



Union for the Mediterranean
Union pour la Méditerranée
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OUTCOME DOCUMENT 4th UfM TRADE AND INVESTMENT FORUM ISTANBUL, TÜRKIYE, 4 NOVEMBER 2022

*Regional trade integration
and investment promotion
for a green transition in the
Mediterranean*



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Regional trade integration and investment promotion for a green transition in the Mediterranean

The world has witnessed several disruptions of massive scale over the last few years, with far-reaching humanitarian, socio-economic and geopolitical repercussions that have affected some countries and regions more than others. Whether at the household level or at the global value chains level, the impact has been felt and is expected to further endure, challenging our conventional development pathways and cooperation modalities. Global economic growth prospects are being continuously revised as more dismal clocks are ticking for our natural environment and climate.

Regional trade integration and investment promotion have always been priority areas of action for the Secretariat of the Union for the Mediterranean (UfM), including in these challenging times.

In order to discuss these challenges, the UfM Secretariat and the German Development Coopera-

tion, under the auspices of The Ministry of Trade of the Republic of Türkiye and in collaboration with the Organization for Economic Cooperation and Development (OECD), co-organised the fourth edition of the UfM Trade and Investment Forum physically in Istanbul, Türkiye, on 4 November 2022.

This year's edition brought together a broad spectrum of high-level speakers, partners and stakeholders from different sectors of the Euro-Mediterranean Region to discuss the current regional economic dynamics in a changing global context. The event comprised three panels:

1. Making trade work for a green transition
2. Making regional value chains work for emerging economies
3. Making intraregional trade act as a cushion against global disruptions

In addition to the high-level speakers and pan-



elists, and 160 stakeholders and representatives from governments, the private sector, civil society, academia, and international organizations being present in the audience, the Forum was live-streamed online. A recording of the forum is available [here](#).

The Forum has yielded the following findings and recommendations:

1. **Green trade:** From a regionalisation perspective, greening trade is not limited to lowering emissions, it is a cross-cutting issue for all dimensions of sustainability: social, environmental, and economic. As such, the entire value chain needs to be addressed from sourcing raw materials to waste management and re- and upcycling opportunities. Of course, re- and upcycling needs to be considered during design and production and should target a circular economy in a long-term perspective.
2. **Digitalisation:** To enhance traceability of goods, adherence to standards, ensuring quality, adjusting to green production, and greening production, processing, logistics, storage, delivery, re- and up-cycling processes, digitalisation across value and supply chains is a must. Keeping digital processes coherent and lean would enhance trade capacities and abilities of actors with weaker infrastructure and provide them space to grow towards (green) technology orientation and digital processes. Digitalisation in this sense would also enhance regional trade and investment relations, and support resilience.
3. **Agreements and standards:** In discussing regionalisation of trade, the most preeminent topic is re-shoring, along with the sub-trends of nearshoring and friend-shoring. This will bring challenges to existing trade relations. But if planned and



implemented strategically, such trends can bring benefits to the Mediterranean region.

In terms of legal and policy infrastructure, faster, efficient, and sustainable solutions are needed for regionalisation to function well. Applying and implementing existing agreements would already facilitate trade and investments. Yet, stable regulatory frameworks are still one of the key factors for FDI and international trade. There is a need to identify and strengthen those under international, regional, multilateral, and bilateral agreements. As for standards that target the entire value chain, benchmarking would be critical to support the due diligence processes of MSMEs, especially in contexts where a more nurturing business environment is needed.

In terms of certificates and labels for standards, application processes can be made simpler and easier as an entry point to ease imports into the EU, or exports to the EU by regional actors.

4. **Inclusive solution design:** Interpretation of problems and identification of solutions must involve the young and female generation of the region to reinforce participatory processes and mechanisms for vulnerable communities. The most fragile seg-

ments of society that may not have access to networks or lobbying power need to be put into focus. Some suggestions can be the creation of a Mediterranean youth parliament, or a meeting right before a UfM Ministerial Meeting to give space for their opinions and perspectives. The outcomes can lead to policy recommendations.

5. **Market access and transparency:** To be able to increase resilience of trade, trade relations and value chains; the supply and demand assessment in the Southern Mediterranean region can potentially create a demand and supply platform. As a starting point, sectoral platforms and working groups could be created around critical sectors and value chains, such as food security and energy, with the aim of mapping the competitive advantages of the parts of the region and to diversify business prospects for poorer countries to enter, survive in, and eventually thrive in the market. Transparent market relations would also encourage creativity, competitiveness and would potentially result in improved production and supply processes that deliver accessibility of goods for all segments of society. This would also support the resilience of market systems and value chains in times of crisis.



- 6. Human capital:** The necessary move from low-income and low-skill jobs towards more value added, and a real technology and skills transfer has become apparent in the Southern Mediterranean Countries (SMCs). To this end, enhancing skills and competencies needs a gradual, holistic and strategic approach starting with improved TVET content and delivery as well as certification of these skills to be valid across the region. As an example, the production of solar panels should be a target for countries which currently only install them. Moreover, enhancing the mobility of skilled workers in the region, especially south-south, east-west, but also north-south/ south-north is critical to stop the brain-drain from the south.
- 7. Access to finance:** Resources such as grants, loans, credits, and innovative incentives for SMCs can be generated or re-designed to enable sectors and businesses to be able to invest, enter markets, compete, become more technology-oriented and to foster green trade.
- 8. Continued cooperation:** Deeper cooperation and collaboration in the Southern Mediterranean region to involve all actors would facilitate resilient, flexible, transparent, high-standard policy and infrastructure, as well as strengthened practice/implementation for trade, investment, value chain actors and consumers alike.
- 9. Most important sectors:** The following sectors have been identified with the highest potential of north-south collaboration for green trade and investments and to enhance resilience in the region: (Green) Energy, Green technology, E-commerce, Green tourism, Automotive, Agrifood industry, Fertilizers and pest control, Medical/ Sanitary, Logistics, Education and Textile.
- 10. Upcoming risks:** In addition to the current crises, the participants named the following future risks for trade and investment in the region: Recession and inflation, more and other wars, escalation of conflicts, shortage of critical resources, food crisis related unrest, increasing and more severe impacts of climate change, cyber-attacks and digital security, continued disruptions of global value chains, another pandemic and an increase of migration waves.



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