

## Information Report of the Economic and Social Committee (7 August 2001)

**Caption:** Example of an information report drawn up by a section of the Economic and Social Committee at the request of the Committee.

**Source:** Information Report of the Section for External Relations on International Trade and Social Development (7th Euromed Summit). CES 438/2001 fin EN-ES/ET/NT/ms. [ON-LINE]. [Brussels]: European Economic and Social Committee, [08.03.2002]. Disponible sur [http://www.ces.eu.int/pages/en/acs/events/Euromed\\_060302/ces438-2001\\_fin\\_ri\\_en.pdf](http://www.ces.eu.int/pages/en/acs/events/Euromed_060302/ces438-2001_fin_ri_en.pdf).

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## Information Report of the Section for External Relations on International Trade and Social Development (7th Euromed Summit)

Rapporteur: Ms López Almendáriz

### Procedure

On 28 November 2000 the Economic and Social Committee, acting under Rule 26 of its Rules of Procedure, decided to instruct the Section for External Relations to draw up an information report on

*International trade and social development (in preparation for the 7th Euro-Mediterranean summit of ESCs and similar institutions).*

The preparatory work was carried out by the following members and experts working for the rapporteur and groups:

<b>President</b>	<b>Mr Nilsson - III</b>
<b>Rapporteur</b>	<b>Ms López Almendariz - I</b>
<b>Members</b>	<b>Mr Andrade - I</b>
	<b>Mr Briesch - II</b>
	<b>Ms Cassina - II</b>
	<b>Mr Confalonieri - III</b>
	<b>Mr Dimitriadis - I</b>
	<b>Mr Etty - II</b>
	<b>Ms Hassett - III</b>
<b>Experts</b>	<b>Mr Luis González Gómez de Aranda (for the rapporteur)</b>
	<b>Mr Peter Seideneck (for Group II)</b>

The study group met three times:

- 19 February 2001
- 6 May 2001
- 27 June 2001.

The Section for External Relations adopted its information report unanimously on 20 July 2001.

### Introduction

The sixth Euro-Mediterranean summit of economic and social councils and similar institutions, which was held in Naples on 2 and 3 November 2000, decided that one of the reports to be presented at the following summit should consider "*International trade and social development*". The European Economic and Social Committee has drawn up this report in cooperation with the French, Greek, Spanish, Lebanese and Moroccan economic and social councils.

The topic provides the opportunity to analyse the social implications of establishing a free-trade area in the Mediterranean partner countries and to consider and debate the social dimension of the proposed international trade policies<sup>1</sup>.

Finally, as part of the preparatory work for this document, a questionnaire was drawn up and sent to the economic and social committees of Algeria, Morocco, Tunisia, Malta and the Lebanon, the EU-Turkey Joint Consultative Committee, and socio-occupational and other civil society organisations in the other seven Mediterranean partner countries. On 5 May last the study group also organised, in cooperation with the Swedish Institute in Alexandria, a hearing of socio-occupational groups and other representatives of civil

society in Egypt. The aim of both actions was to obtain at first hand the views of the Mediterranean members of the Association on the subject matter of this report<sup>2</sup>.

## I. International trade and social development

1. The link between trade and social development has been a constant point of reference in relationships between nations since, after the Second World War, a certain consensus started to develop as to the need to liberalise international trade, which led to the conclusion in 1948 of the General Agreement on Tariffs and Trade (GATT).

2. Since that time there have been nine negotiating rounds and the number of participants has grown from 23 to more than 130, customs duties have been cut by an average of 40%, and in 1994 the World Trade Organisation (WTO) was set up, which it was intended should become the leading forum for the administration of multilateral trade agreements, the resolution of trade disputes and the provision of technical assistance and back-up for the trade policies of developing countries.

3. In the light of the economic and social evolution of this process, it cannot be assumed that the liberalisation of trade and access to markets will necessarily lead to growth in the economies of the developing countries. Nor is there any empirical evidence that economic growth is always translated into improved development indicators in every country.

In fact, it is the quality of domestic policy which most directly contributes to improved social and labour conditions against a background of globalisation; it can do this in two ways:

- by exploiting the opportunities offered by trade flows;
- by ensuring that growth is translated into social development which benefits the broad population.

