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OUTCOME DOCUMENT FIRST UfM TRADE AND INVESTMENT FORUM CAIRO / EGYPT, 18 JUNE 2019



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Acting upon the UfM Ministerial mandates and in line with the UfM Roadmap's emphasis on ensuring the contribution of UfM activities to regional stability and human development efforts, the UfM Secretariat organized its first **UfM Business Forum** fully dedicated to Trade on 18 March 2019 in Cairo, Egypt, in partnership with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ), the Association of Mediterranean Chambers of Commerce and Industry (ASCAME) and the Egyptian Commercial Service (ECS). The Forum which was held under the auspices of the Minister of Trade and Industry of Egypt focused on two interrelated themes, namely **Market Access and e-Commerce**.

The Forum brought together 150 stakeholders and representatives of governments, business communities, think tanks, regional and international organizations, as well as trade negotiators. The participants engaged in open discussions and exchange of experiences and best practices with the aim of identifying actions that can de-

liver the full benefits of e-commerce and those of a more open and integrated trading system in the region. As such, their discussions yielded the following **set of recommendations**:

1. The UfM Business Forum should be held regularly, in order to create continuity of debate and momentum for trade-related action in the Mediterranean. It is proposed that the name be changed from "UfM Business Forum" to "UfM Trade and Investment Forum" in order to emphasize its focus on trade-related issues in the UfM Region. Its scope should expand to include investment, services and sustainability concerns, given that these are inherently part of trade policy;
2. The design of the Forum, in which representatives of the business community, government officials, trade negotiators and international organizations discuss specific issues, enables an effective and results-driven exchange between different stakeholders;
3. The recommendations emanating from the UfM Trade and Investment Forum should



- feed into the UfM Ministerial Conferences on Trade, as well as other relevant conferences and fora in the UfM region. By bringing the recommendations and conclusions of the UfM Trade and Investment Forum to the attention of policymakers, the Forum presents a 'best practice' approach through which the 'Platform' dimension of the UfM effectively links to its 'Policy' dimension;
4. Despite the abolition or reduction of tariffs in North/South and South/South Mediterranean trade, major non-tariff barriers (NTBs) continue to prevent economic operators from exploiting the full potential for trade opportunities in the region. The main merchandise trade barriers that were identified at the Forum are: Import quotas, Rules of Origin, capital controls, administrative requirements (export licenses, lengthy product registration, high costs of certification), lack of adequate infrastructure, lack of market information and managerial capacity on the business side, parallel trade, access to finance and EU quality standards, in particular Sanitary and Phytosanitary (SPS) rules;
 5. There is no shortage of bilateral and regional trade arrangements in the UfM Region. Nevertheless, these agreements need to be fully implemented and operationalized in order to exploit their full potential for economic integration and development in the Euro-Mediterranean Area. At the same time, deeper and more comprehensive trade relations need to include new sectors and effectively tackle non-tariff measures mentioned above;
 6. Discussions in different sessions during the Forum highlighted the critical importance of addressing services trade integration. The essential role of services in promoting merchandise trade and reducing trade cost as well as the role of services in the overall process of economic integration were stressed by several speakers and participants. Furthermore, the importance of services as the "backbone" for digital trade was underscored;
 7. Governments will need to show the political will to honor and implement fully the existing trade agreements in the region,

including the Agadir Agreement between Jordan, Egypt, Tunisia and Morocco (with the foreseen expansion to include Lebanon and Palestine). In any case, initiatives like the Agadir Agreement are good and inspiring examples on South-South Cooperation in the field of trade, which need to be fully utilized. They merit political, financial and technical support and promotion, and they should ideally expand when and if possible, to include new Members.

8. The expansion of such regional agreements to cover trade in services and investment effectively should be a priority. Regulatory challenges urgently need to be solved through – inter alia – recognition arrangements of standards, qualifications and other regulatory requirements. Furthermore, trade costs need to be reduced by using the WTO Trade Facilitation Agreement as a starting point. Similarly, Eastern and Southern Mediterranean countries should actively participate in the ongoing e-Commerce negotiations in the WTO to participate effectively in discussions shaping any new rules and gain experience in addressing the range of complex regulatory issues relating to digital trade;
9. The critical importance of data flows for the conduct of trade in goods and services was stressed by several speakers and participants. In order to facilitate cross-border trade and to ensure the cross-jurisdictional interoperability of suppliers of goods and services, it is necessary to promote different forms of regulatory cooperation between UFM countries. In particular, recognition of the adequacy of regulatory standards for data protection was identified as a priority;
10. The importance of transparency of regulation and availability of market information to private operators was emphasized. Market and regulatory information must be systematically gathered and made available locally to businesses on the ground;
11. Technical assistance, in particular for SMEs, will need to be stepped up, with some participants suggesting One-Stop Shops for businesses that require support when trying to enter new markets;
12. Businesses on the other hand need to identify market opportunities and potential value chains and bring regulatory obstacles to the attention of regulators. To this end, businesses need to mobilize their different institutions (inter alia chambers, associations and industry coalitions) in order to ensure effective representation of their interests across all shores of the Mediterranean. This also requires industry chambers and other business institutions to act as effective sources for data information, trust-building, the provision of AI solutions, the support for the effective use of rules of origins and all business transactions;
13. It was recognized that trade policies and trade rules often have a great influence on the structure of GVCs. Increased integration into well-structured regional and global value chains therefore requires a common effort by the regulators and the business communities alike in pursuit of sound policies and rules;
14. Present trade-distorting practices, protectionism and mercantilist approaches to trade by some major global economic powers have

a direct disruptive impact on the trade flows in the UfM Region. This calls for a more synchronized regional effort between trade negotiators in the pursuit of a well-functioning Euro-Mediterranean Free Trade Area;

15. The Fourth Industrial Revolution is a game-changer for global trade. New disruptive digital technologies are generating unprecedented opportunities and challenges, and unleash an accelerating rate of interconnectedness and just-in-time demands to which trade needs to adapt to in a fast and a smart manner;
 16. The bundling of goods and services in the digital era requires a new level of inter-agency coordination at the policy level. It calls for a holistic policy whereby regulators need to develop coherent agendas across different policy areas;
 17. E-Commerce readiness varies considerably across the UfM Region in terms of connectivity (hard and soft infrastructure), skills (for operators and consumers), regulations (data protection, cyber-security etc.) and market openness. This hampers the overall intra-regional potential and outreach of e-Commerce in the Euro-Mediterranean Region;
 18. The multifaceted character of e-Commerce implies the need for a permanent and structured multi-stakeholder dialogue, which 'connects the dots' and builds consensus on the courses of action needed to tap the full benefits of e-Commerce in the region;
 19. Due to the cross-border and cross-juridical nature of e-Commerce, trade barriers and regulatory challenges cannot be resolved exclusively through domestic regulatory measures. In order to ensure the facilitation of e-Commerce, international cooperation between governments and regulators is becoming increasingly essential. Over the past decade, trade negotiations and trade agreements have increasingly been concerned with e-Commerce and digital trade issues. In order to ensure solutions to the cross-border trade challenges in the Mediterranean, such international cooperation, including within the World Trade Organization, needs to target the specific challenges in the UfM region;
 20. Capacity building, technical assistance, and the transfer of knowledge and expertise are indispensable for a functional trading system with a robust regulatory framework. More attention should be given by governments to promote such assistance, in particular in areas where complex trade policy issues are being raised, such as digital trade.
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