

Speaking points Deputy Director-General Marcus Cornaro – Opening speech at the Conference “MEDPRO: Prospective Analysis for the Mediterranean Region”

Brussels, 26 February 2013, 09:30 – 09:45 hrs.

Ladies and Gentlemen, dear Colleagues,

- **On behalf of Commissioner Stefan Füle** who could not be here with you today, I would like to express my gratitude for the opportunity **to open this conference**.
- I’m looking forward to **hearing more** about **your scenarios for 2030** for the **Mediterranean** and I am also curious to hear about the **policy implications you are predicating** and about **your recommendations to us as EU policy makers** for this region.
- More than two years have passed since the dawn of the “Arab Spring”, starting with the popular uprisings in Tunisia and Egypt.

In this context of transition, your **selected research areas** are of **crucial importance** for the whole southern Neighbourhood region, and expectations towards the newly emerged leaderships **to deliver in precisely these areas** are very high.

- The situation in practically the whole of the Arab world remains **highly fluid** yet **important differences** have emerged among and between the countries and the regions. While overall significant progress has been made in promoting democratic reforms, many obstacles still need to be overcome in order for these transitions to be successfully consolidated.
- Implementing **political, economic and social reforms** is a **long-term challenge**, efforts need to be sustained and results can only be assessed in the long term. Our partners that have gone through intense social and political upheaval (Tunisia, Egypt) are young democracies in need of time to set up new governance structures and formulate clear priorities.
- EU support **to stimulate sustainable economic growth** is therefore crucial to the promotion of democratic institutions, provided that the

countries of the region contribute to the promotion of a friendly environment for investment, jobs and growth. Let me underline that **economics has a deep connection with politics**. An economic collapse would imply a political failure of the transitions. Therefore, EU support is more urgent than ever to help transitions move in the right direction.

- The emerging leaderships are aware their major challenge is **to deliver growth and jobs**. There is **no quick fix**. They will have to manage high popular expectations while devising sustainable development solutions that combine more inclusive development with improving attractiveness for foreign investors.
- To illustrate, **over 18 million jobs** will be needed to absorb unemployed and new entrants to the job market in Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia alone in the next decade. Also, North Africa has one of the **highest (exceeding 25%) youth unemployment in the world**.
- But also **inequality** – another one of your research topics - raises significant concern, as it retards development and creates socio-political instability. Apart from income inequality, there is also concern about territorial disparities and other dimensions of inequality, including those in education, gender and health.
- **Before** listening to your scenarios for the future, let me first give you a **very brief overview** about what the EU **has already done and is doing at present** to support our southern Mediterranean partners in their difficult way through transition.

EU response to the Arab Spring

- The EU response to the Arab Spring has been outlined in two joint Communications, namely "**A partnership for Democracy and Shared Prosperity with the Southern Mediterranean**" adopted in **March 2011** and "**A New Response to a Changing Neighbourhood**" adopted in **May 2011**.
- Since the beginning of the Arab Spring, we have **reviewed our Neighbourhood Policy** and **adapted our on-going and pipeline programmes** to respond to the new challenges, focussing mainly on

economic growth/job creation, democracy building/governance and justice reform/rule of law.

- For the **period 2011-13**, the EU provided **around €700 million** for the southern Neighbourhood in **new grants** in addition to the € 3.5 billion already programmed for this region.
- **Additional funds** for 2011 and 2012 amounting to **€390 million** were allocated to support southern partners showing commitment to, and progress in, democratic reforms, with the establishment of the new programme "**Support for Partnership Reform and Inclusive Growth (SPRING)**". A new decision for 2013 for **€150 million** is currently under preparation. Through this umbrella programme we have translated the “more-for-more” principle into **operational terms**.

Civil Society/Governance

- The **role of civil society** is key to ensure the emergence of **pluralistic and tolerant society** and **increased public accountability**. Therefore the Commission created the **Civil Society Facility** to support civil society in promoting reform. It also increased support to the **Anna Lindh Foundation**, which will be vital in adding the voices of youth, women and civil society to the discussions on reforms.
- Moreover we are also providing financial support to the newly created “**European Endowment for Democracy**” to support emerging political/social movements and grass roots organisations.

