

## **CHAIRMAN'S CONCLUSIONS**

### **TOWARDS THE ESTABLISHMENT OF THE EURO-MEDITERRANEAN FREE TRADE AREA**

#### **Liberalising trade on services and establishment**

Euromed Ministers welcomed the work and progress made in the regional phase of the negotiations on the liberalisation of trade in services and the right of establishment, which are open to all Mediterranean partners and are based on a few core principles namely compatibility with WTO rules, regional integration and development dimension.

Ministers recognised that the regional phase of negotiations has been fruitful although no agreement has been reached on a text. Ministers agreed to continue the regional phase of the negotiations.

Ministers agreed – in parallel – to move to bilateral negotiations in the coming months with those Mediterranean partners who are ready and interested with a view to conclude them as soon as possible before 2010. Ministers agreed on the need to ensure transparency of bilateral negotiations in order to keep informed those Mediterranean partners with whom bilateral negotiations have not been yet launched.

#### **Reinforcing the institutional and legal framework: negotiations on the establishment of a dispute settlement mechanism**

Euromed Ministers welcomed the progress made in the negotiations on the establishment of a more efficient dispute settlement mechanism for the trade provisions of the Association Agreements. This will bring increased legal certainty for economic operators across the Mediterranean.

Ministers agreed that discussions will continue with the aim of concluding as soon as possible the first bilateral protocols fulfilling the mandate given at Marrakesh in 2006.

#### **Strengthening regulatory convergence on industrial products and deepening agriculture liberalisation**

Euromed Ministers welcomed progress achieved in the implementation of the Palermo Action Plan. Next steps should lead to the opening of negotiations of Agreement on conformity assessment with a first wave of Mediterranean countries as soon as possible. In the meantime, Ministers agreed on the need to explore ways to prepare our Mediterranean partners for the future implementation of legislation and standards in this area, in particular through the reinforcement of technical and financial assistance in this area.

Euromed Ministers also welcomed progress achieved in the negotiations on further liberalisation of agricultural, processed agricultural and fisheries products, in accordance with the Rabat Euro-Mediterranean Road Map for Agriculture, which are on-going with Egypt, Israel and Morocco. They expect to conclude them as soon as possible. Ministers encouraged the launch of negotiations on further liberalisation of agricultural, processed agricultural and fisheries products with the rest of Mediterranean partners. They stressed the objectives of rural development, agricultural productivity, and development and promotion of quality production.

## **ENHANCING REGIONAL INTEGRATION**

Euromed Ministers welcomed progress in the building up of a network of Free Trade Agreements in the Mediterranean region: the entry into force of the Agadir Agreement between Morocco, Tunisia, Jordan, Egypt, and of the Free Trade Agreements between Turkey and Egypt and between Turkey and Syria. The EU is ready to help and encourage further progress on this issue, including in the field of harmonisation of regulations, procedures and legal framework.

The EU encouraged Mediterranean countries to accelerate the negotiation and entry into force of FTAs with one another so as to strengthen south-south regional integration. Euromed Ministers support efforts to strengthen trade and economic relations between the Palestinian Authority and Israel.

Euromed Ministers welcomed the adoption of the Protocol on the Pan-Euro-Mediterranean system of cumulation of origin by an increased number of Mediterranean partners. They agree to use all means available to increase awareness on the opportunities offered by the system, particularly for the business community.

Ministers agreed that the Western Balkans should be included into the Pan-Euro-Mediterranean system of cumulation of origin, in accordance with the principles and procedures that apply to all other participants to the system, and that the Pan-Euro-Med working group will prepare the technical amendments to the relevant origin provisions that are required to that effect.

Ministers also agreed to start the drafting of a single regional convention on preferential rules of origin for the Pan-Euro-Mediterranean area in order to replace the current network of protocols. They agreed that this work will be undertaken by the Pan-Euro-Med working group.

## **WHAT NEXT UNDER THE EURO-MEDITERRANEAN TRADE ROADMAP?**

Euromed Ministers agreed that their overall objective remains the establishment of Euromed Free Trade Area at the horizon of 2010. Significant progress has been made towards this objective both in terms of bilateral agreements between the EU and Mediterranean partners and of the establishment of a network of intra-regional Free Trade Agreements. They acknowledged that they are however still far from achieving their final objective. An ambitious perspective for the Euromed trade roadmap is also essential in view of the increasing number of free trade agreements which the EU is negotiating. Concerns were expressed about the erosion of preferences and in particular as regards the competitive

challenges for the textile sector. In this regard, the need for the EU to provide enhanced support to the Mediterranean textile sector, in particular as regards research and innovation, were highlighted. At the same time, Ministers noted that the proximity to the EU market, the delivery on time, the full application of the Pan-Euro-Mediterranean system of cumulation of origin and the process of regulatory convergence give to Southern Mediterranean countries a potential competitive advantage.

The question is what kind of free trade agreement should be achieved in the Euro-Mediterranean region. Ministers agreed that given the privileged and close links, it is necessary to be ambitious and aim at establishing a free trade agreement which provides for significant and progressive liberalisation of trade in goods and services, contributes effectively to the sustainable development of the region, particularly in rural areas, and includes strong legally binding provisions on trade and economic regulatory areas. The final objective is sharing a similar degree of market access, while taking into account each party's situation and sensitivities, and a common regulatory basis, which complements and improves market access.

Ministers agreed on the need to start gradually preparing for this. They acknowledged that the conclusion of on-going negotiations remained the priority and that the timing also depends on the interest and readiness of Mediterranean partners to deepen Euro-Mediterranean trade relations and the importance, in this respect, of support from the EU.

Euromed Ministers agreed to launch a preparatory process with Mediterranean partners which are ready for this ambitious trade agenda. A Senior Officials Working Group will work during 2008 to draw a road map of next steps in the trade field till 2010 and beyond. Its discussions will focus on how to diversify and enhance trade, to encourage industrial integration and European investments in the Mediterranean countries. The Group will consider further work on issues such as non tariff barriers, intellectual property rights, competition, public procurement, technical barriers to trade, and improved consultation on trade measures having impact on access to markets. The Group will propose appropriate actions on these issues. Ministers agreed on the importance of ensuring that the business community contributes to the work of the Group. The first meeting will take place in Egypt in early 2008. The results of the discussions of the Working Group will be presented to the Euromed Trade Ministerial in the second semester of 2008.

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