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**4th Meeting of the Second Standing Committee on Economic, Social and
Environmental Cooperation**

Assembly of the Republic of Portugal
24-26 June 2009 – Lisbon, Portugal

Executive Report

Thursday, 25 June 2009

**4th Meeting, Second Standing Committee on Economic, Social and Environmental
Cooperation**

Hon. Suleiman Ghneimat (Jordan), chairing the session as President of the 2nd Standing Committee, welcomed the delegates and apologised for the absence of the Hon. José Junqueiro, who had been called away on urgent business. A special welcome was also expressed to the Libyan delegation which had arrived that morning.

Thereafter, the agenda was adopted.

Hon. Ghneimat proceeded to summarise the work of the Committee so far this year. The Special Task Force on Disaster Management had met in February in Limassol, Cyprus, following up on the work initiated in Malta in 2008. The STF on Environment and Climate Change had also met in Limassol, where it had emphasised the importance of linking migration to the environment and encouraging governments to move the question higher up their political agendas, especially in light of the forthcoming UN Climate Change Conference in Copenhagen this December. At Limassol, the 2nd Standing Committee also asked for regular updates on water statistics and new initiatives in the Mediterranean area, which had been undertaken by the Special Rapporteur on Water, Sen. Jacques Blanc (France). In Cairo at the beginning of April, the *Ad Hoc* Committee on Energy paid special attention to developing an energy-securing strategy for the Mediterranean, and the STF on Small and Medium-sized Enterprises in the Mediterranean presented a background report on its initial findings.

Before presenting the work of the above-mentioned STFs and *Ad Hoc* Committees in detail, Hon. Ghneimat introduced Mrs. Margareta Wahlström, Assistant Secretary-General of the UN International Strategy for Disaster Reduction, distinguished guest speaker, who would brief the Committee on the work of this UN programme.

Mrs. Margareta Wahlström, Assistant Secretary-General, UN International Strategy for Disaster Reduction (UNISDR)

Mrs. Wahlström argued that both disasters and the risk of disasters should be considered from the perspective of their long-term consequences. In this context, the ISDR had recently published a report linking the risk of disaster to poverty in a globally changing climate. The report concluded that while risks were increasing, as were the costs of their consequences, the actual mortality was declining. Risks tended to be greatest in densely populated parts of the world, such as China, India etc., although they were unevenly distributed, given that economy and development are important factors in reducing risk.

The guest speaker then informed the delegation that one main hurdle lay in the way of how humanity perceived disasters, as many disasters are too easily classified as acts of God; in other words, the causes are man-made. When such events occur, it was important not to be misled by the causes, rather it was critical to analyse the extent to which the consequences of such events were attributable to man. 85-90% of disasters were triggered by weather-related events.

Mrs. Wahlström also spoke of the costs of disasters and stated that the international community required US\$ 4-5bn per year as a response to disasters, without taking into account reconstruction. International aid only amounted to 4% of immediate response.

The Assistant Secretary-General commented positively that attitudes towards disaster management were changing, especially in the wake of the global consequences of the 2004 tsunami. Shortly after this event, the Hyogo Framework for Action was signed in Kobe, Japan in 2005 by 168 governments, with the aim of substantially reducing losses from disasters through good response mechanisms that required investment in development, the need to prioritise at the local level, identification of risks and promoting the use of science to predict and prevent disasters from occurring.

ISDR works through regional organisations using centralised strategies with local knowledge and investment from the private sector. It focuses in particular on disasters as a development issue; in other words, risks can be reduced by taking appropriate human action. ISDR also deals with risk management in relation to public health emergencies, such as pandemics, focusing on public education and awareness-raising. Moreover, ISDR is active in the field of advocacy global campaigning.

Mrs. Wahlström also stressed the importance of having good scientific knowledge to take objective and well-informed decisions, and that above all, as a priority, investments should be used for a global commitment for structural interventions; for instance, making schools and hospitals safer. Ahead of the Copenhagen conference, she called for more resources for development and for more attention to be given at the local level. Investment in risk reduction is essential.

Hon. Ghneimat thanked Mrs. Wahlström for her edifying presentation and opened the floor for debate.

