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**The Voice of Business in the Mediterranean**

**SPEECH OF UMCE PRESIDENT  
Mr. Ömer SABANCI**

**VIth EURO-MEDITERRANEAN MINISTERIAL CONFERENCE**

**ON INDUSTRY**

**ISLE OF RHODES**

**September 22, 2006**

**Dear Ministers,  
Dear Colleagues,  
Ladies and Gentlemen,**

First of all, I would like to extend my thanks and gratitude to the Finnish Presidency of the European Union and the Greek Ministry of Development for inviting UMCE to participate effectively in this Conference.

I would also like to extend my special thanks to the organisers for allowing us to gather in this magnificent environment of the Rodos Palace.

It is a great honour for me, as President of the Union of Mediterranean Confederations of Enterprises (UMCE), The Voice of Business in the Mediterranean, to participate to this 6th Euro-Mediterranean Ministerial Conference on Industry and convey the views of private sector on the Euro-Mediterranean Partnership and the Barcelona process.

Before getting to the core of my speech, I would like to introduce UMCE for those among you who are not very familiar with it. UMCE is the Mediterranean counterpart of UNICE, whose main objective is economic integration within both sides of the Mediterranean. UMCE gathers twelve Member countries around the Mediterranean, which are its **founder members**: Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Palestine, Syria, Tunisia, and Turkey.

This is in addition to **newly joining observer members** from the European Union Member States: Confindustria (Italy) and the Federation of Greek Industry- FGI (Greece).

We are also working to bring Libya through the **Libyan Business Council** into our organisation.

We believe that working hand in hand North and South is the key to our **overall common objective**, which is economic integration and co - development paving the way towards peace and shared prosperity for all the people around the Mediterranean Basin.

**Ladies and Gentlemen,**

Europe should regard its neighbours in the South as opportunities to address the challenges of globalisation. They provide the solution to ageing Europe in terms of dynamism, youth, labour and consumption. This should be done in respect of growth promotion through investment and technology transfer.

There is an enormous stake in rebalancing North and South concerning three important areas:

- **Demographic growth and migration:** By 2025, South-med population will represent 70% of global North and South Mediterranean population. It will be more informed with greater demand for integrating modernity and for free circulation;
- **Co-development:** Europe should consider the South Mediterranean shore as its new frontier, as a competitive area of production and a promising market;

- **Security:** In this reservoir of mixed cultures, debates and conflicts, it is important to assume that prosperity will pave the way to security through a greater growth.

As the representative of the Euro-Med business community, we believe that **business organisations have a key role to play** in all this process. They are able to mobilise and unify the public opinion and they can also act near their public authorities. This is why we believe that more support is necessary to strengthen business organisations so that they can play their role fully.

The **adoption of the Euro-Mediterranean Charter for the Enterprise** was an important step in the process of achieving the Free Trade Area around the Mediterranean Basin by 2010.

Its implementation will contribute to have a **viable space for the so needed Foreign Direct Investments**.

**Ladies and Gentlemen**, we are here today to ask ourselves a few questions:

- Did we make the necessary reforms to make our countries attractive to Foreign Direct Investments?
- Is there any progress in strengthening both South-South and North-South relations?
- Did we provide enough upgrading and training for our enterprise human resources to put them on equal footing with their competitors?
- Is the European Commission contributing the necessary efforts to achieving the agreed goals?

**In short, did we achieve better governance, better regulation and better communication? As these are the keys.**

They involve, **firstly** ensuring macro-economic stability and enhancing competitiveness with the adequate infrastructure; **secondly** ensuring a better investment climate and encouraging foreign investors to come and settle in an environment where their competitiveness and efficiency can be enhanced; and **last**, convincing, on the one hand, the private enterprises that they have an important role to play and giving them the opportunity to play this role and; on the other hand, convincing our citizens that more dynamism in product and labour market means more growth, more jobs and more prosperity.

Today, five million jobs are created around the Mediterranean. To meet this demand, an economic growth of 6 to 7 % is needed around the Mediterranean Basin while the economies in the region have only a 4 % growth rate on average.

And foreign investments are still, despite all the previous repeated recommendations, **at 1 %, which is among the lowest compared to other regions in the world** (China, India and Latin America).

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The solution is mainly having a common consensus around attracting FDI. This will also be translated into less illegal immigration, less violence and terror, more tolerance. This is the peace all of us strive for.

As representative of the Mediterranean business community, **I would like to make an appeal to the 6th Euro-Mediterranean Conference on Industry to focus future efforts on increasing Foreign Direct Investments** An effort from the Northern part and namely from the European Commission is needed. For this, more consultation among the partners is necessary. A bigger role and involvement should be granted to the Working Party on industrial co-operation. We should sit together more often to identify and debate the problems and **elaborate common agreed action plans and programmes.**

The countries in the Mediterranean region are so heterogeneous and this is why, action plans and programmes by the European Commission should take into consideration these specifics and be adjusted accordingly to yield optimal results.

I would also like to **make an appeal to decision and policy-makers of all partners** gathered here today to use the valuable asset of the commitment of the private sector in industrial co-operation and their strong belief in the necessity and fruitfulness of the Free Trade Area.

This implies adopting **a strategy that should put the enterprise at the heart of Euro-Mediterranean co-operation.** This involves 3 main actions:

- 1) A new financial assistance methodology,
- 2) Reinforcing North-South sector-based, region-based and cross-border co- operation, and
- 3) A better information and communication strategy

In this concern, and relating precisely to the third point, business organisations must be put at the heart of all Neighbourhood action plans or programmes. They should participate more effectively in their elaboration because they have the knowledge concerning the needs and the specifics of the region and have the capacity to act at the enterprise as well as the government level.

Finally, I would like to briefly touch upon the **political process** in the Mediterranean. In terms of political structures, Europe faces a great challenge of defining the new governance mechanisms that are necessary for enlargement. And Europe must accept the Muslim religion as the faith of an increasing number of European citizens. Being Jewish, Christian or Muslim should make no difference in the European Union.

These are the challenges for Europe and there are many challenges for the Southern Mediterranean countries. There has to be in the Southern Mediterranean countries further improvement in freedom, human rights and democracy. There can be no illusion; we cannot realise this new partnership between the Southern Mediterranean and Europe, while the southern Mediterranean does not catch up with Europe in terms of democracy and freedom.

It is very important and also part of the democratisation in the South that all form of religious fundamentalism is marginalized and that the Southern countries differentiate the spiritual and the political spheres. This is essential for the functioning of a modern democracy. These are not easy and they are not going to happen from one day to another, but they are the pre-requisites for realising this vision of a stronger Europe linked to the Mediterranean and more prosperous Southern Mediterranean region.

To conclude, I would like to underline that the Euro-Mediterranean partnership has not yet been a success. The reluctance of the Mediterranean countries to move forward in the liberalization process and the lack of full determination on the part of the EU to make it work are main reasons of this result. The Barcelona process is still promising but under these circumstances, in the aftermath of the Iraq war, cartoons battle, Lebanon crisis, the Pope's comments and the tremendous changes in the region it will have to be managed very carefully.

**Thank you for your attention.**

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