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COMMUNICATION FROM THE COMMISSION

**ON THE EURO-MEDITERRANEAN PARTNERSHIP
AND THE SINGLE MARKET**

COMMUNICATION ON THE EURO-MEDITERRANEAN PARTNERSHIP AND THE SINGLE MARKET

I. INTRODUCTION

Relations between the European Union (EU) and its Mediterranean partners¹ entered a new phase after the adoption of the final Declaration of the Barcelona Conference on 27-28 November 1995.² The parties agreed on the objectives of their future partnership and committed themselves to achieving these objectives through: a) strengthened political dialogue on a regular basis, b) the development of economic and financial cooperation, and c) greater emphasis on the social, cultural and human dimension.

The aim of the *economic and financial partnership* is the *creation of an area of shared prosperity*. Taking into account the different degrees of development, the economic and financial partnership will be based on:

- the progressive establishment of a free trade area in goods and the progressive liberalisation of trade in services;
- the implementation of appropriate economic cooperation and concerted action in the relevant areas;
- a substantial increase in the European Union's financial assistance to its partners. This approach was confirmed by the second Euro-Mediterranean Conference in Malta on 15 and 16 April 1997.

In its Communication *Agenda 2000 For a Stronger and Wider Union*³ the Commission stressed that active measures will have to be taken to reinforce links between the Union and its Mediterranean partners. It went on to say that the stable development of the southern Mediterranean rim is a challenge of ever increasing proportions and that the potential of the Barcelona process will have to be fully exploited to that end.

Furthermore, the Commission stressed that enlargement of the Union should lead to an intensification of economic and trade relations between the European Union and its southern partners, based on the pursuit of mutual interest. The Commission has thus given a clear signal that enlargement to the East will not take place at the expense of relations with the European Union's southern partners.

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II. PURPOSE OF THE COMMUNICATION

This Communication aims to explore ways of integrating the objectives of the Barcelona Declaration and a number of specific areas of Single Market achievements with a view to accelerating the creation of an area of shared prosperity.

The Barcelona Declaration and the conclusions of the Malta Ministerial Meeting provide the basis for the identification jointly by the European Union and its Mediterranean partners of actions which will enhance the benefits accruing to all concerned of the gradual establishment of the Euro-Mediterranean Free Trade Area. The experience gained when setting up the European Single Market will be highly useful in this respect.

The Euro-Mediterranean Association Agreements provide for the possibility of taking further measures, by mutual agreement, to develop the partnership. This Communication outlines a number of areas where the Commission considers that action can most usefully be taken. The proposals contained in this Communication will come into effect only once the necessary political choices have been made to conclude negotiations for the Association Agreements. The priorities and timetable for actions will have to be agreed between the European Union and its Mediterranean partners.

III. THE FREE TRADE AREA

The free trade area in goods and the progressive liberalisation of trade in services between the parties will form an important instrument, together with the support given to specific actions through MEDA, in achieving an area of shared prosperity based on sustainable and balanced economic and social development. The parties have set the year 2010 as the target date for the gradual establishment of this area, which will cover most trade with due observance of the obligations resulting from the World Trade Organisation (WTO) and with due respect to environmental commitments.

For this purpose, new Euro-Mediterranean Association Agreements, which include the establishment of a free trade area in goods and progressive liberalisation of trade in services, are being negotiated with the partners. Some agreements have already been concluded and negotiations are well under way with others.⁴ Free trade agreements between the Mediterranean partners themselves are for the most part still to be negotiated.

Increasing regional and sub-regional cooperation is a prerequisite for attaining the objectives set out in the Barcelona Declaration.

The European Single Market itself goes much further than a free trade area. The Single Market is the fruit of economic integration between the Member States of the Union brought about by the Single Market programme of legislation which aimed to remove barriers to trade.

Creating a Euro-Mediterranean free trade area does not amount to creating a Single Market between the Mediterranean partners. However, the European Single Market has

⁴ State of EU-MED Association Agreements in Annex I.

demonstrated the benefits which can be derived from free trade between open markets: economies of scale in production, rationalisation of production, increased efficiency and price reduction as a result of increased competition. Common interests have resulted in a set of policies which have improved trade flows, prosperity and investment in the Union. Trade between the Member States represents more than 2/3 of total EU trade. Direct investment between Member States has increased seven times since 1987, and the size of the Union's Single Market and its growth potential already constitute an asset in terms of attracting international investment to Europe.

As barriers to trade are dismantled, experience gained while establishing the Single Market shows, not only that trade flows and investment will increase, but that competitiveness on world markets will also improve as a result of open economies, with living standards rising and inequalities between the parties being reduced as a consequence.

IV. SUGGESTED ACTIONS

Goods and services will move freely in the Euro-Mediterranean area if there is greater harmonisation of rules and regulations. During the Malta Conference the parties stressed the importance of adding a "South - South" horizontal approach which would permit greater harmonisation and greater compatibility with the Union's internal market.

The emphasis should be placed on issues of mutual interest. It is suggested using the provisions of the Association Agreements, which provide for further action at bilateral level, and complementing this where appropriate by actions at multilateral level on a mutually agreed basis after discussion within the partnership. The aim is to reach a consensus or to agree on actions that are of interest to all parties or to the greatest number of parties.

When selecting areas for inclusion in this Communication, the Commission took account of the following :

- objectives and goals of the Barcelona Declaration;
- areas of most interest and importance to the Mediterranean partners;
- Single Market achievements;
- areas where closer ties will improve trade and investment conditions;
- disparities between the partners.