Debate

The Greek delegation observed that most disasters happened in poor and underdeveloped countries, and wondered if there were any scientific explanations for this. The Jordanian delegation asked the question of how the populations in the poorest parts of the world could contribute to reducing the risk of disasters. The Algerian delegation agreed that good management of risks was the key to reducing the effects of disasters and suggested setting up agencies globally to manage them. The French delegation commented on the risk of a tsunami occurring in the Mediterranean, and whether or not we would be prepared for such an event. The Cypriot delegation spoke on the consequences of climate change and irrigation in relation to the disappearance of Africa's largest inland lakes, such as Lake Chad, asking how the ISDR could intervene practically in this case.

Mrs. Wahlström thanked the delegates for their inspired comments and questions, and agreed that the main problem of reducing the consequences of disasters related to the availability of financial resources. Risk drivers are poverty as well as lack of both infrastructure and education. With resources, people can move out of harm's way. In response to the Jordanian delegation, she stated that while we cannot prevent earthquakes from happening, we can reduce their impact through making well-informed choices, such as the respect of anti-seismic building standards. As regards weather triggered events, we can all contribute globally through environmental policies to reducing the effects of climate change through rising temperatures. We are always partly responsible for disasters by putting ourselves in harm's way. One example is the case of drought: it is not a disaster which occurs in a rich country, but rather in a poor country or one stricken by war. Africa is committed to reducing its risk, and they need as much collaboration as possible in terms of resources. In response to the question posed by the Algerian delegation, she answered that global scientific information is available, but countries need to act locally to analyse their own risks. As regards the Mediterranean, the guest speaker informed the Algerian delegation that the Mediterranean countries did not consider an early warning system to be a top priority, but if they were to exist, such systems need to be interconnected and multifunctional. The case of Lake Chad, however, is one where the government in question has little economic or political capacity to take initiatives, but we are at a stage in history where we know that these kinds of problems cannot be solved by one country alone. Lake Chad and Lake Cameroon are disappearing, as are the Brazilian rainforests. It is therefore important to develop multilateral strategies and to not leave countries to deal alone with problems the consequences of which extend far beyond their national borders.

a) STF on Disaster Management: Hon. José Junqueiro (Portugal)

Hon. Junqueiro, referring to the draft report and resolution prepared in Cyprus and enriched by several contributions, informed the delegations of the Portuguese civil protection system. The Portuguese civil protection team has the following tasks: prevention, mitigation, providing aid and support. It is a public body with autonomous funding and is accountable to the government through the Ministry of Internal Administration. The team also takes part in international cooperation and technical and humanitarian aid missions. As part of its prevention activities, it carries out risk and environmental impact studies, emergency planning, as well as safety and

emergency plans. They are also responsible for developing legislative amendments and updating regulations, for example on fire prevention legislation. The service also takes part in awareness-raising with an information campaign that targets children and young people.

One of Portugal's major risks relates to forest fires, particularly in the summer months, and there is a committee in Parliament that closely follows developments on this issue, and which meets during the summer to ensure that all programmes are in place as well as conducting continuous monitoring. The civil protection force carries out training programmes for the armed forces (army, navy) in addition to providing training for other countries such as Angola, Mozambique and Cape Verde.

At the Mediterranean level, Portugal has bilateral cooperation agreements in place with Spain and France, but Hon. Junqueiro, in line with what was included in the draft report and resolution, called for greater cooperation between PAM States to improve coordination mechanisms between national, regional and international actors as regards civil protection. He suggested that parliamentarians should invite civil protection experts to give briefings to their respective parliaments on their country's state of disaster preparedness, as well as host seminars exchanging best practices, in addition to promoting regional cooperation with all PAM States. He urged the PAM member countries to carry out risk mapping, and to promote risk prevention and risk reduction through their civil protection policies, and in particular, called on parliamentarians to apply pressure on governments to proceed with efficient and coherent early warning mechanisms for tsunamis in the Mediterranean. Synergies also needed to be improved with OCHA and ISDR, and civil protection teams should participate in internationally-coordinated simulation exercises on a regular basis.