4. Clearly over the last few years the debate as to the repercussions of the liberalisation of world trade and respect for social and labour standards has considerably intensified, at bilateral, regional and multilateral levels. The International Labour Organisation (ILO), which had developed quietly, on the periphery of the public consciousness, as a tripartite organisation for the drawing-up and supervision of labour standards, has taken on an active role in the debate on protectionism or free trade as alternative ways of ensuring social development in a global context. Because of the way it has developed and guaranteed tripartite representation since the moment it was founded, the ILO has become the forum *par excellence* for debating these matters. This resulted in 1998 in the Declaration on Fundamental Labour Rights, the obligatory benchmark for ensuring that the process of globalisation adheres to these standards. The following points should be stressed:

4.1 The 1998 Declaration on Fundamental Labour Rights is a suitable basis for examining progress in a system of multilateral trade, both in terms of the declaration's scope and given that it clearly identifies a minimum set of standards to be complied with.

4.2 Strict compliance with the rights set out in the declaration would not mean the developing countries losing their comparative advantages; rather, these rights constitute an essential minimum threshold below which competition would be not only unjust but also unacceptable at an economic level.

4.3 As well as encouraging discussion of these questions in the ILO, it is also necessary to identify and promote measures which are more effective than trade sanctions in ensuring that these values are respected, such as the development of programmes for technical assistance and for identifying illicit work practices, such as forced labour and child labour in all its most degrading manifestations.

4.4 It should be stressed that an efficient development strategy needs to be backed up by the implementation of sound and structured domestic policies. In particular emphasis should be placed on the importance of policies which promote social cohesion and integration into civil society, educational policies aimed at

improving skills and social integration without discrimination on grounds of gender, race or religion, and health and education policies.

## II. The European Union's approach

5. Over the last few years the European Union has demonstrated a high level of consensus in this debate, both in its policies and in the positions it has adopted in multilateral institutions, which testifies to a clear will to promote social development using all the instruments, commercial or otherwise, at its disposal.

6. A brief survey of the EU's record in this area would have to include the following:

6.1 The EU's development agenda in which it argued for a case-by-case approach to development policy and exemption from customs duties for products from the least developed countries.

6.2 The new Cotonou Agreement, which lists among its main objectives the eradication of poverty, sustainable development and the gradual integration of the ACP countries into the world economy, whilst requiring each of the ACP countries to draw up a development strategy.

6.3 The EU's Generalised Scheme of Preferences (GSP), established in 1971, which was reformed in 1994 to bring it into line with the Uruguay Round agreements and the new requirements of sustainable development (social and environmental aspects). The features of the GSP most relevant to the subject of this document are:

6.3.1 The reference to the ILO's minimum set of basic labour standards.

6.3.2 The fact that it is a system based on encouragement rather than sanction. Thus, it provides for additional preferences for agricultural and industrial products from beneficiary countries which respect ILO conventions on rights of association, collective bargaining, minimum working ages and non-discrimination (Conventions 87, 98, 111 and 138).

6.3.3 The GSP clause permitting the withdrawal of benefits from countries which are shown to practise slavery, especially involving children and/or forced labour as a result of debt bondage (ILO Conventions 29 and 105).

6.4 The Everything but Arms initiative proposed by the European Commission and adopted by the Council. Under this system the least developed countries would enjoy free access to the Community market, with exemption from customs duties, except in the case of exports of arms.

6.5 In addition to the above, the EU has adopted a clear position in promoting sustainable social development and in particular access to the European market, providing that the countries in question show their clear commitment to effective development policies and ensure compliance with the minimum labour and social protection standards laid down by the ILO. A number of initiatives have been launched with this in mind by the European Parliament, the Council and the Commission, and the ESC has issued a number of opinions on the subject<sup>3</sup>.

6.6 Notwithstanding the comments set out above, the Committee would place on record that much remains to be done if policies such as those of the EU on development are really to have a substantial impact on reducing differences in development levels. Deficiencies in health care, education, housing, gender equality, or in simply reducing poverty, are still unfinished business if we are to have a development cooperation policy which is effective in achieving its long-term objectives.

## III. Trade and development in the Euro-Mediterranean area: The Euro-Mediterranean Association

7. The EU has adopted a broad approach spanning economic and trade questions, social development, security and stability, third countries and cultural cooperation.

