbourhood policy and creating, as part of a new European Neighbourhood Instrument (ENI), the tools to accompany its implementation. European structural funds and financial development institutions, like the EIB, could provide crucial support to preparing southern Mediterranean industrial territories. On a national level, public development aid for southern countries could be refocused on complementary programmes that foster coproduction, which is what AFD and GTZ do to develop certain sectors (e.g. modernizing companies, creating training institutes). Similarly, bilateral initiatives like the Franco-Tunisian Digital Alliance [Box 3] could offer specific tools to structure coproduction links.

3 - Franco-Tunisian Digital Alliance

The Franco-Tunisian Digital Alliance was set up in 2013 with the aim of establishing partnerships between those involved in the digital sector (companies, schools, authorities, etc.) to respond to the region's needs and tackle the international digital market together, especially Arabic and French-speaking markets. The AFTN puts the emphasis on working together and setting up coproduction strategies that indifferently boost French and Tunisian skills. One year after its launch, the initiative was advising over thirty partnerships, some of which have already succeeded in winning new markets in Tunisia, Lebanon and Sub-Saharan Africa. These projects have led to new jobs in France and Tunisia, which has an abundant supply of qualified labour for new technologies.

Facilitate economic mobility from South to North

Inflexible mobility from South to North is an obstacle to expanding coproduction strategies in the Mediterranean. An excessive number of documents are required to obtain a visa, delivery dates are long and validity periods insufficient. These constraints penalize professionals from southern Mediterranean countries taking part in coproduction strategies with European partners or within multinationals. In activities involving qualified workers, mobility towards Europe is often required to participate in meetings, meet clients and suppliers, attend trade fairs and take courses. The reinforcement of coproduction strategies involves facilitating economic mobility from South to North, in particular for business leaders and employees whose jobs require freedom to circulate. European states must therefore accelerate the simplification of procedures for obtaining entry and residence documents for these professional categories. At the same time, the European Union must continue to develop a community policy that is attractive and standardized for qualified workers from third countries staying in Europe for long periods[7].

Mobilize the diasporas

The diasporas of southern Mediterranean countries living in Europe have a crucial role to play in the expansion of coproduction. Many descendants of migrants maintain ties with the country of their roots (culture, language, family), and this twofold identity means they frequently want to simultaneously participate in the development of the countries of their nationality and origin. Coproduction gives them this opportunity. This is the case in particular for members of the diaspora that work in companies and whose skills, networks and motivation could be mobilized through developing economic projects in the South. The issue is not about convincing them, since they are already champions of coproduction, as illustrated by the numerous activities undertaken by diaspora networks and migrant associations. The aim is rather to unite these scattered initiatives, increase their status and make national and regional institutions aware of the part that they can play in bringing the two sides closer[8].

7– See the IPEMED report (in French) La mobilité économique en Méditerranée : Le cas des migrants issus des pays du Maghreb, Macarena Nuno, with contributions from Sarah Sameur and Alexis Ghosn, collection Etudes et Analyses, March 2014

8– See the IPEMED report (in French), Politiques d'attraction des ressortissants résidant à l'étranger : Maroc, Algérie, Liban, Faria Souiah, collection Construire la Méditerranée, December 2013

PROPOSITION : CREATE A MEDITERRANEAN COPRODUCTION OBSERVATORY

The nascent coproduction movement in the Mediterranean is a long-term process. To continually enrich and adapt it to the political and economic developments in the region requires analysis and monitoring. IPEMED suggests partnering up with other organizations and involving business to create a Mediterranean coproduction observatory.

Show that coproduction is the way forward

The Mediterranean coproduction observatory would establish long-term momentum with the objective of proving that coproduction is the way forward. To this end, its main mission would be to understand and promote alliances between entrepreneurs in the North and entrepreneurs in the South that involve fair exchange and benefit economies in the North and South (partnership promotion, mobility of capital, mobility of people, investment security).

Understand industrial strategies on both sides

As an analysis centre, the observatory's vocation would be to evaluate regional industrial policies in the light of the obstacles facing companies implementing North-South, South-North and South-South industrial strategies. Using qualitative analyses, it would be able to monitor the regional split of the value chain, identify the needs of coproducing companies, and measure the efficiency of support measures set up by public authorities. In addition, drawing from different sources, it would be responsible for collecting quantitative data linked to foreign direct investment (FDI) and producing standardized data, validated by the different countries. Based on this information and analyses, the observatory would make recommendations to public authorities on both sides of the Mediterranean to set up incentive measures and adopt good coproduction practices.