The draft resolution and report were endorsed.

b) STF on Environment and Climate Change: Hon. Elsa Papadimitriou (Greece)

Hon. Papadimitriou stated that climate change is a priority for PAM and that the report considered the advantages/disadvantages of the fundamental elements of the Kyoto Protocol and the Bali Roadmap 2009, as well as the challenges faced by the Mediterranean countries. Developed countries have now acknowledged the harm they have caused over the last two centuries to the environment. Focus has returned to the United States. The world expects the new American administration to meet environmental targets for the reduction of greenhouse gases. Nonetheless, while developed countries understand the risks they pose to the environment, they still remain reluctant to commit to taking concrete actions. Developing countries, on the other hand, are proving to be more innovative. Brazil, for example, has been involved in alternative energy production and reducing deforestation. This year, on 28 March, 88 countries and 4,000 cities throughout the world participated in the WWF Earth Hour, in which people willingly switched off all non-essential lights and electrical appliances. This is a strong sign that people demand participation in international agreements reducing the effects of climate change. President Obama's climate change package was passed on 27 June. Negotiations with China, however, are going very slowly, and CFC emissions need to be cut by 40%. The reality which still remains is to what extent are developed and developing countries prepared to commit to

limiting emissions? The question now is one of urgency, and we are in a race against time to limit the effects of climate change. The Mediterranean is a particularly vulnerable area. Hon. Papadimitriou informed the delegates that Turkey had also recently ratified the Kyoto Protocol.

Debate

The Jordanian delegation asked the question of what the Assembly's stance was on developed countries dumping their toxic waste in 3rd World countries, and shouldn't the countries responsible pay for their misdeeds? The Greek delegation noted that there was general consensus about the link between natural disasters and climate change, and therefore called for PAM to elaborate a joint trans-boundary action plan for the environment. The Algerian delegation thought that the report should highlight scientific data on climate change, and that there were cases of temperatures also lowering despite global warming.

In response, Hon. Papadimitriou said that there was an urgent need to understand the scale of harm caused to the environment by climate change, the excessiveness of its impact and whether it led to an increase or decrease in temperatures. By implementing equitable policies, there will also be a collateral gain of achieving peace and stability. Attributing responsibility for past acts is not a worthy cause because the damage is done and it would lead to a vicious circle of blame attribution without achieving any productive results. On the contrary, it is more important to look to the future, upgrading legislation and tightening standards as the way forward. The initial report had made extensive reference to scientific research, but this report could also refer to cases of the lowering of temperatures.

The draft report and resolution were endorsed.

c) Special Rapporteur on Water: Sen. Jacques Blanc (France)

It was decided in Limassol that a brief annual report should be drawn up focusing both on statistical data and on new initiatives/major debates concerning water. Sen. Blanc suggested that parliamentarians were the best placed to take initiatives on water because they are the lead actors, with, on the one hand, governments that make policy decisions, and on the other, regional entities implementing them. Sen. Blanc also highlighted the worrying statistic reported by the FAO through its AQUASTAT tool, which, in March 2009, defined the threshold for water poverty at 1000m³/inhabitant/yr. According to this statistic, 11 of our 24 Member States are in a situation of water poverty. Moreover the situation is deteriorating. The report referred to the Blue Plan developed by UNEP's Mediterranean Action Plan, and the 1996 Barcelona Convention for the Protection of the Mediterranean Sea against Pollution, which are important instruments for the defence of our common sea. It also suggests how we can contribute to reducing water stress by improving our water management capacity: producing more water through desalination, rationalising water use (as efficiency of use is estimated at 50-85%); economising water resources by limiting water loss during distribution; preserving quality of water by improving water retreatment and eliminating pumping of raw sewage and untreated water directly into the Mediterranean; and stabilising demand in the agriculture and tourism sectors. The report also commented that there was a chronic lack of interest in the vital issue of water, despite the fact

that the UN High Commissioner for Human Rights considering access to safe drinking water and sanitation as a human right. Sen. Blanc therefore stressed the need for trans-boundary cooperation and called on the PAM members to be active in supporting measures to clean up drinking water, along with the Mediterranean Sea, as well as supporting water-saving initiatives and legislation.

Debate

The Jordanian delegation commented on the chronic shortage of water in Jordan, and considered water shortage to be a potential source of war in the future. The Palestinian delegation described the situation as acute in Palestine, where there was often not enough water for basic hygiene, while its neighbours did not experience any shortage, and that the Israelis, who represented 20% of the population in the Occupied Territories, had access to 80% of the available water supply. The Tunisian delegation supported further research into water-saving and desalination policies for the Mediterranean. The Cypriot delegation commented on its own chronic shortage of water and the solidarity of the Greek government over the last two years as an example of trans-boundary collaboration, and called for equitable distribution of water throughout the Mediterranean as a way to guarantee the future stability of the region.