8. This approach interconnects questions as diverse as the conservation of cultural values, civil society, stability and relations between neighbouring countries etc. Such has been the case with the southern shore of the Mediterranean.

9. The Barcelona Process which began in 1995 is an ambitious and innovative attempt to develop a Euro-Mediterranean Association with three fundamental dimensions embracing its 27 members:

- establishment of a common area of peace and stability;
- creation of an area of shared prosperity, and
- development of human resources, promotion of understanding between cultures and interchange between civil societies.

10. In the context of economic and financial association, the following points should be stressed:

**10.1 The gradual establishment of a free trade area by 2010.** This objective is considered compatible with the obligations entered into by the parties in the WTO, and provision is made for a 12-year transitional period.

**10.2 Economic cooperation.** On the basis of the following premises:

10.2.1 recognition of the importance of domestic savings, and direct foreign investment flows;

10.2.2 importance of regional cooperation;

10.2.3 need to promote cooperation between firms and establish technical support mechanisms for SMEs;

10.2.4 need to reconcile economic development with respect for the environment; and

10.2.5 need to recognise the key role of women in the development of the area, promoting their participation in the political and social life of those countries, particularly with regard to the creation of jobs.

**10.3 Financial cooperation.** It will be impossible to make a success of the free trade area without a substantial increase in financial assistance to the area. For this reason the 1995 Cannes Summit approved a total of EUR 4.685 bn assistance, to which can be added loans by the European Investment Bank and bilateral contributions from the Member States.

In the light of the above, it is clear that the relationship between trade and development in the Euro-Mediterranean area is a fundamental component of the association although not the only one.

11. This free trade area would group together more than 700 million people and would involve the liberalisation of trade in a stable and transparent framework, thus becoming a major source of stability. Through the various agreements concluded with its partners, the EU has guaranteed free access for industrial products from the countries of the southern shore of the Mediterranean and gradual liberalisation for agricultural products. It will therefore be necessary to establish surveillance policies and machinery so that the EU can go on opening up its markets; at the same time non-EU partners who are part of the Barcelona Process must match this effort so that this opening up is reciprocal.

12. The free trade zone is structured around a series of instruments designed gradually to achieve this objective:

**12.1 The Euro-Mediterranean Association Agreements** which govern relations between the Mediterranean and the EU. These agreements are much more ambitious instruments than the kind of agreements which the

EU had previously entered into with a number of countries in the region.

Specifically they include:

12.1.1 respect for human rights and democratic principles;

12.1.2 liberalisation of trade in industrial and agricultural products with a transitional period of 12 years until complete liberalisation in 2010, and gradual liberalisation of trade in services;

12.1.3 other economic provisions, such as those relating to the harmonisation of rules of origin, protection of intellectual property rights, state aid, competition policy etc.;

12.1.4 financial cooperation, mainly through the MEDA programme;

12.1.5 social and cultural cooperation via provisions covering workers rights and other social questions;

12.1.6 institutional structure, with the establishment of a council (at ministerial level) and a committee (at senior official level).

13. To date, the only agreements to have entered into force are those with Israel, Tunisia, Morocco and the agreement signed with the Palestinian Authority, whilst the agreements with Jordan and Egypt are awaiting ratification. Negotiations are currently under way for agreements with Lebanon, Syria and Algeria. Relations between Turkey, Cyprus and Malta and the EU are governed by Association Agreements, which provide for the eventual accession of these countries to the EU.

14. The second major instrument planned under the association, the MEDA programme, is essential for ensuring these economies' successful transition to a market model and for ensuring that this transition takes place without damaging social repercussions and in a way which encourages social development.

15. During the life of MEDA I (1995-1999) the EU used this instrument to commit funds totalling more than EUR 3.4 bn, to which should be added EIB loans and bilateral contributions from the EU Member States.

16. The Barcelona Process, since its creation in 1995, has undoubtedly been one of the most ambitious initiatives by which a group of developed countries has taken account of the importance of development in a neighbouring region and of the need to liberalise trade with a view to achieving this objective. The various ministerial summits which have been held since then (Malta, Palermo, Stuttgart, Lisbon and Marseilles) have provided a forum for meeting representatives of an area which at various times has felt misunderstood, insecure and remote. Forums for encounters with representatives of civil society have been equally important, such as the one which has given rise to this document or the industrial summits held by employers' organisations in the area.

