

The Euro-Mediterranean Partnership

An Assessment by the Business Community

With almost a month for the supposed start of the Euro Mediterranean 2010 FTA, Med Alliance has conducted a survey of businesses aiming at supporting the Euro Mediterranean process, and targeting its advocacy drives in line with the interests, needs and priorities of the business community.

The Survey was conducted by email sent to our databases in a simple random mixture of Meda & European headquartered businesses that are operating in the Meda region, from various sectors, localities, and sizes.

Respondents were not requested to fill in any company details to ensure fast and maximum response, which was witnessed by a record 28.4% response till the cut of date of 27 November, 2009 highlighting the importance of the issue to Euro Mediterranean businesses.

As usual, not all questions were answered by all respondents as some were either irrelevant to their activities, or their importance is beyond their comprehension which signifies ***the need for more awareness within the business community with regards the Euro-Mediterranean partnership as a whole.***

Moreover, where "other" has been put as an option, only the statistically significant comments were the ones considered in this analysis.

Survey Design

Sample Structure	
• Type	Simple Random Sample
• Original Sample size	143,408
• Response till cutoff date	40,728 (28.4%)

Response Structure	No.	%
Geographic distribution		
• Meda headquartered	33,287	81.7%
• EU headquartered	7,441	18.3%
Sector		
• Manufacturing	15,223	37.4%
• Trade (Retailing, Export, Import)	12,586	30.9%
• Agro business	2,956	7.3%
• Services	9,963	24.4%
Size (Meda definition)		
• Large	12,625	31%
• SME	28,103	69%

Survey Results

1. What are the main Strengths and Weaknesses of the Euro-Mediterranean Trade and Investment relations?

A. Strengths

	Yes	No
Larger market size hence inducing more economic production which is more appealing for local producers and foreign investors	96%	3%
Increasing Export Potential	94%	1%
Job creation	94%	2%
Upgrading local human resources	91%	1%
Increasing Investment Potential	86%	3%
Cumulation of origin increasing intra Euro Mediterranean trade potential	84%	9%
Upgrading businesses through partnerships	78%	5%

B. Weaknesses & Obstacles for expansion of Investments and Trade in Goods & Services

	Yes	No
Absence of Free movement of Business People (visa)	96%	3%
Insufficient regional business support programmes	95%	1%
Complicated access to available Technical Assistance instruments	95%	1%
Lack of information regarding the Trade and investment potential	94%	2%
Insufficient bilateral business support programmes	93%	2%
Insufficient networking/matchmaking instruments	92%	1%
Disharmonized financial and trade regulations	92%	1%
Lack of direct freight routes and just on time logistics	87%	3%
Replacement of Customs by non-Tariff Barriers	81%	1%
Weak south-south dimension	74%	3%
Agriculture Foods Quota's (in season)	69%	7%
Absence of Services in the FTA	64%	7%
Death of some industries due to removal of protective customs	61%	6%
Agriculture & Foods Quota's (quantity)	32%	21%

2. Do the present Trade in Good & Services and Investment Flows correspond to the Potential and/or Expectations

No	81%
Yes	17%

3. What are the Main Obstacles for increasing European Investments in Southern Mediterranean

	Yes	No
Insufficient networking/matchmaking instruments	97%	1%
Red Tape	93%	2%
Absence of Free movement of Business People (visa)	92%	3%
Lack of reliable verified information	91%	1%
Logistics and export procedures	91%	6%
Trained Human Resources	89%	3%
Competition from other regions (such as Eastern Europe & Asia)	84%	3%
Access to Finance	83%	17%
Weak promotion of Meda as a destination for investment	77%	2%
Market size	67%	31%
IPR enforcement	56%	9%
Overall investment climate	44%	27%