Sen. Blanc agreed that the equitable distribution of water was important for the future stability of the region, and suggested that the right to water should be recognised through UN Conventions. He will also add a point to this regard in his report. For what concerns economising water, awareness-raising was important as it encouraged people to consider how they could change their habits.

The resolution and report were endorsed.

d) Ad Hoc Committee on Energy: Hon. Mohamed Abou El-Enein (Egypt)

The Chair of the meeting apologised for the absence of Hon. Abou El-Enein, who had been unable to attend due to pressing commitments in Egypt, and in his place, the Secretary General stepped in to recall the main points of the report and resolution.

Rather than read the report, the Secretary General took the main talking points that emerged from the report and which followed up to the 2008 Plenary in Monaco. It is a very substantive report, and one that had received top input from numerous experts, including from Professor Carlo Rubia, who was awarded the Nobel Prize for Physics in 1984.

The report illustrates the overall state of the global energy market as one of rapid consumption as well as multifarious uses and depletion of resources which have led to concern about how to use energy and preserve it in the Mediterranean. In securing an energy strategy for the region, several issues arose, in particular:

1. The link between energy and the global financial crisis: energy is strongly linked to financial markets due to the need for a strong flow of investment funds. The demand for

energy has more than doubled in the past 30 years in the Mediterranean, and it is expected to rise another 25% by 2065. It has been estimated that less than 0.3% of the North African desert would be sufficient to provide enough energy to satisfy the growing demand. There are also sustainable alternatives to carbon power in the form of wind and solar energy. But to transform technology into energy requires a North-South technology transfer and major initial investment. It was suggested that our aim should be to achieve 80% of energy needs from renewable sources by 2050.

2. Environment and energy are intrinsically interdependent. In addition to solar and wind energy, sustainable energy can be derived from hydro-electric power and bio-fuel, provided its use is properly managed so as not to deplete food supplies.
3. The question of nuclear energy should not be ignored, although there are still many controversial issues about its use: the question of its safety, how to dispose of waste, its vulnerability to acts of terrorism and how it will compete with renewable sources.

There is now wide consensus, however, that over-dependency on carbon fuel could become a security risk for the Mediterranean in the future. As we have seen, prices will be increasingly subject to speculative raises in price, and demand heightens, thus making resources become scarce. The report therefore defines a strategy for PAM. Its main parameters are namely to:

1. Implement new policies to create a regional energy market, which would require developing both supportive policies and interpreting supportive policies through the creation of a Mediterranean strategic energy plan, taking the form of a Mediterranean cooperation agreement;
2. Strengthen the trend towards the use of new and renewable energy through research and development, and calling in the EU to develop new energy projects abroad for export of energy to Europe;
3. Develop cooperation in the field of solar energy by forging an EU-Mediterranean solar energy platform;
4. Encouraging cooperation in the field of local manufacture of conventional and renewable energy projects equipment;
5. Ensure a balance is achieved between the production of new energy and food security;
6. Setting up legislative frameworks to guide the use of conventional energy and promote the use of renewable energy;
7. Using non-traditional mechanisms to finance alternative energy;
8. Encouraging rationalisation of use and efficient energy consumption;
9. Supporting increased and much needed cooperation in the field of nuclear energy to potentialise safety and reduce risks.

Debate

The Jordanian delegation questioned to what extent renewable energy sources were feasible given the initial financial burden of their production costs. The Greek delegation found that the current economic crisis was the ideal opportunity to further the cooperation platform for new and alternative energy sources, and noted that a Libyan delegation had recently visited France to discuss the question of solar and wind energy. The Algerian delegation supported greater

cooperation between North and South, advocating an exchange of technology and natural resources.

The Maltese delegation complimented the Rapporteur on the quality of the report, but noted that it was fully-oriented towards the technical aspects of energy production, availability, future sources, etc. It lacks the necessary political aspects, and the report should contain reflections about what could happen if these proposals are not adopted.

The Secretary General (answering on behalf of the Rapporteur) explained that it was the specific intention of the report to deal with technical issues, and the political dimension had been dealt with in the previous report. He suggested that the next report could bridge the two. The Secretary General also noted that, as had been done for the issue of Water, there had been a request put forth to the Assembly for Hon. Abou El-Enein to be appointed Special Rapporteur on Energy so that every year he can brief PAM on further developments in this sector.