17. The magnitude of the EU's economic and trade relations with the countries of the area today is undeniable:

- 53% of the South Mediterranean countries' imports come from the EU (while 8.3% of the EU's total imports come from this area);

- the countries of the southern shore of the Mediterranean send 51% of their exports to the EU (while 11.4% of the EU's total exports are to this area);

- the EU is the south Mediterranean region's main source of official development aid.

#### **IV. The ESC's recommendations for trade and social development in the context of the Barcelona Process**

18. Nonetheless, it is universally recognised that the process is far from having achieved its objective. The area's development indicators have not improved as much as the association would have liked and the region is still in the process of completing its transition to an open market economy model, respect for human rights and pluralist democracy. This document sets out to highlight the importance of the necessary critical scrutiny brought to the process by various initiatives such as the Commission's 1998 Communication on the Euro-Mediterranean Association and the Single Market, the Common Strategy of the European Union for the Mediterranean, adopted in 2000 by the Feira European Council<sup>4</sup>, and the Commission's Communication to the Council and the Parliament from the same year entitled Reinforcing the Barcelona Process<sup>5</sup>.

19. Clearly the results of the Process are in all respects inadequate. Expectations have not been realised, most importantly with regard to the economic and social development of these countries, and the Process suffers from a clear lack of public credibility, with a general lack of information on the difficulties and benefits entailed in it. This ignorance is fully acknowledged by some of the institutions which returned their "international trade and social development" questionnaire to the ESC, despite the efforts made by some governments to increase people's knowledge of the EU and the Barcelona Process. For all these reasons there is an undeniable need to relaunch the Barcelona Process; this is an historic opportunity to develop an area of shared peace, prosperity and security.

20. The free trade agreement continues to be a major objective of the Process and the most important instrument for substantially improving development and living conditions in these countries. The Association countries can and should make the most of the immense potential represented by the trade links which have for centuries united the two sides of the Mediterranean. Additional efforts will be needed in the following areas:

20.1 The agreements will lack any guarantee that they will promote development in the area if the countries in question do not tackle the necessary reform process which will underpin their complete transition to an open market economy with a social dimension.

20.2 The process of negotiating, signing and ratifying the Euro-Mediterranean Association Agreements with Lebanon, Syria and the Algeria will have to be significantly accelerated.

20.3 The liberalisation of the agricultural chapter will have to be done in compliance with WTO obligations, taking into account the specific features and production profile of each of these countries, together with traditional trade flows in the area. In this connection it would be desirable for the next Spanish presidency of the EU to take the initiative of convening a conference of the agriculture ministers of the 27 member countries of the Barcelona Process, which hitherto have not held such a joint meeting. This conference would provide an opportunity to consider a joint strategy for developing the farming sectors in the countries concerned and their full integration into the agreements concluded in the WTO.

20.4 With regard to services, partners which are not members of the WTO will have to be asked to join this organisation and to participate in the negotiations for the General Agreement on Trade in Services.

#### 20.5 South-South dimension

20.5.1 The volume of inter-regional trade (6% of these countries' trade total)<sup>6</sup> continues to be insignificant in comparison with other parts of the world and it is certainly insufficient if the agreements with the EU are to realise their potential. The EU should redouble its efforts to provide technical assistance to these countries, thus developing the South-South dimension of the process. It is therefore essential to push ahead with initiatives such as the Arab Free Trade Area or the recent declaration on the creation of a free trade area between the Arab Mediterranean countries, not neglecting to strengthen the various bilateral trade liberalisation agreements signed between the countries of the region<sup>7</sup>.

20.5.2 The Committee would stress the usefulness of initiatives such as that proposed by the Swedish Presidency of the European Union which held a conference of the trade ministers of the 27 Association countries, to examine and improve the trade aspects of the Process<sup>8</sup>. Initiatives such as this should be



repeated in future, thereby ensuring a good flow of information on non-tariff barriers faced by firms and economic operators who trade in the area.

20.5.3 Also on the subject of integrating the economies of the area, it is vital that the countries concerned, with the support of the EU, make a major effort to improve transport and telecommunications infrastructures so as to facilitate the more rapid and efficient movement of goods and persons.