4. How Can Euro-Mediterranean Trade & Investment be expanded and/or diversified

	Yes	No
More regional networking/matchmaking instruments	96%	1%
Simpler Finance instruments	96%	0
Modernization of ports and airports and logistics	96%	1%
Free movement of Business People (visa)	94%	2%
Redefining SMEs according to the reality of Meda countries	94%	2%
More awareness activities regarding the Trade & Investment potential	92%	2%
Human resources development	91%	5%
Direct freight routs	89%	4%
Modernization and harmonization of Trade & Investment laws and regulations	89%	1%
More exhibitions and conferences	88%	3%
More awareness and technical assistance regarding standards & specifications	87%	1%
Simplification of Trade Procedures	76%	19%
Creation of a database for offers and requests (exchange platform)	69%	9%

5. How Can The Pan-EuroMed System of Cumulation be Used for Industrial Integration between Euro-Mediterranean Industries

	Yes	No
More trade and investment Finance instruments	96%	1%
More networking/matchmaking instruments	95%	1%
More awareness regarding the export potential through cumulation	93%	1%
A database for existing industries in the EuroMed region	93%	1%
Harmonization of standards and specifications	91%	2%
More awareness regarding the cumulation system	89%	1%
A database for available industrial inputs in the EuroMed region	89%	3%
More Direct freight routs	89%	3%
More exhibitions and conferences	88%	3%
More awareness regarding the minimum local content for export	87%	1%
Support and Expansion of Aghadir agreement	82%	7%
Creation of a database for offers and requests (exchange platform)	73%	9%
More export guarantee instruments	32%	18%

6. What New Issues Should be added to the Euro-Mediterranean Trade and Economic Agenda, and What New Instruments and measures should be created to Enhance Access to Euro-Mediterranean Markets and improve conditions for investments

	Yes	No
Increasing the regional business support component of ENPi	97%	1%
Expanding and creating Regional Instruments for:		
• Support the freight and logistics capacities south-south and south-north	95%	2%
• Networking/matchmaking instruments (Invest in Med like)	94%	1%
• Harmonization of standards and specifications	93%	2%
• Awareness activities (sectorial conferences & workshops)	93%	1%
• Creating direct Freight routs	91%	1%
• Harmonization of financial and trade systems	82%	1%
Increasing business support component in bilateral ENPi	97%	1%
Including business associations as a beneficiary in regional and bilateral ENPi	97%	1%
Inclusion of the business community in Euro Mediterranean negotiations	97%	2%
Increasing Human resources development programmes in bilateral ENPi	96%	1%
Expansion of Aghadir agreement to include all MEDA countries	89%	2%
Linking the Euro-Mediterranean FTA with the proposed Euro-GCC FTA	81%	6%
Creating a Mediterranean Investment Bank with private sector participation	71%	11%
Including the North Mediterranean non EU countries in the EuroMed FTA	59%	11%

7. Should the Business Community be involved in the Euro Mediterranean Inter-Governmental Trade & Investment Negotiations

Yes	96%
No	3%

8. How do you propose such involvement

	Yes	No
Obtaining opinion		
• Circulation of issues to business associations for feedback	95%	4%
• Organization of seminars and workshops for feedback	91%	2%
• Creation of an interactive website with issues for feedback	64%	18%
Delivering Opinion		
• Participation of representatives of the business community in the negotiations	95%	4%
• Business associations discuss the issues with members in an interactive conference format and presents its declaration in the negotiations	95%	4%

Summary

- There is a huge lack of awareness with regards the Euro Mediterranean partnership as a whole, as well as the available instruments.
- The business support component of ENPi, both regional and bilateral needs to be increased with programmes catering to the promotion of trade and investment, technical assistance for SMEs, human resources development, logistics, and reduction of red tape in Meda countries.
- The Euro Mediterranean FTA needs serious attention with regards to harmonisation of standards, and banking, customs and trade regulations; as well as support the creation of trade routes
- The business community should be an active operator rather than a passive spectator with regards to negotiations as well as implementation.

Meda : Southern Mediterranean countries
ENPi : European Neighbourhood Policy financial instrument
FTA : Free Trade Area
SME : Small and Medium Enterprise