The resolution and report were adopted.

e) Small and Medium-sized Enterprises: Hon. Ridha Bouargoub (Tunisia)

Hon. Bouargoub provided a summary of the work, which was the subject of a Special Task Force meeting in Cairo in April this year. Especially since the onset of the current global economic and financial crises, SMEs have been experiencing difficulties in obtaining financing. A specific legal framework was set up within the former Euromed (now the Union for the Mediterranean), known as the Euromed Charter for Enterprise, based on the EU Charter for Small Enterprises. Not all PAM Member States are part of the Euromed Charter, but they can nonetheless shadow its 10-point programme. In 2008, the European Commission, in collaboration with the European Training Foundation and EIB, assessed the progress made towards their implementation that year. It found that it was necessary to provide skills development at an early stage. As regards the financing of SMEs in the Mediterranean, the most well-known financial instrument is the MEDA programme, under the Barcelona Process (Euromed), which allows the EU to provide technical aid to its Southern partners (including Turkey). Other financing mechanisms in the Mediterranean include the European Neighbourhood and Partnership Instrument (ENPI) and the Facility for the Euro-med Investment and Partnership (FEMIP). The report also examined the question of achieving peace and stability throughout the region, suggesting areas that could be important for the development of a Mediterranean policy for SMEs. The report also foresees the promotion of a “Mediterranean Network of Councils on Competitiveness”, which would exist as a sort of focal point providing national governments of PAM Members States advice on how to become more competitive. It also recommended the creation of a single patent, valid for the EU and Mediterranean, and finally, the institution of a network of national organizations for quality control.

Debate

The Cypriot delegation stated that SMEs are the backbone of economies, particularly those of the smaller countries. It supported the idea of PAM playing a constructive role by creating such a

network. It also proposed a specific conference on SMEs in the Mediterranean, which could be organised in collaboration with the Busimed and Euromed banking networks. The Secretary General commented that there was already a similar proposal for 2010. The Jordanian delegation offered to host this conference, based on the Portuguese suggestion for PAM to organize a Mediterranean Panel on Foreign Trade.

The resolution and report were adopted.

2nd Standing Committee key objectives and dates for 2010

Hon. Ghneimat then stated the proposals for the work of the Committee in 2010:

- a Special Task Force on External Trade will be established (linked with the Panel on External Trade that was to be launched the next day), with Hon. Bouargoub as its Rapporteur;
- Sen. Blanc will continue to be PAM Special Rapporteur on Water;
- Hon. Abou El-Enein will become the PAM Special Rapporteur on Energy.

The provisional calendar for the 2nd Standing Committee for 2010 is the following:

- February 2010 - Syria: joint meeting of some of the STFs (TBC);
- March 2010 – Nice, France: joint meeting of some of the STFs;
- June 2010 - Serbia: 5th meeting of the Standing Committees.

Finally, the President of the 2nd Standing Committee reminded the delegates that the 4th Plenary Session of the Assembly would be held from 23-24 October in Istanbul, Turkey, along with the 1st meeting of the Secretaries General of the PAM Member States on the 25th.

Financial statement and budget proposal for 2010-2011

The Secretary General reiterated to the delegates attending the joint session of the Standing Committees what he had already explained to the Bureau during the previous day's meeting about the PAM 25% budget deficit for 2009, as well as his budget proposal for the biennium 2010-2011 of Euro 910,000 per year. He explained that the very first start-up budget for PAM had been drawn up within the IPU on the basis of having a Secretariat limited to a Secretary General, an administrative assistant and a driver. Dr. Piazzini had in turn redrafted this budget, at the request of the Bureau in March 2007, for it to include a core staff with a Special Assistant, a Press Officer and an Assembly Affairs Officer, to be able to provide the Assembly, at its start, with a minimal amount of support to launch its activities. At present, due to the budget limitations, PAM was not in a position to pay any social security contributions, medical insurance and pension funds to its staff, and furthermore, the PAM car had been sold. After three years of operations, PAM cannot continue to operate as a fully-fledged international organization adopting *ad hoc* solutions for staff wages in order to get to the end of each financial year. He also

mentioned that there was still no reserve fund, that Israel had not paid its contributions for three years, and that two countries owed their annual contributions, with the end result being that the General Secretariat commenced this financial year with Euro 100k (approx. 25%) of its budget missing. The Secretary General informed the participants of his visit to the IPU in Geneva, where he had studied the new proposed annual budget for the years 2010-2011 in line with the International Civil Service Commission guidelines for international organizations, which PAM is obliged to abide by in line with its own instruments.