20.5.4 The lack of diversification of the area's exports, insufficient competitiveness, the rigidity of the labour market and insufficient liberalisation all need to be taken into account in this respect. Moreover, the EU should support these countries in strengthening their negotiating capacity with a view to the formulation of appropriate trade policies in forums like the WTO.

20.5.5 Another area where progress will need to be more rapid than hitherto is harmonisation with regard to rules of origin, protection of intellectual property and customs operations, and their alignment with the EU, building on Europe's experience in launching the single market.

21. Average annual disbursements under the MEDA programme, at 26%, have been clearly inadequate. The Committee would put forward the following proposals for the future MEDA II programme:

21.1 simplification of, and improvements in, programming and administrative procedures;

21.2 improvements in transparency;

21.3 improvements in monitoring of projects financed by MEDA, thereby ensuring their efficiency and actual impact on beneficiaries' development indicators;

- alignment of the MEDA II decision-making procedures with those currently used for TACIS and PHARE;

- according to the results of the "international trade and social development" questionnaire, the priorities of EU financial aid under MEDA should focus on infrastructure, the environment, training, health and new technologies.

At all events, the Committee welcomes the substantial rise in funding for MEDA II (2000-2006) compared with MEDA I. The increase from EUR 3.4 bn to 5.35 bn is undoubtedly a considerable boost to the Process and its objectives. The ESC would also welcome an increase in funding for MEDA when the current MEDA II expires and MEDA III is approved.

22. It is essential to improve the area's attractiveness to foreign investment if there is to be any significant impact on job creation and living conditions in these countries. Direct foreign investment in this area accounted for only 5% of total investment in emerging economies last year. It is crucial to encourage the creation of transparent, secure and reliable frameworks to facilitate the Euro-Mediterranean area's integration into the world economy. In this connection the OECD's guidelines on multinationals could provide a point of reference to ensure that foreign investment, more specifically investment by multinationals, properly respects labour, social and environmental standards. In particular, the last revision of these guidelines allows the governments of non-OECD countries to adhere to the guidelines, which is something that the Committee would welcome in respect of partners in the Barcelona Process who are not members of this organisation.

23. Improving the integration of the southern shore of the Mediterranean into the new international economic flows must at all times go hand in hand with development which respects the environment and the sustainability of the region's resources. This is the only way of preserving the area's environmental richness for future generations and at the same time helping to improve living conditions and boost development.

The ESC regards cooperation between the countries of the southern shore of the Mediterranean in the use of water resources as a key element for the progress and stability of the region. Water shortages, especially in



the Middle East, mean that a global framework has to be established for cooperation in this sphere; this is vital for the sustainable development of these countries because of its impact on agriculture, tourism and the environment. The Committee would highlight the importance accorded to regional cooperation in this field by:

- the Mediterranean Water Charter, adopted in Rome in 1992;
- the 1995 Barcelona Declaration;
- the Presidency Declaration, adopted at the Stuttgart Ministerial Conference in 1999;
- the conclusions of the World Water Forum, held by the World Water Council in The Hague in 2000;
- the Action Plan adopted by the General Assembly of the Mediterranean Water Network in Malta in 1999;
- the two sectoral conferences on water held within the framework of the Euro-Mediterranean Association in Marseilles (1996) and Turin (1999).

Water consumption has increased 60% around the Mediterranean over the last twenty years and is still rising. At the same time the available water resources are dwindling, threatening the fragile balance between population and environment. Therefore it is essential to:

- set up integrated management systems for drinking water, sewerage and waste water;
- prevent and alleviate the consequences of drought through rational management of scarce water resources;
- manage irrigation water to ensure that it is used as efficiently as possible;
- use non-conventional water resources.

The EU should increase MEDA funding so as to provide technical assistance in these areas and to bolster the capacity of each country to establish cooperation arrangements with its neighbours as part of regional and sub-regional strategies for cooperation in the use of water resources.

24. The role of civil-society players in the Process should be reinforced and their role as social discussion-partners for their respective governments promoted; they should be informed of the current negotiations on the Association Agreements. Social development cannot be fully realised unless there is a fluid social dialogue on the problems which the peoples of these countries have to confront. It is essential that the organisations representing employers, trade unions and other grass-roots economic and social organisations be involved in this dialogue. In some countries the framework within which these players operate is insufficiently developed, and the EU and its partners should therefore make efforts to reinforce and promote the full involvement of employers, trade unions and other organisations in these countries' economic and social decision-making process. This process should extend to all the 27 signatories of the Barcelona Declaration, as to exclude any country would be a grave infringement of the spirit and letter of the Declaration.