The actions suggested apply across the sectors covered without prejudice to sectoral action plans already adopted by the Commission. Thus, approximation of standards, rules and regulations in fields like customs, taxation, public procurement, competition and IPR will facilitate exchanges of experience between administrations and will increase the scope for benefiting from a free trade area. The Commission realises, however, that substantial assistance is needed before such approximation can be taken to its full extent. In many cases, institutions will have to be created. Training plays an important role in raising awareness of Single Market legislation, especially in the areas of customs and taxation, public procurement, competition, IPR and accounting. To that end, exchanges of experts and the participation of the Mediterranean partners in Commission

programmes could be highly beneficial in areas such as IPR, financial services and data protection. Technical assistance is offered by the Commission in a number of those areas (customs matters and taxation, public procurement, competition, IPR, data protection, accounting and auditing).

The most effective way of proceeding in most cases will be for experts from all members of the partnership to meet in each of the sectors concerned to agree on a series of overall objectives. Once this has been done, implementation of the activities, mainly at bilateral but also at regional level, can take place within the framework of the procedures governing the Euro-Mediterranean partnership. The Commission is ready to provide the necessary technical assistance, training and exchange of experience to achieve the mutually agreed objectives.

Only by cooperating will it be possible to achieve the objective of the Barcelona Declaration of an area of shared prosperity. The Commission is ready to play its part and to share the experience gained in establishing the Single Market. This commitment extends to preparations for the future development of the European Union.

The Commission considers that these activities will not only enhance the benefits of free trade between the Union and the partners⁵ but also will lead to an increase in South-South cooperation and thus raise the level of intra-regional trade (currently no higher than 5% of the partners' total trade flows).

V. SMEs

The economies of the Mediterranean partners are, to a large extent, built on SMEs. It is important that a proper and adequate structure is agreed on to further the objectives of the Barcelona Declaration for SMEs. Such a structure needs to be accompanied by measures that contribute to their survival and growth. This would not only increase flows of investment into the economies but would also increase prosperity in the region.

In order to achieve this, we need to ensure that the regulatory environment is conducive to business. Information and advisory services are important in identifying potential markets, for instance, as are measures to stimulate long-term cooperation between European and Mediterranean SMEs. The Commission is prepared to provide technical and legal assistance, as well as training opportunities - as the case may be - for these or other strategies the partners may agree upon.

VI. FINANCIAL ASPECTS

The Council meeting in Cannes in June 1995 agreed on a financial package of ECU 4 685 million for the new Mediterranean policy for the period 1995-99. ECU 3 424.5 million thereof is provided under the MEDA Regulation which covers the financing of new programmes and spending related to the association agreements.

Pursuant to the objectives and the procedures of the MEDA programme, the Commission has allocated 90 % of the funds to the beneficiary countries on a bilateral basis and 10% to horizontal or multilateral actions.

⁵ Trade figures in Annex II.

Multilateral actions must be open to all the partners and must concentrate on exchanges of experience, networking and training. Projects will include approximation of rules and regulations as well as technical assistance. It is important that coherence be maintained for actions put forward in Single Market fields and for which financing might also be provided via funds for bilateral projects.

VII. AREAS COVERED BY THE COMMUNICATION

The Communication suggests highlighting and examining possible actions in the following areas:

1. Customs and taxation

If an area of shared prosperity is to be created, customs and tax aspects must be taken into consideration. The Union will launch initiatives designed to consolidate factors which encourage trade between the two regions and, as a result, foster cooperation in the field.

The Euro-Mediterranean Association Agreements are designed to boost cooperation with a view to improving trade flows between the two regions in accordance with international rules. All the agreements highlight the streamlining of customs procedures, the approximation of laws/standards/schemes, the use of the Single Administrative Document (SAD) and non-discrimination in tax matters.

In addition, with a view to promoting regional trade, work will focus on the need to realign the very different tax systems of the region's countries with a view to creating mutually compatible systems in the medium term. This is an important factor favouring economic development and regional integration.

1.1 Action programme

The key elements in the field of customs and taxation enabling an area of shared prosperity to be created are as follows:

- implementation of the rules governing cumulation of origin;
- approximation of laws/schemes/standards;
- modernisation of customs authorities by reorganising them along the lines of the most efficient models to facilitate the overall economic integration of the two regions;
- modernisation of tax administrations to improve the operation of the Mediterranean partners' systems of indirect taxation, particularly with a view to protecting the financial interests of those countries and of the European Union;
- implementation of mutual assistance in customs matters between the various competent authorities of the Mediterranean partners.

1.1.1 Implementation of the rules governing cumulation of origin

Origin rules are vital to the harmonious functioning of a free trade area. As the various phases of cumulation provided for in these rules (bilateral cumulation, diagonal cumulation and total cumulation) are gradually set up in the Euro-Mediterranean area, increasing economic integration will occur between the various Mediterranean countries themselves and between those countries and the Community. The Mediterranean partners have already expressed an interest in benefiting from cumulation of origin with a view to encouraging regional cooperation.

The industrialisation of these countries will be given a new boost and the fact that the rules of origin are the same, thus allowing diagonal and total cumulation, will be a primary factor favouring the development of trade between the parties and access to the Community market.

In recent years the Community has begun a process of simplifying and harmonising the rules of origin which it applies in free trade agreements signed with its partners with a view to facilitating trade and streamlining procedures. A single text now applies to the EFTA countries, the CEECs, the Baltic States, etc. The Community has put forward this single text as a protocol to the agreements it is currently negotiating with its Mediterranean partners.

Since the first half of 1996, the Commission has presented these rules at three meetings of all the Mediterranean partners. They are attached as a protocol to the agreements signed with the PLO for the benefit of the Palestinian Authority and Jordan. The Commission acknowledges the importance which its Mediterranean partners attach to origin cumulation, and recently adopted a communication entitled "Euro-Mediterranean cumulation of origin".

