



Outcome Document

Regional Integration in the Union for the Mediterranean: Progress Report

Online Launch Event on 27 May 2021

I. Context:

On 23 January 2017, the UfM Ministers of Foreign Affairs adopted the “UfM Roadmap for Action” aiming at strengthening the role of the UfM towards an enhanced regional cooperation and integration in the Mediterranean. The Roadmap established the creation of a **Progress Report on Regional Integration** that would monitor major trends and evolutions with specific performance indicators to assess progress achieved in regional integration during periods of five years. The UfM Secretariat commissioned the Organisation for Economic Co-operation and Development (OECD) to prepare the first issue of the Progress Report, with the financial support of the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) on behalf of the Federal Ministry for Economic Cooperation and Development of Germany (BMZ).

The Report was launched on **27 May 2021** in an online format, co-organized by the UfM Secretariat, OECD and GIZ/BMZ. In addition to **presenting the key findings of this first edition of the UfM Progress Report** and the recommendations that it offers, the event brought together representatives of different regional integration processes and frameworks, free trade areas, as well as intergovernmental political and economic unions to share their **respective experiences in promoting regional integration** and to showcase best practices and success stories that can inspire the UfM region and that can be adapted and replicated in the Euro-Mediterranean context.

This event will serve as the **first in a series of events** dedicated by the UfM Secretariat to regional integration, and the key recommendations featured in this **Outcome Document will inform future actions** on accelerating and consolidating the efforts undertaken in the several domains of integration in the UfM region.

Following the introductory remarks and keynote speeches by the UfM Secretary General, H.E. Nasser Kamel; OECD Secretary-General, H.E. Angel Gurría; and EEAS Managing Director for Middle East and North Africa, Mr. Fernando Gentilini; Dr. Carlos Conde and Dr. Mariarosa Lunati (OECD) briefed the participants on the key findings and recommendations of the Report.



Two back-to-back panels were dedicated to Integration in the UfM Region and Regional Integration Globally respectively. Speakers in the two panels represented the Directorate-General for Neighborhood and Enlargement Negotiations (DG NEAR), Center for Mediterranean Integration (CMI), MENA-OECD Business Advisory Board (BAB), Association of Southeast Asian Nations (ASEAN), Council of the Baltic Sea States (CBSS) Secretariat, Organization of the Black Sea Economic Cooperation (BSEC), African Development Bank (AfDB), Agadir Technical Unit (ATU), the South Centre, and the Euro-Mediterranean Economists Association (EMEA). Throughout the panels, they shared their experiences and their view on regional integration.



II. Key takeaways/insights from the event include the following points:

- ✓ There has been a progress on economic integration in the region since the 1995 Barcelona Process, but the scale and scope of this progress falls short of the UfM region's capacities and resources;
- ✓ This progress has been uneven between and within both shores of the Mediterranean region;
- ✓ Integration has acquired a renewed importance as it offers opportunities and answers for an inclusive and sustainable post-pandemic recovery;
- ✓ There is a need to move from a crisis management approach to a proactive approach for regional integration;
- ✓ If done correctly, higher levels of integration would translate into more opportunities and better welfare for the people in the region;



- ✓ There are several forces affecting integration in the present, including climate change, the technological revolution, demographic changes, pandemic disruption, among others;
- ✓ Agreements on trade in services involving the many Southern Mediterranean countries currently not parties to such agreements should be encouraged to support the integration of important sectors of the UfM economies into regional value chains;
- ✓ Policies that support industrial diversification are needed, including skills development, a digitalisation agenda and stronger integration in regional and global value chains – all aimed at promoting local jobs and sustainable economic models;
- ✓ Political and administrative cooperation on trade should be increased to reduce trade costs, reducing administrative burdens for traders, enhancing regulatory transparency, and simplifying and digitalising procedures;
- ✓ Financial reforms need to be undertaken to strengthen markets and institutions and modernise legislative frameworks in line with international best practice;
- ✓ International Financial Institutions and banking institutions have a central role in promoting sound economic integration within the region;
- ✓ The investment climate can be further improved tackling existing regulatory restrictions to foreign direct investment (FDI), especially in the Southern and Eastern Mediterranean, in key sectors for regional integration such as transport and energy connectivity;
- ✓ Effective frameworks for transferring remittances should be promoted by Governments in the region as a mean to facilitate the use of formal channels and avoid the loss to informal channels, promote greater financial literacy and enhance financial inclusion;
- ✓ Governments should focus on better planning, prioritisation and co-ordination of investment for connectivity infrastructure, between and within countries;
- ✓ Governments should promote reforms in the power sector to encourage competition and entry of private investors and the development of renewable energies;
- ✓ Mobility schemes need to be accompanied by increased investment in skills development, requiring greater harmonisation of national qualifications frameworks in the region, and developing cooperation between institutions working towards the socio-professional integration of youth across the region;
- ✓ Investment in research infrastructure should be promoted at the national level, to facilitate embedding technology in local economic production systems and attract international flows of research and development (R&D), human resources, and related

high-value-added activities. By supporting infrastructures such as distributed research labs, governments can foster virtual mobility and “brain circulation” as an alternative to brain drain;

- ✓ There is a need to facilitate the diffusion and uptake of digital technologies for science and education, such as open science platforms, can enable countries to take advantage of new opportunities for regional co-operation – especially in the current context of the COVID-19 pandemic;
- ✓ There is a need for building statistical capacities for the countries of the region as a crucial prerequisite for sound measurement of data and analysis of key trends in the region;
- ✓ Policymakers need to understand the dynamics of regional integration and production patterns in the region in order to make informed decisions;
- ✓ The disruption in global value chains that followed the COVID-19 outbreak can benefit the UfM Region if it aligns its position and consolidates regional cooperation;
- ✓ There is a need for a more consolidated dialogue on regional integration with an extended ecosystem of integration frameworks and processes. The UfM Secretariat will assume this role as it conceives more UfM activities fully dedicated to the theme in collaboration with its partners.
- ✓ This list of takeaways/insights is by no means exhaustive or binding. It is meant as general guidance for the future activities on regional integration.