25. Clear support should be given to the role of businesses as the driving force for growth, job creation, promotion of economic and social reform and progressive liberalisation of markets. In this connection, we would stress the following:

25.1 The necessary reinforcement of the business framework and support for SMEs, especially exporting companies, as potentially one of the most effective tools for job creation and social integration.

25.2 Reduction of the tax burden on new business creation plans and strengthening of the entrepreneurial fabric in general could make a decisive contribution to helping these economies grow and develop.

25.3 The Commission should redouble its efforts to support initiatives like the UNIMED project for the creation of an umbrella employers' organisation representing employers' organisations from the whole Mediterranean region. In this connection the private sectors in these countries will have to be assisted economically and technically to set up these organisations where they do not exist and to consolidate them where they have still not managed to play a full role in representing the interests of the private sector. This should also apply to trade union organisations and other non-governmental socio-economic organisations.

25.4 It is also very important to maintain the encounters between Euro-Mediterranean employers' organisations (the industrial summits) as a forum which makes an undisputed contribution to the progress of the Barcelona Process. Following on the heels of the last summit, held in Tunisia, the forthcoming summits in Turkey and Egypt will undoubtedly provide an opportunity to analyse the Process from the point of view of businesses.

25.5 Programmes like MED-Interprise, MED-Partnership, and the business centres sponsored by the Commission in eight of these countries have proved a very useful way of bringing together firms from these countries and the EU, and every effort should be made to continue and improve these in the future.

25.6 With regard to the MEDA regional cooperation mechanisms, the industry sector working party looking at investment policies, technological innovation and support for SMEs should be firmly established. In this respect the Committee would affirm its support for all those mechanisms of the Barcelona Process which promote the transfer of technology between the EU and its partners in the Process.

26. It is crucially important to coordinate the Euro-Mediterranean Association's various mechanisms for putting into effect policies conducive to social cohesion in these countries, promoting the elimination of any form of discrimination against women in a social and economic context. It is vital to coordinate the EU's activity with the respective governments and civil-society players to ensure that women are fully integrated into political and social life in the area. Any action programme which pursues this aim will have to take into account the important contribution of women to job creation in the southern Mediterranean countries. In many cases the contribution of women to national economic activity is on the fringes of the social-labour protection system, in the informal sector, or through the creation of micro-enterprises; hence measures are needed to help them integrate into the labour market, and at the same time to facilitate their access to training programmes designed to upskill the female workforce.

The Committee would here reiterate the conclusions of the information report that it issued in 1999 in preparation for the Fifth Euro-Mediterranean Summit in Antalya (Turkey)<sup>9</sup>. In this report the ESC argued for:

- equality of treatment and opportunity;
- better participation of women in the labour market;
- development of vocational and further training programmes;
- integration of women into representative and decision-making bodies;
- investment in social infrastructure and services for mothers entering the labour market; these services to be run by the mothers themselves;
- development of health and preventive care facilities for women;
- promotion of the creation of support networks to provide legal and tax advice and help women set up and run SMEs. These associations should also link up with their counterparts in the EU.

Finally the ESC welcomes the forthcoming forum on the role of women in economic development, to be

held in Brussels on 13/14 July 2001 under the auspices of the Euro-Mediterranean Association. It is necessary to ensure the continuity of this kind of initiative and of all such initiatives which facilitate exchanges of experience and views concerning women and how to improve their role in the socio-economic development of the Mediterranean. Similarly, it is essential that support for these initiatives and those mentioned in the preceding paragraph result in adequate financial support through MEDA II.

27. In general terms, it is essential to improve the access of the southern Mediterranean countries to the information society and new technologies. This should cover the whole population and all sectors.

28. With regard to the foregoing, an extra effort should be made all round to promote the proper integration of the region into modern economic flows and to improve its competitiveness, thus creating economies which gradually move away from their dependence on the export of raw materials and low added value manufactures. For this, the Committee would highlight the importance of:

28.1 Stepping up training programmes and programmes that build up the economic fabric of these countries, covering the training of both workers and entrepreneurs, and, as a prerequisite for this, the need for effective teacher training programmes, so that the transfer of knowledge extends to all sectors of the economy with adequate guarantees of quality and efficiency. The ESC would here stress the importance of investing in training policies, especially in connection with new technologies and the information society, in line with the conclusions of last year's Lisbon Summit.