The Secretariat is facing very high monthly costs for utilities, the IT maintenance is still precarious, and PAM has an extremely high phone bill due to large fees at its location (Euro 2.5k per month). He indicated that a budget was needed of approximately Euro 800,000 per year, 65% of which would be to pay staff wages, pensions and insurance, without considering a reserve fund. The remainder would be spent on the following: external support for conferences, reproduction and translation of documents, travel, and maintenance of the Secretariat premises. The budget proposal also contains a 5% flexibility margin for currency fluctuation (Euro-Dollar). Taking into account contributions to the setting up of a reserve fund over a four year period, the total requested annual budget for the biennium is Euro 910,000, which is broken down into weighted contributions from each Member State (with the exception of Palestine, whose membership fee is currently waived). Finally, Dr. Piazzini added that the new budget is non-negotiable as it is based on real expenditures as per monthly costs incurred during 2008 and the first half of 2009. The table was distributed with the new annual contributions per country, and all participating fully supported the report by the Secretary General and agreed that an increase was necessary, as had been previously decided upon in principle in Monaco in November.

Thereafter, it was announced that the work of the 2nd Standing Committee would continue the next morning with speeches by Mr. Basilio Horta of Portugal and Mr. Christophe Lecourtier of France.

Friday, 26 June 2009

Hon. Suleiman Ghneimat chaired the first half of the morning session on issues pertaining to the 2nd Standing Committee, while Hon. Askin Asan led the second half of the day's meeting as Vice President of the 3rd Standing Committee. Hon. Junqueiro introduced the two guest speakers for the morning session: Mr. Basilio Horta, President of AICEP (Business Development Agency, Portugal), and Mr. Christophe Lecourtier, Director General of UBI France, who both spoke within the framework of the 2nd Standing Committee.

Hon. Junqueiro stated that Mr. Horta and Mr. Lecourtier had been invited with the aim of making the economic relationship more dynamic between the Mediterranean countries. The region as a whole needs to move forward in bringing together agencies and entrepreneurs in order to facilitate our economic developments. Strategic investments are being made in our respective countries.

Before introducing Mr. Horta, he further mentioned that the latter has been a politician and is an academic, and has received many international honours.

Mr. Basilio Horta, President of AICEP (Business Development Agency, Portugal)

Mr. Horta commented on Portugal's participation in implementing the Barcelona Process, which had contributed to improving relations between Portugal and the Mediterranean basin, especially in the South (which constitutes 47% of Portuguese exports to the region). AICEP has 3 business centres in France, Spain and Morocco, respectively. Mr. Horta explained the Maghreb as being an area of major potential for business expansion, and therefore AICEP is particularly active in promoting Portugal in these markets. Accordingly, the President of Portugal, H.E. Anibal Antonio Cavaco Silva, had recently visited Libya and Jordan, and the Prime Minister, Hon. José Sócrates, had visited the countries of the Maghreb. In addition, AICEP has recently opened offices in Libya and Turkey. The Agency is active in attracting foreign investment to Portugal, whether for large corporations or SMEs. It negotiates major foreign investment projects as well. Structurally, AICEP is the sole shareholder of its companies, but it maintains contacts with the public administration, and also networks as a knowledge platform between universities and the business world.

Mr. Horta commented that the competition for business is increasingly competitive and particular attention needs to be given to bilateral agreements and economic diplomacy. He called for a major business meeting involving all countries of the Mediterranean to achieve five major objectives:

1. better mutual knowledge;
2. sustainable economic development;
3. growth in bilateral trade and investment flows;
4. speed up the process to economic recovery;
5. entering into joint venture projects.

Mr. Christophe Lecourtier, Director General of UBI France

Mr. Lecourtier informed the delegates that the French government had demonstrated its commitment to Mediterranean development through acts of its President, H.E Nicolas Sarkozy. There was a need to define a business strategy for the Mediterranean, whether for demographic (population growth) or economic (emerging economies in the South Mediterranean where wealth is evolving rapidly) reasons. In terms of exports, the Maghreb is also very important for France, as is Turkey. The Southern Mediterranean is additionally important for investment, and the Eastern Mediterranean to a lesser extent. Direct foreign investment is particularly high in the Maghreb.

UBI France also aims to achieve five major objectives through its work, namely:

1. develop partnerships;
2. implement the choices made by the Mediterranean Union (Euromed);

3. analyse and review the current financial instruments and tools available to support investment;
4. consider investment from the perspective of the environment and business development;
5. attract new investments so as to be able to support more companies.