ANNEX : NON-EXHAUSTIVE LIST OF COPRODUCTION EXAMPLES IN THE MEDITERRANEAN

COMPANIES IN THE NORTH THAT HAVE INITIATED A COPRODUCTION STRATEGY			
Company	Country of origin	Sector	Installation
Teleperformance	France	ICT	Egypt, Maghreb
SQS	Germany	ICT	Egypt
Valeo	France	Automotive	Morocco, Tunisia, Egypt
Vodafone	Great Britain	Telecommunications	Egypt
Orange Business Service	France	Telecommunications	Egypt
Safran	France	Aeronautics	Morocco, Tunisia
Renault	France	Automotive	Morocco
Cassiopae	France	ICT	Tunisia
Zodiac Marine	France	Transport	Tunisia
Zodiac Aerospace	France	Aeronautics	Tunisia
Souriau	France	ICT	Morocco
Alstom-Nexans	France	Automotive	Morocco
PSA-Faurecia	France	Automotive	Morocco
BouyAusare	France	Automotive	Morocco
MS Composite	France	Mechanics	Morocco
Lia-tech	France	Automotive	Morocco
Ratier-Figeac	France (US)	Aeronautics	Morocco
Daher-Socota	France	Aeronautics	Morocco
Dassault	France	Aeronautics	Morocco
Thales	France	Aeronautics	Morocco
EADS	France	Aeronautics	Morocco
Aerolia	France	Aeronautics	Tunisia
Viza Automocion	Spain	Automotive	Morocco
Grupo Antolin	Spain	Automotive	Morocco
Cie Automotive et Hispamoldes	Spain	Automotive	Morocco
Savoy International	France	Automotive	Morocco
Orascom Telecom Holding	Egypt	Telecommunications	Italy
Draexlmaier	Germany	Automotive	Tunisia
STTS Group	France	Aeronautics	Morocco
Schlemmer	Germany	Automotive	Morocco
Segula	France	Aeronautics	Morocco
Air France	France	Aeronautics	Morocco
Bonmbardier	Canada	Aeronautics	Morocco
Danone	France	Agribusiness	Tunisia

Sanders	France	Agribusiness	Algeria
Promochimica	Italy	Pharmaceutical industry	Tunisia
Canavese	Morocco	Agribusiness	Morocco
ST Microelectronics	Morocco	ICT	Morocco
Bull	France	ICT	Morocco
Delphi	United States	Automotive	Morocco
Denso	Japan	Automotive	Morocco
Bosch	Germany	Chemistry, Plastics	Tunisia
Nexans Auotoelectric	Germany	Automotive	Tunisia
Nexans Auotoelectric	Germany	Automotive	Morocco
Yazaki	Japan	Automotive	Tunisia, Morocco
Zodiac	France	Aeronautics	Morocco
Izirar	Spain	Transport	Morocco
Mecafi et ARM	France	Automotive	Morocco
Mitsubishi Electric	Japan	Electronics	Morocco
Proxy	France	Textile	Tunisia
Van Laack	Germany	Textile	Tunisia
Benetton	Italy	Textile	Tunisia
Viza	France	Automotive	Morocco
SMOP	France	Automotive	Morocco
Takata	Japan	Automotive	Morocco
Inergy	France	Automotive	Morocco
Technique Aciers	France	Automotive	Morocco
Kopp	Germany	Electronics	Tunisia
SIEMENS	Germany	Engineering	Maghreb, Egypt
Leoni	Germany	Automotive	Tunisia, Morocco
Bosch	Germany	Electronics	Tunisia
Amphenol	United States	Electronics	Tunisia
Römmler	Germany	Chemistry, Plastics	Tunisia
HP	United States	ICT	Egypt
IBM	United States	ICT	Egypt
COMPANIES IN THE SOUTH THAT HAVE INITIATED A COPRODUCTION STRATEGY			
Company	**Country of origin**	**Sector**	**Installation**
Loukil	Tunisia	Electronics	France
Maroc Traitement de transaction	Morocco	ICT	France
Cynapsys	Tunisia	ICT	France
Salem	Algeria	Pharmaceutical industry	France
Greendizer	Morocco	ICT	France
Argilev	Algeria	Cosmetics	France
Crédit immobilier et hôtelier	Morocco	Finance	France
Delta Holding	Morocco	Public works & civil engineering	France
Jet Alu	Morocco	Public works & civil engineering	France
Cevital	Algeria	Public works & civil engineering	France
Euro Maghreb Services	Morocco	Engineering	France

Syphax	Tunisia	Transport	France
Plastic Electromecanich Company	Tunisia	Chemistry, Plastics	France
Chocam's	Algeria	Agribusiness	France
Mécanique Engineering Control et Assemblage de précision	Tunisia	Aeronautics	France
Cevital	Algeria	Public works & civil engineering	Spain
Outsourcia	Morocco	Call centres	France
Vermeg	Tunisia	ICT	Belgium
Intelcia	Morocco	Call centres	France
HPS	Morocco	ICT	France
Coficab	Tunisia	Automotive	Portugal, Romania, Germany
Misfat	Tunisia	Automotive	France
Altea Packaging	Tunisia	Packaging	France
Orascom Telecom Holding	Egypt	Telecommunications	Italy
Hikma	Jordan	Pharmaceutical industry	Portugal, Germany, Egypt, Maghreb
Xceed	Egypt	ICT	Morocco
Matelec	Lebanon	Lighting	Algeria
Indevco	Lebanon	Paper, plastics, packaging	Saudi Arabia
Al Badr	Tunisia	Oil, aeronautics, construction	Portugal, France
Unimed	Tunisia	Pharmaceutical industry	

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