In the light of the experience acquired in previous negotiations of a comparable importance, the Commission regards it as necessary not just to offer its partners the chance to benefit from technical assistance and training initiatives, but also to organise regular meetings of experts in rules of origin from the Member States and the Mediterranean partners at which common problems, the conditions of implementation of the rules of origin, their future development and the necessary improvements can be discussed. Information initiatives targeted on business circles will also be organised.

1.2.1 Approximation of laws/schemes/standards

Even if the free trade area does not require this approximation in order to facilitate trade, the two regions have every interest in ensuring that approximation of customs and tax procedures takes place as far as is practicable. Customs and tax cooperation can focus on measures affecting factors which enable greater approximation and greater compatibility with the Union's single market.

The approximation of customs legislation between the Mediterranean partners and the European Community is a key element of the Euro-Mediterranean agreements. The following initiatives may be envisaged:

- embarking on the adaptation and approximation of legislation in fields such as the Customs Code, the combined nomenclature based on the harmonised system, the SAD and customs procedures;
- simplifying customs procedures: use of the SAD by all Mediterranean partners;
- facilitating the interconnection of all operators involved in foreign trade transactions by applying an integrated data transmission system based on EDIFACT in accordance with the international standards ISO 6422 and ISO 7372;
- facilitating implementation of the principles of transparency, neutrality and non-discrimination in the field of taxation.

The principle of non-discrimination does not entail an obligation for the Mediterranean partners to apply exactly the same rules as Community operators. However, it would facilitate trade if the standards applicable by the Mediterranean partners and the European Union in respect of taxpayer identification, tax returns or payment of indirect taxes were compatible;

- Modernising tax systems by promoting the adoption of rules guaranteeing neutrality in trade while also complying with the budget requirements of the Mediterranean partners, in particular by improving tax collection.

Experience acquired within the Community suggests that legislation will have to be drawn up on turnover taxes which do not distort the conditions of competition or raise barriers to free movement of goods between the different countries if these objectives are to be achieved. Convergence of the Mediterranean partners' tax systems towards a model which ensures sound financing and contributes to regional integration would have a positive impact. A degree of harmonisation of legislation on turnover taxes could result in the abolition of cascading cumulative taxes and the adoption by all countries of a value-added-tax system which is simple, sound, effective and broadly applicable.

1.1.3 Modernisation of customs authorities

International trade will be facilitated if customs authorities are modernised by aligning them on the most efficient models. Infrastructure and equipment will have to be taken into account. The different tax authorities must be provided with the necessary resources to ensure that customs procedures are implemented correctly and swiftly.

To that end, aid may be required for equipment (logistics necessary for smooth customs administration and detection/monitoring equipment) and for information technology.

1.1.4 Modernisation of tax authorities

With a view to improving the operation of the Mediterranean partners' indirect taxation systems, a Community initiative should be devised to back up the work carried out by the partner countries to:

- improve understanding of tax law, particularly in the indirect taxation field, and of its implementation;
- ensure efficient, effective and wide-ranging cooperation between those countries on the one hand and between those countries and the Commission or the Member States on the other;
- ensure the ongoing improvement of administrative procedures to take account of the needs of authorities and taxpayers by devising and generalising good administrative practice.

1.1.5 Implementation of mutual assistance in the customs field between the various competent authorities of the Mediterranean partners and the European Union

A protocol is attached to all the Euro-Mediterranean Agreements providing for mutual assistance in the customs field between competent authorities. These provisions constitute a legal basis whereby administrative assistance can be requested and provided in connection with investigations into fraud or irregularities in the customs field, in so far as the other partner has useful information for the case in question. Investigation and/or information exchange techniques could be included in the areas covered by technical assistance if required.

1.2 Establishment of strategy

The instruments for putting this action programme into practice are technical assistance and training. The Commission may also consider holding sectoral, thematic or political conferences.

- (a) Technical assistance will help the Mediterranean partners to realign their customs and tax legislation with one another and with the European Union and to simplify customs and tax procedures and bring them into line with standard international practice. The aim is to facilitate trade and to remove technical and non-technical barriers to international trade. What is envisaged are programmes whose chief component will be the expertise of European customs and tax officials.
- (b) Training will be designed to increase awareness of the new legislation, for which technical assistance will have been provided, and to put it into practice. This instrument will also be used to improve regional cooperation between the Mediterranean partners and to foster communication between the various customs and tax authorities. Training programmes for instructors will be held with participants from the customs schools of the various customs and tax authorities, the aim being to train lecturers whose task will be to train customs and tax officials in each country.
- (c) Conferences within the framework of the Euro-Mediterranean partnership. The Communication envisages organising conferences with the aim of enabling senior officials from the European Union and from the Mediterranean countries to hold exchanges of views on initiatives and of encouraging exchanges of information. The economic significance of these conferences will lie in their trade-boosting potential.

In similar vein, meetings between Directors-General in the customs and tax fields may be envisaged with a view to fostering closer ties and raising the profile of cooperation and the integration of the "Mediterranean economic area".

2. Free movement of goods

Free movement of goods means movement free from tariff and non-tariff barriers throughout the Euro-Mediterranean Area. To achieve this without reneging on environmental commitments, quantitative restrictions and discriminatory national legislation which result in protecting national markets or in closing them to competition of imported products must be abolished.