The Agency also gives priority to sustainable development, particularly in relation to water strategy, sea routes and highways, energy plans and urban development and health, but it is also interested in the human dimension, supporting the exchange of best practices and training. Furthermore, UBIFrance's policies also extend beyond the Mediterranean into Sub-Saharan Africa (not just francophone Africa).

Debate

The Jordanian delegation commented on the fact that more than 40% of Portuguese foreign trade went to the South Mediterranean, and asked to what extent investment projects benefit both sides of the Mediterranean. More opportunities to the South would contribute towards stemming migration flows. The delegation also asked why there was little opportunity for the Southern Mediterranean countries to export their goods to the Northern Mediterranean, and why emerging countries in the South were treated less favourably than, for example, the emerging economies of China and India. The Algerian delegation also referred to the fact that the powerful nations to the North wanted to export its products to the South Mediterranean, but unless there is more investment in the South there can be no redistribution of wealth. Secondly, they asked what the strategies of France and Portugal were towards the invasion of Chinese products flooding the markets, which seems to be out of control. The Tunisian delegation commented on how the French and Portuguese agencies seemed to have similar aims, but that the Algerian equivalent pursued different goals. Attracting investment requires major efforts, so we can benefit from an exchange of best practices. The Slovenian delegation mentioned that their country, which is one of the smallest (with only 46 km of coastline), occupies a very strategic position as the gateway to the Mediterranean for Central Europe. One year ago it opened the Euromed University, which set itself the challenge of becoming a meeting place for the exchange of knowledge, mainly about business experiences. They are in the corner of the Mediterranean, and believe that the only possible Mediterranean future is to consolidate the links between countries. The delegation stated that they wanted to organize a business meeting at the aforementioned University, which will be an opportunity to develop relationships. The Greek delegation asked to what extent the respective agencies were state-owned. The Jordanian delegation reminded the participants that some of the smaller strategically-placed countries were dependent on foreign investment for the development of infrastructure. The Secretary General recalled the report by Hon. Milan Cvikl (Slovenia), Rapporteur of the former STF on Free Trade in the Mediterranean, and asked what progress had been made towards the implementation of the Mediterranean free trade zone for 2010.

Mr. Horta explained how in recent years the Portuguese exports to the Mediterranean had diversified, and that AICEP now had offices in several Maghreb States, in addition to Jordan and Libya. Libya is an emerging market for infrastructure, civil engineering projects and the construction industry. In Rabat, Morocco, which is Lisbon's closest capital, interventions were

more directed to the services sector. In Algeria, Mr. Horta suggested that there was further scope for collaboration in the petrochemical industry. Portugal is also investing in bio-fuel, and this is an opportunity to create synergies with traditional energy markets. As regards China, when it entered the WTO Portugal lost 22% of its textile exports. Today that sector is recovering despite the economic crisis, although this latter factor had intensified the need for cheap products. Mr. Horta warned that we should not only consider China as a market for cheap products, as there is a proposal for the production of Airbuses there. Nonetheless, Mr. Horta thought that the question of Europe's low level of exports to China urgently needed to be addressed. The Portuguese agency is 100% state-owned but is organised as an autonomous business, managing its own capital independently.

Mr. Lecourtier concurred with the responses given by Mr. Horta, adding that Jordan was also part of their Mediterranean projects and that they had offices in Amman. He felt there was an important need to deal with the question of moving from poverty to investment as a common issue in the South of the Mediterranean. Mr. Lecourtier thought that we should view China also as an opportunity, and not only a threat, and that it was a chance to strengthen trade relations and improve our own products through added value. He added that the French agency offered a public service, and as such, its first shareholder was the French State.

In relation to the creation of a free trade area, the Secretary General suggested that there should be a one day meeting next year, perhaps in Slovenia at the Euromed University, where PAM Parliamentarians could meet and debate with members of agencies from all PAM countries in order to strengthen integration networks and create synergies. Hon. Yuri Franco of Slovenia indicated the readiness of his Parliament to organize such an event, and Mr. Horta, together with Hon. Junqueiro, indicated their wish to host in Portugal next year the PAM Panel on Foreign Trade with the senior officials of all the national Trade Agencies of PAM's countries.

The meeting of the Second Standing Committee was declared closed.