

Working together

EuropeAid

ENPI SPECIAL: Boosting Investments

N°2
03/2008

Economic cooperation between the EU and the Mediterranean countries has figured on the partnership agenda for years. Following the launch of the Neighbourhood Investment Facility, the Commission and the MED-partners have set up Invest in Med, another regional Programme to foster investments and business cooperation. With € 12 million available for the coming three years, this initiative should boost investments in the southern region.

Jobs

Average economic growth per capita in the MEDA region is one percent higher than in the EU-27. But an average salary of €3016 in 2007 shows there is lot of catching up to do (EU 27 average is approximately € 23.000). Investments figures in the region are significant, but if one analyses them more thoroughly it becomes clear that the bulk of the foreign direct investments merely comprises big acquisitions by Western companies, or gigantic investments that generally do not generate the highly needed, structural new jobs. The focus of the new 'Invest in Med Programme' will be on small and medium sized enterprises. They are the ones that adapt quickly to new circumstances and technological developments and they have proved -within the EU- to be a steady job creator as well as a motor behind innovation.

Widely supported

'Invest in Med' is a programme that is widely supported. The management consortium took up its activities in April of this year. It comprises not only the 42 investment promotion agencies united in ANIMA, but also the European Chambers of Commerce and Industry, their Mediterranean sister organisations and the Union of Mediterranean Confederations of Enterprises. Together they guarantee the involvement of the European and Southern Mediterranean business community at large. Their mission will be to explore the enormous economic potential at the other side of the Mediterranean, while making sure this happens in a sustainable manner.



Commission Head of Unit Carla Montesi and ANIMA-president Laila Sbiti signing the contract.

Priorities

The new project will run for 36 months involving the 27 EU-member states and the nine Southern ENPI countries. All partners met in Marseille this month for the first time to get acquainted and to exchange views how to best stimulate investments. In addition a number of key areas were identified so as to bring some focus to the programme. "There are some sectors that will be prioritised, like the agribusiness, information technology, textile and clothing and electrical and mechanical engineering, but within those we will have to identify the niche markets", explains Bénédict de Saint-Laurent, the project director from his office in Marseille. He considers the potential of the region to be enormous: "30 percent of the world wide container traffic goes through the Mediterranean. If we can convince companies to assemble their final products in the region it could generate incredible savings for them and jobs for the region. Tanger has meanwhile been discovered by big investors like Renault-Nissan."

"Southern potential neglected"

Moroccan Laila Sbiti, president of the ANIMA Investment Network also stresses the strategic economic importance of the Mediterranean region: "In recent years the European Union has considerably looked at its East, both close, like the Western Balkans, and far, like China and India. By doing so it has neglected the enormous potential of countries lying at its South."

Sbiti thinks the "young and dynamic population as well as the high economic growth rates are especially attractive for European companies". "And don't forget, we are in the same time zone, which makes the business-to-business contact a lot easier", she adds.

Building on previous programmes

Carla Monti, Head of Unit responsible for the new programme in DG AIDCO, thinks the programme fits perfectly in the objective of creating a free trade zone between the EU and the Southern partners. She underlines the complementarity with other programmes and activities of organisations like the European Investment Bank. "And it builds further on our support to Investment Promotion Activities that are now united in the ANIMA-network."

Sub-regional cooperation

"But companies should not only look at the possibilities at the other side of the Mediterranean", Monti warns. "We would also like to give a firm impetus to the sub-regional cooperation. The Agadir process (to increase trade between Egypt, Jordan, Morocco and Tunisia) proved to be a successful test case in this respect." Monti also points at the over €200 million of risk-capital that is made available through the European Investment Bank. "All ingredients for growth are there!"

Actions

Actions under 'Invest in Med' will target investors, banks, companies, intermediary institutions, government organisations and other public bodies. Training and coaching programmes, business meetings, conferences and fairs, staff exchanges and improved information material should add to a better investment climate, improved skills and mutual understanding.

Barriers

According to De Saint-Laurent, the biggest hurdle for European businesses to go south is trust. "The cultures are different, some countries are not the best examples of democracy and the information potential investors receive is often limited due to the lack of reliable statistics. The big companies like Siemens and Microsoft take care of themselves, often negotiate directly with governments. Our clients are smaller and medium-sized companies -often suppliers of the big players- that have to find out things themselves. They are often reluctant because they don't know the work ethics and can't assess the educational levels in other countries. We guide them by making the best use of our networks. We provide information; help them find appropriate partners, etc.

Intersouk and radio's

Examples of projects that were successful are numerous. "One was started by four young stagiaires from Algerian origin at Intermarché in France. They decided to start the 'Intersouk' in Algeria and we helped them with that. Another sympathetic start-up was by some French of Algerian origin that worked in the radio business in France. They successfully launched an internet radio channel in three Algerian cities.

For more information: www.anima.coop or www.invest-in-med.eu

More information on the European Neighbourhood Policy:

http://ec.europa.eu/world/enp/index_en.htm

The ENPI SPECIAL is published by DG AIDCO