2.1. *Substance of initiatives*

Quantitative restrictions are not the only barriers which must be abolished if the markets of the Euro-Mediterranean partners are to be opened up. Non-tariff barriers to trade include all discriminatory measures against imported products and can take different forms. The effect of these measures is to make imports more difficult or more costly. In particular, differing technical rules, standards and conformity assessment procedures often create unnecessary barriers to trade which are not always justified by safety and consumer protection requirements.

Efforts towards abolition of trade barriers have to be structured and continuous, because a large number of administrations are concerned (several national administrations are involved with the application of trade rules). Likewise, a series of regulations have an effect on trade (commercial regulations, regulations aiming to protect consumer health, to protect the environment, etc.).

2.2. *Establishment of strategy*

Administrative cooperation is an essential working tool for the effective operation of a free trade area and the dialogue and cooperation enhanced by the Euro-Mediterranean partnership offers the right conceptual framework for the process of opening up markets. Facilitating bilateral and other contacts between administrations would help resolve difficulties concerning trade in products, especially in the Euro-Mediterranean context where significant differences exist between partners, both in organisational structure and in operational practice. In particular, efforts could be deployed to identify regulatory areas where some kind of legislative approximation and harmonisation of procedures should be attempted. Furthermore, the prompt exchange of information in case of difficulties concerning free trade of goods should assist in avoiding recourse to restrictive measures or in clarifying the situation for the authorities concerned.

The Commission suggests therefore that an overall framework be set up enabling co-ordination and dialogue between partners at bilateral and multilateral levels. It would be based on the following basic principles:

- solutions to problems must be shared among all the partners to maximise the benefits of the free trade area;
- mutual assistance and transparency (cooperation systems require that the responsible authorities throughout the area are known to the partners);

- setting-up of non-bureaucratic cooperation systems providing tangible benefits (to be effective, mutual assistance implies that the practice of administrative cooperation must be tailored to what is reasonable, i.e. that authorities limit their demands on each other to what is essential to the task in hand).

Implementation of an administrative cooperation policy should start with the setting up of a network of central contact points which will make cooperation easier, especially when the responsibility for trade issues between partners is decentralised or shared.

Cooperation may also be strengthened by exchanges of civil servants, training activities at the Commission departments in charge of free trade issues or others.

3. Public procurement

In all the Mediterranean partners the public sector plays a vital role in the economy. Public procurement decisions therefore have a major impact on the economy as a whole and are sometimes of vital importance to individual suppliers.

In the context of an integrated economic area, an effective public procurement policy is thus fundamental to success in achieving its objectives: to generate sustainable, long-term growth and create jobs, to foster the development of business capable of exploiting the opportunities generated by such an integrated area and to ensure competitiveness in global markets, and to provide taxpayers and users of public services with best value for money. In order to achieve efficiency in public procurement, the key is to ensure competition between suppliers by offering them equal chances to win a bid.

3.1 *Substance of initiatives*

The key elements to achieve an area of shared prosperity in the field of public procurement are:

- the application of economically effective procurement rules and practices, as well as the development of an effective framework for implementation and enforcement of the policy;
- the approximation of laws, as well as the alignment of practices in the area concerned;
- the reciprocal and gradual liberalisation of cross-border exchanges in this field;
- cooperation and mutual assistance between the different administrations concerned.

3.1.1 *Implementation and enforcement*

The key to achieving efficiency is to ensure competition between suppliers. In practice, such competition is made possible by offering equal chances to all suppliers to win a bid. It is important to note that this does not necessarily mean that traditional suppliers will be replaced by new ones. Only that all suppliers, including traditional ones, need to come up with competitive offers (value for money) in order to be able to win a contract. Firstly, this ensures transparency (announcing purchasing opportunities publicly, indicating clearly what the government entity intends to buy and the requirements which need to be met, setting appropriate time-limits between the publication and the award of the contracts). Secondly, real competition requires openness (e.g. that technical requirements are not defined so as to fit only the products/services of one company). Thirdly,

infringements of these rules could be addressed through an appropriate enforcement structure (inter alia checks and arbitration), and aggrieved bidders must, in any event, be able to challenge any unlawful decisions before a national body.

While it is essential that an effective legislative framework should be in place, it is equally important that the rules are correctly applied and that practices respect the legal environment. Open and transparent procurement not only provides suppliers with increased opportunities, but contributes strongly to their increased confidence in the reliability of the administration as a business partner. It also has wider ramifications, by promoting confidence in the country's overall commercial legal framework. In this regard, it is important that an effective framework for implementation and enforcement of the policy is developed. Experience suggests that specialised independent authorities entrusted with monitoring powers could play a key role in improving procurement systems. They could provide useful advice to contracting entities and check procurement practices to promote efficiency. Moreover, the very existence of such an authority may prevent behaviour giving rise to complaints, thereby reducing the potential burden on national courts and tribunals. Such authorities might also, in some cases, handle complaints.

3.1.2 Approximation of laws and alignment of practices

In order to gain the full benefits of a large integrated area, it is important to ensure that a certain degree of harmonisation is in place. This will favour the predictability of rules and practices, in particular for suppliers. Furthermore, the application of similar structures will facilitate the exchange of experiences between administrations. In this regard, it will be important to avoid over-regulation in this particular sector.

This process should lead to the adoption of harmonised rules based on transparency, openness, including the possibility of challenging unlawful decisions, along the lines of the international recognised models, such as the WTO Agreement on Government Procurement. In this context, it is important that all Mediterranean partners effectively take part in the relevant processes linked to public procurement in the WTO and other international *fora*.