28.2 Equally important is the creation of local and regional networks of SMEs to improve their access to the benefits offered by the information society in the fields of transport or communications.

28.3 It would be extremely useful to initiate programmes establishing sectoral business development strategies, promoting the integration of the business fabric of the EU with that of the southern shore Mediterranean countries through joint participation in fairs, investment projects, information and technology transfer networks, etc.

29. There should be close cooperation with the countries of the region, including in the context of EU initiatives, to resolve the problem of immigration and its impact on development in these countries. Account will need to be taken of the economic, social and cultural situation in these countries. Efforts will also be needed to combat poverty, improve living and working conditions, eliminate gender discrimination, prevent regional conflicts and consolidate democratic states. In general, transparent measures are needed to increase confidence and facilitate contacts between the parties involved.

30. The Process must ensure that between us we build a market economy with a clear social dimension and a firm commitment to maintaining the liberalisation of trade, whilst guaranteeing an appropriate level of social development and promoting gender equality.

31. Finally, the Committee would highlight the need to go on working to improve stability and co-existence among the countries of the region. This is essential for all-round progress in the Euro-Mediterranean area and to achieve a lasting peace. Violence should be rejected out of hand as a means of resolving the political, religious and ethnic conflicts which have sometimes blighted the history of this region and its enormous potential. The same conclusion was reached in the final declaration of the 6th Euro-Mediterranean Summit in Naples and no significant progress has been made on this front since then. It is to a large extent by establishing an area of security, peace and stability and overcoming all obstacles to understanding between the countries to the south of the Mediterranean, and between these countries and the European Union, that the true spirit of the Barcelona Process in 1995 will be recovered.

Brussels, 20 July 2001.

The President of the Section for External Relations

**Alexander Graf von Schwerin**

The Rapporteur of the Section for External Relations

**Margarita López Almendáriz**

The Secretary-General of the Economic and Social Committee

**Patrick Venturini**

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**N.B.:** Appendix overleaf

### **Appendix: Trade of member countries**

[...]

<sup>1</sup> It also provides an opportunity to foster the general debate called for by Commissioner Lamy, in the form of an exploratory ESC opinion on the subject of "Human rights in the workplace ". Mr Lamy requested the European ESC to hold an exchange of views and a number of wide-ranging debates on this subject, drawing on its networks of civil society representatives in EU and non-EU countries.

<sup>2</sup> 17 institutions/organisations replied, covering seven Mediterranean countries. For this reason the results of the questionnaire do not provide a complete overview of the situation of the socio -occupational groups in these countries. However, they do provide some useful information for this report and this has been incorporated at various points. It is especially interesting to see the differences between the applicant countries and the other Mediterranean countries as regards knowledge of the EU and their rating of the social development level.

<sup>3</sup> Opinion on the World Summit of Social Development (OJ C 110, 2.5.1995); Opinion on the Follow-up of the World Summit of Social Development (OJ C 168, 16.6.2001); Opinion on the WTO (OJ C 101, 12.4.1999); Opinion on Development aid, good governance and the role of the socio -economic interest groups (OJ C 287, 22.9.1997).

<sup>4</sup> (2000/458/PESC)

<sup>5</sup> COM(2000) 497 final

<sup>6</sup> See tables, appendix

<sup>7</sup> The Arab Free Trade Area was created in 1996 at the summit of Arab states in Cairo. 18 Arab countries approved a work programme starting in 1998. The Declaration on the creation of an Arab Free Trade Area was signed in 2000 pursuant to the resolutions drawn up at the Summit of Arab countries in Aman. The signatory countries of this Declaration are Morocco, Jordan, Tunisia and Egypt. This initiative will be formally launched at the Agadir Summit in May 2001.

<sup>8</sup> This meeting was finally held in Brussels on 29 May 2001.

<sup>9</sup> "The role of women in economic and social life and, in particular, their integration into the labour market". Rapporteur: Ms Cassina, co-rapporteur: Ms López Almendáriz (CES 286/99 fin)