Human Capital/ Education/Employment

- We are also aware that democracy needs the scaffolding of a healthy economy with opportunities for all. **Education and access to education** are pre-requisites to ensure a competent workforce.
- To this end, **€100 Million** were invested in programmes supporting **youth employment and SMEs development in 2011 and 2012 in Algeria, Egypt, Jordan, Morocco and Tunisia**.
- The EU also works helping to **equip citizens for new economic prospects**. The European Training Foundation works to create a better

performing and flexible vocational education and training systems and we increased its funding for 2012 and 2013.

- Concerning **higher education**, 743 additional Erasmus Mundus mobility grants for academic exchange for Southern Partners were financed for the 2011/12 academic year. Another €80 million for this purpose have been allocated to ENP countries in 2012 and 2013. **€12.5 million** were allocated in 2011 to the **Tempus programme** to modernise higher education in the Southern Mediterranean and expand collaboration with EU universities.
- We will also launch in 2013 **a new €12 million regional programme** which will facilitate business-to-business exchanges around the Mediterranean; support the essential work conducted in the context of the Euro Mediterranean Charter for Enterprise and unleash employment potential in the sector of the Cultural and Creative industries.

Energy/Climate Change

- On **energy** – another one of your research areas- the EU has increased support for market reforms and regional integration and is backing the establishment of the **Mediterranean Solar Plan together with the UfM**. The Commission is consulting with Member States and partners on the establishment of a **Mediterranean Energy Community, starting with electricity and renewables**.
- On the **environment side**, the EU has continued its support for **cleaning up the Mediterranean** through **the Horizon 2020 initiative**. The EU has also supported the draft Strategy for Water in the Mediterranean, pending political agreement by partners.

Inclusive economic development and access to finance

- On the lending side, **lending possibilities from the EIB, ERBD and other European Financial Institutions** for small and medium sized businesses have been **significantly increased**.
- The **EIB** can now provide **additional loans for up to €1.7 billion** (€1 billion from the 'Mediterranean mandate' and up to € 700 million for addressing climate change) and the **enlarged EBRD mandate** – as first

proposed by the EU - allowed the **mobilisation of €1 billion extra for activities in Egypt, Morocco, Tunisia and Jordan.**

- In the field of **inclusive economic development**, assistance has been reoriented towards SMEs and job creation initiatives in the southern Neighbourhood. The EU has also contributed to a new **€20 Million investment fund targeting regional SMEs (SANAD).**
- We are also presently setting up with the EIB and other financial institutions a **new €320 million regional SME guarantee fund**, which is intended **to facilitate the borrowing of SMEs at local banks.**
- In order to enhance **investment security in the Mediterranean**; the European Commission **granted €1.5 million** to the OECD to develop the **Investment Security Support Programme** as a pilot initiative, providing advisory services to host governments of the Southern Mediterranean region on reducing the legal risk of specific investment projects.

Market access

- But money alone will not foster business and growth if there are no markets. This is why the EU offers to the most committed partners the prospect of **progressive integration into the EU Internal Market.**
- Negotiating directives for **Deep and Comprehensive Free Trade Agreements (DCFTAs)** with Morocco, Jordan, Egypt and Tunisia were approved by the Council in December 2011. A preparatory process has been launched with **Tunisia, Morocco and Jordan.** The negotiations are due to start with Morocco in March 2013 and later with Tunisia. In the meantime, the EU explores mutually beneficial trade measures that can be introduced rapidly.

Mobility

- The EU also needs to **facilitate the mobility of people across the Mediterranean**, particular for business people. To this end, the Commission launched in 2011 **dialogues on migration, mobility and security** aimed at agreeing **mobility partnerships** with **Tunisia and Morocco.**

- Advanced discussions are underway with Morocco and will continue in 2013 with a view to start negotiations. Preparatory discussions are still ongoing with Tunisia and were launched with Jordan at the end of 2012.

Conclusion

- To conclude let me underline once more that more than two years since the start of the Arab Spring, it is clear **that transitions will take time**. It is not enough to overthrow a despotic regime; it takes time to build deep democracy. Expectations of those who have participated in the uprisings are high. **We know the impact of our support will take time to show**.
- The journey will not be easy, but we will continue to support our southern Mediterranean partners in their democratic transition in the South Mediterranean.
- I'm looking forward to the presentations to follow and wish you a **fruitful conference**.

Thank you for your attention.