3.1.3 Reciprocal and gradual liberalisation of cross-border exchanges in this field

The Euro-Mediterranean agreements already provide for reciprocal and gradual liberalisation of exchanges in the field of public procurement. In this context, national treatment is a desirable objective aiming to achieve reciprocal market access.⁶

This reciprocal and gradual liberalisation of exchanges could be achieved in stages, possibly allowing for less developed economies to prepare themselves for competing on equal grounds. In this context, the possibility of asymmetric liberalisation during a predetermined transitional period could be explored. Experiments of this type have already taken place in the context of the EU's associations with some countries of Central

⁶ It should be noted that the EC and Israel have, within the context of the WTO Agreement on Government Procurement, concluded an Agreement on further liberalisation. Turkey has an observer status in this agreement.

and Eastern Europe. This gradual approach takes account of the specific needs of some of the Mediterranean partners to adapt to a more competitive environment.

3.1.4 Cooperation and mutual assistance between the different administrations concerned

An optimal procurement policy demands a real awareness of what procurement of the highest commercial standard actually entails. Exchange of information, data and experiences between the different administrations concerned could be useful for the effective functioning of the system. A further step forward could be the establishment of telematic links between administrations. For instance, some programmes in the Community are specifically devoted to increasing transparency in public procurement. The Mediterranean partners might be interested in participating in these programmes.

In addition, steps need to be taken to stimulate the training of procurement officers in the new and evolving skills they need and to help them to better understand the new role they are called upon to play. The interests of the Mediterranean partners are focused on effective purchasing methods that could help the public sectors in these countries to reduce public expenditure, while obtaining best value for money. Rules should be a means to the end of competitive and efficient purchasing, rather than an end in themselves. If these objectives are to be met, it is essential to ensure that the rules regulate entities' behaviour without hindering best practice on a day-to-day basis.

Improving the development of a professional public administration could certainly improve the functioning of the system. Public administrations need to be able to carry out procurement procedures, to draft tender documentation or information notices, to assess bids and manage contracts. Practice is much more than just applying the rules.

Improving management methods in public administration is, however, only one side of the coin in public procurement practice. Active participation of bidders is also important if best practice is to be achieved. Terms of reference can be perfectly drafted, however a good tender should be presented. Hence, in order to achieve efficient purchasing, the quality of the private-sector response to public-administration action needs to be improved.

3.2 Establishment of strategy

The instruments for implementing this work programme are:

- technical and legal assistance;
- training;
- extension of Community programmes;
- cooperation between administrations.

The Commission will provide technical and legal assistance in the field of public procurement to other Mediterranean partners on request. Such assistance could facilitate the approximation of legislation and practices, in particular with regard to existing international standards.

Moreover, technical assistance could be provided for training and improvement of public administration. The development of a programme to spread training throughout the Euro-Mediterranean Area could be envisaged; it would need to focus on best procurement practice. The purpose of this initiative is to disseminate to all levels of the public sector the methods and mechanisms which could help achieve effective purchasing. In this sense, it goes beyond mere training on compliance with the rules. The programme would also need to be extended to prospective bidders, so as to improve their capacity to respond to the needs of the purchasing entities.

The Commission encourages the participation of the Mediterranean partners in its programmes aiming to improve the public procurement regime in the EC, particularly in programmes such as the CPV or SIMAP (information technology).

Finally, general cooperation and contacts between administrations should be established. This should imply an annual structured dialogue at an appropriate level allowing all countries involved to address issues of common interest, including liberalisation.

4. Intellectual Property Rights (IPR)

A large number of goods and services rely heavily on intellectual and industrial property protection. A meaningful and comparable level of intellectual and industrial property protection across the entire area is therefore necessary. This would:

- promote trade flows within the Euro-Mediterranean area and investment opportunities across the area;
- favour the modernisation and competitiveness of the Mediterranean partners' industry and enhance cooperation;
- reduce piracy and counterfeiting;
- promote cultural activities, which, to a high degree, depend upon effective IPR protection.

4.1 *Substance of initiatives*

4.1.1 *General policy line*

Further efforts should be made to agree on a more comparable level of intellectual property protection. Any effort to achieve greater harmonisation in this sector will help significantly in achieving the final aim of a free trade area. Therefore the strategy should be to further develop the existing Association Agreements and to aim at approximation of laws (with appropriate exceptions), in the area of intellectual property rights (IPR). This would lead to greater coherence in IPR protection across the entire area, which will give rise to real mutual benefits.

4.1.2 *Key problems to tackle*

Apart from the general objective of achieving an appropriate level of IPR, the area which deserves particular attention is counterfeiting and piracy, both in the "copyright" area (notably with respect to phonograms, cassettes, CDs, software) and in the area of Industrial Property (such as counterfeits of trade marks, patents). Another major area of concern is the non-patentability of certain products (notably pharmaceuticals). These

problems should be given special attention when defining more closely the IPR strategy within the free trade area.

4.1.3 Meaningful IPR provisions and enforcement need to be ensured

The objective of ensuring meaningful IPR provisions should be pursued through the following:

- Without prejudice to rights and obligations under the WTO TRIPs Agreement, the Mediterranean partners will provide for improved levels of intellectual property protection, including the means to enforce the rights, so as to move towards closer approximation between the 27 partners. The EU will provide all necessary assistance.
- As far as accession to multilateral conventions is concerned, the lists set out in the Association Agreements will serve as a good basis for closer approximation. These lists will need to be reviewed and updated as appropriate on a mutually agreed basis.
- Given that in certain fields the present situation with regard to piracy and counterfeiting is very serious, the EU, in cooperation with the Mediterranean partners, will have to use all appropriate measures to deal with on-going infringements.

4.2 Establishment of strategy

In order to attain the objectives, as is well-established practice in the context of Association/Cooperation agreements, the Commission should provide for sound and efficient technical assistance and training. This will be done *inter alia* by means of:

- exchange of experts;
- seminars;
- early mutual information on relevant legislation;
- training activities for administrative and customs personnel, as well as judges.

The Commission is ready to provide assistance for institution building where necessary.

5. Financial Services

5.1 Substance of initiatives

The main task is to lay down mutually agreed liberalisation steps to encourage increased trade in financial services between the EU and its Mediterranean partners. However, given the substantial differences in political and economic development between the partners, it will, at least in the initial phase, have to be carried out on a bilateral or grouped basis between two or more partners with similar levels of economic development and with roughly equivalent financial market maturity.

A key factor for the development of trade in financial services is the setting-up of an adequate regulatory framework as a necessary prerequisite for mutual trust and cooperation. The objective will be to strengthen prudential regulations and supervision with a view to establishing a sound regulatory framework. The incorporation of sound financial services regulation will also facilitate the gradual move to full capital account

convertibility in the Mediterranean partners that is embodied in the Association Agreements.

When drafting laws and regulations for the financial sector it is important to have the actual "know how" level of the industry in mind. Qualified supervisory bodies mean that the supervisory staff must be well trained but also be sufficient in number to make it possible to supervise or control all the authorised firms on a timely basis. Without a correctly functioning supervisory body, even the most advanced regulations will make no sense. Therefore, every effort must be made to strengthen the quality of the supervisory bodies so that they are able to perform their duties adequately.

5.2 Establishment strategy

A precondition for increased trade flows in financial services is the creation of sufficient supervisory standards in the Euro-Mediterranean area.

The EU directives in the financial services area cannot serve as an immediate model for cooperation in the Euro-Mediterranean area. It is important to take account of the economic environment and history of each Mediterranean partner.

Both politically and practically a free trade zone which does not enable the EU's Mediterranean partners to ensure the stability of their financial system and adequate protection for their consumers is likely to be a non-starter.

It is suggested that the cooperation framework take as its point of departure the development of already existing Association Agreements and the GATS Agreement on financial services for the WTO Members without excluding cooperation between smaller groupings of two or more partners with similar levels of economic development.

For that purpose, work must be carried out in three areas:

- setting up an adequate regulatory framework for prudential supervision (technical assistance programmes can be developed in this respect).
- training local supervisory authorities in financial control, and auditing, including – possibly – modernisation of existing infrastructure (computers etc.). Training might be co-ordinated by the Commission but carried out by representatives of Member States' supervisory authorities with sufficient hands-on experience. The Commission is ready to provide assistance for institution building where necessary
- increasing cooperation between supervisory authorities in the EU and in the Mediterranean partners to create the trust which is the basis of any exchange of financial services.

6. Data protection

The creation of the area of shared prosperity will generate a huge number of data flows between operators based in the Union and in the twelve Mediterranean partners, be they private companies or public administrations.

In order to protect the fundamental rights of individuals, notably their right to privacy, a country might oppose the export of personal data concerning its citizens to another

country that does not have rules guaranteeing sufficient protection of the rights of individuals. Although such obstacles to the free flow of personal data are allowed within the framework of the World Trade Organisation, it is clear that they could compromise the aims of Euro-Mediterranean cooperation.

6.1 *Substance of initiatives*

The key measures in the data protection field will be as follows:

- approximation of national legislation;
- adoption of the necessary specific measures.

6.1.1 *Approximation of legislation*

By virtue of Directive 95/46/EC the transfer of personal data to third countries may only take place if the third country in question ensures an adequate level of protection. At present, none of the Mediterranean partners has legislation in force that deals with the protection of personal data. Therefore it is important to agree on measures that will guarantee an adequate level of protection in the partner countries in order to prevent possible barriers to the transfer of personal data in the future.

Even though the intention is not to oblige the Mediterranean partners to comply with all the standards laid down in Directive 95/46/EC, the adoption of the necessary measures will take some time. After the adoption of the first national legislative measures, the partner countries might be encouraged to join Convention 108 of the Council of Europe for the protection of individuals with regard to automatic processing of personal data.

6.1.2 *Adoption of specific measures necessary to the smooth functioning of the area of shared prosperity*

If an adequate general level of protection cannot be achieved by all partner countries within a certain number of years, it will be necessary to adopt specific measures on the protection of personal data with regard to certain areas. Examples of such areas are: mutual cooperation in customs matters between the customs administrations of the partner countries and the EU, mutual cooperation on tax or social security and electronic commerce.

6.2 *Establishment of strategy*

The instruments which will be used to put these initiatives into practice are technical assistance and a dialogue between each of the partners and the Commission.

6.2.1 *Technical assistance*

This technical assistance could take various forms, depending on each partner's requirements:

- exchanges of experts from the national monitoring authorities for data protection;
- exchanges of information on national legislation;
- financial and technical assistance for the setting-up of monitoring authorities to ensure that legislation is implemented;

- raising the awareness of administrations, businesses and the general public by means of various information programmes on the need to protect personal data;
- help in formulating codes in various sectors.

Technical assistance from the Member States' monitoring authorities could be required throughout the process. (...)

6.2.2 *Bilateral dialogues*

The issue of personal data protection has not been raised to date in the Community's relations with its Mediterranean partners.

An initial approach should consist in identifying, by means of informal bilateral contacts, each partner's position on data protection and in determining the extent to which they are prepared to develop policy in this area.

At a subsequent stage, the Commission's general mandate, under Directive 95/46/EC, to negotiate with countries without adequate levels of protection should be put into effect.

7. Accounting and auditing

Harmonisation of financial information is an important part of facilitating business exchanges in the Euro-Mediterranean area. In the accounting and auditing fields, a similar approach to that for the CEECs could be used in respect of the Mediterranean partners. This could include:

- assistance and cooperation in drafting new accounting and auditing regulations;
- training programmes for accountants and auditors; and
- the organisation of workshops or discussion seminars.

An active approach requires not only that the appropriate funding is provided, but also that the Mediterranean partners give active cooperation and support. Funds provided by the EU should - like the PHARE and TACIS funds - be used on an "on demand" basis. Projects should be put forward by the Mediterranean partners themselves to ensure their full participation and commitment. There should be no attempt to "impose" European solutions.

The suggested approach must also take into account that there are very large differences in accounting and auditing traditions between the Mediterranean partners.

8. Competition rules

Provisions concerning competition rules are set out in agreements with the Mediterranean partners. They include a commitment by the partners to bring their competition rules into line with those of the Union. The role of the competition rules in the functioning of a free trade area and in the creation of an area of shared prosperity is fundamental: they help to ensure a climate of transparency and legal certainty for business and to make the local economy more competitive.

8.1 Substance of initiatives

8.1.1 Approximation of competition rules between the partners and approximation with Community competition rules

In the course of the negotiations, the partners entered into commitments concerning the approximation of competition rules. If these commitments are to be fulfilled in practice, action will have to be taken to set up or adapt competition arrangements so as to facilitate alignment of practice and to ensure that arrangements function effectively.

8.1.2 Setting-up or reinforcement of administrative resources for the authorities responsible for implementing competition rules

It is important to set up or reinforce authorities responsible for ensuring compliance with competition rules and to provide them with the appropriate administrative resources. Action is necessary in this area and could be based on the operating experience acquired by national competition authorities in the European Union.

8.1.3 Liberalisation of sectors of the economy

Free trade in goods and services would not be comprehensive if a large number of sectors were excluded from market rules. It is in the partners' interest to ensure that competition rules apply to the greatest possible number of sectors of the economy.

8.2 Establishing a strategy

The instruments whereby this action programme will be put into practice are technical assistance and cooperation with competition authorities.

8.2.1 Technical assistance

Technical assistance in the form of seminars and conferences organised within the framework of the Euro-Mediterranean partnership can improve the training of officials and competition experts, both individually and collectively. Such assistance should also comprise a legal advisory service to help our partners adapt their existing competition rules.

8.2.2 Cooperation through dialogue between competition authorities

Dialogue between the competition authorities of the Mediterranean partners and those of the European Union could be encouraged as a means of helping our partners with the requisite legal and institutional reforms. Bilateral dialogue could still take place in specific fields where required.

VIII. IMPLEMENTATION OF THE EURO-MEDITERRANEAN PARTNERSHIP

The Commission is responsible for implementing and following up the partnership and has already adopted a number of proposals to that effect which are complemented by this Communication. It will also be able to cooperate with international agencies or

institutions already involved in providing technical assistance to the region (such as the World Bank and the International Monetary Fund).

The Commission will be backed up by working groups which either already exist or will be set up as required. These working groups, comprising representatives of the 27 partners, will enable the identification of projects common to the largest possible number of Mediterranean partners. The members will be experts from the relevant branches of industry, representing each of the interested parties.

The Commission, assisted by the experts, will specify the number of working groups required and their internal organisation. It will also determine appropriate and coherent operating arrangements for the working groups and the tasks to be vested in them.

The working groups are to be funded by the Commission in accordance with its budgetary legislation and in compliance with MEDA procedures.

The main task of the working groups will be to pursue the activities identified in the action programme, to identify priorities and to ensure follow-up. In practice this will mean:

(a) Pursuing the activities identified in this Communication

With a view to pursuing the activities for which it was set up, each working group will have to develop its own position on the following points:

- the areas to be covered, with a view to identifying common fields of activity;
- analysis of regional and interregional activities and the link with activities carried out on a bilateral basis;
- the structures in the Member States and the Mediterranean partners which can facilitate the Euro-Mediterranean partnership. A list of bodies likely to make a positive contribution will be drawn up for that purpose.

(b) Fixing priorities

The working groups will have to decide what objectives and priorities to pursue. In particular, they will help to shape the links between multilateral awareness-raising and exchanges of experience on the one hand and bilateral training, technical assistance and advisory activities on the other:

- priorities concerning the regional or interregional character of activities, both in the light of the requirements of individual countries and those which are common to several countries, and the links with bilateral activities;
- priorities concerning the structure and economic situation of the specific product sectors.

In addition, the working groups will have to decide whether to give priority to multi-regional activities which are linked to projects or action programmes effected under bilateral agreements.

- (c) Helping the Commission to identify common projects, including technical assistance projects

The working groups will provide the Commission with a framework for determining the multilateral and bilateral activities to be carried out on the various topics indicated in this document.

- (d) Establishing ongoing follow-up for activities

The working groups will establish appropriate arrangements for following up the selected activities. This follow-up should be sufficiently detailed to allow the Commission to effectively monitor implementation of the action programme.

IX. CONCLUSION

The initiative set out above will enable the European Union and its Mediterranean Partners to further the spirit of partnership and solidarity as agreed upon in the Barcelona Declaration without calling into question the balanced progression of the Partnership or the objectives set out in the Association Agreements which have already been concluded or are being negotiated.

Increased coordination in a number of areas falling within the Single Market will be an important step towards meeting the objective of economic and financial partnership, that is the creation of an area of shared prosperity. The experience of creating the European Single Market can be drawn on in achieving this objective. The Commission proposes that both the areas of cooperation and the appropriate actions be agreed on a joint basis by the partners.

At this stage we suggest focusing on the fields of customs and taxation, public procurement, intellectual property rights, financial services, data protection, free movement of goods, accounting and auditing. The actions proposed cover *inter alia* technical assistance, training, administrative co-operation, approximation of laws and alignment of practices.

The actions undertaken will comply fully with multilateral obligations and will be in line with the objectives and the procedures of the MEDA programme. They will not require extra funding but will be financed entirely by the funds allocated to the MEDA programme.

Annex I

**Progress of negotiations on Euro-Mediterranean
Association Agreements ***

PARTNER	CONCLUSION OF NEGOTIATIONS	SIGNATURE OF AGREEMENT	ENTRY INTO FORCE
Tunisia	June 1995	July 1995	March 1998
Israel	September 1995	November 1995	--
Morocco	November 1995	February 1996	--
PLO for the benefit of the Palestinian Authority	December 1996	February 1997	July 1997
Jordan	April 1997	November 1997	--
Egypt	Negotiations in progress	--	--
Lebanon	Negotiations in progress	--	--
Algeria	Negotiations in Progress	--	--
Syria	Negotiations in progress	--	--

* Relations with Turkey, Cyprus and Malta are governed by pre-existing Association Agreements providing notably for the gradual establishment of customs unions. The customs union with Turkey entered into force on 31.12.1995; the customs union with Cyprus entered into force on 01.01.1998.

Source: European Commission, DG I.B
July 1998

TRADE BETWEEN THE EU AND THE MEDITERRANEAN COUNTRIES

	ALGERIA		MOROCCO		TUNISIA		EGYPT		JORDAN		LEBANON		SYRIA	
		%		%		%		%		%		%		%
1. Exports	4.615	100	4.375	100	3.770	100	4.563	100	1.037	100	2.194	100	1.609	100
of which:														
a. Foodstuffs	1.092	24	264	6	213	6	635	14	171	16	304	14	206	13
b. Raw materials	103	2	196	4	135	4	124	3	26	3	72	3	27	2
c. Energy prod.	37	1	92	2	155	4	31	1	2	0	217	10	26	2
d. Manufact. prod.	3.353	73	3.774	86	3.232	86	3.662	80	783	76	1.562	71	1.304	81
2. Imports	5.851	100	3.707	100	3.038	100	2.796	100	151	100	90	100	1.573	100
of which:														
a. Foodstuffs	22	0	800	22	360	12	100	4	6	4	6	7	9	1
b. Raw materials	33	1	330	9	43	1	204	7	25	17	28	31	143	9
c. Energy prod.	4.725	81	54	1	255	8	1.575	56	0	0	3	3	1.339	85
d. Manufact. prod.	207	4	2.511	68	2.370	78	903	32	59	39	50	55	78	5
3. Balance	-1.236		668		733		1.767		886		2.104		36	
4. Cover rate (as %)														
1/2	79		118		124		163		685		2.441		102	
1a/2a	4.864		33		59		636		3.068		4.881		2.266	
1b/2b	309		60		318		61		102		256		19	
1c/2c	1		172		61		2		-		7.466		2	
1d/2d	1.619		150		136		405		1.331		3.136		1.671	

	ISRAEL		TURKEY		CYPRUS		MALTA	
		%		%		%		%
1. Exports	8.955	100	8.868	100	1.994	100	1.865	100
of which:								
a. Foodstuffs	425	5	205	2	166	8	136	7
b. Raw materials	250	3	750	8	34	2	30	2
c. Energy prod.	35	0	151	2	91	5	220	12
d. Manufact. prod.	8.020	90	7.284	82	1.657	83	1.447	78
2. Imports	4.153	100	7.605	100	620	100	1.012	100
of which:								
a. Foodstuffs	424	10	1.451	19	116	19	6	1
b. Raw materials	313	8	399	5	14	2	8	1
c. Energy prod.	112	3	165	2	0	0	62	6
d. Manufact. prod.	3.180	77	5.531	73	488	79	910	90
3. Balance	4.801		1.263		1.375		853	
4. Cover rate (as %)								
1/2	216		117		322		184	
1a/2a	100		14		143		2.383	
1b/2b	80		188		245		390	
1c/2c	31		91		239.279		358	
1d/2d	252		132		340		159	

TOTAL MED.		OUTSIDE EU		
	%		%	
1. Exports	43.846	100	538.700	100
of which:				
a. Foodstuffs	3.816	9	40.529	8
b. Raw materials	1.747	4	16.494	3
c. Energy prod.	1.057	2	13.773	3
d. Manufact. prod.	36.079	82	458.226	85
2. Imports	30.596	100	539.713	100
of which:				
a. Foodstuffs	3.300	11	48.637	9
b. Raw materials	1.540	5	46.358	9
c. Energy prod.	8.289	27	62.736	12
d. Manufact. prod.	16.287	53	365.975	68
3. Balance	13.249		-1.013	
4. Cover rate (as %)				
1/2	143		100	
1a/2a	116		83	
1b/2b	113		36	
1c/2c	13		22	
1d/2d	222		125	

TRADE BETWEEN THE EUROPEAN UNION (EU 15) AND ITS MEDITERRANEAN PARTNERS

Year: 1995
ECU '000

IMPORTS TO THE EU

COUNTRY	TOTAL	Agricultural products	Raw materials	Mineral fuels	Manufactured goods	Other unclassified products
Algeria	6.009.565	26.432	49.758	4.525.513	231.660	1.176.201
Morocco	4.013.895	832.306	325.710	39.211	2.801.606	15.062
Tunisia	3.360.205	359.394	61.092	235.040	2.693.440	11.241
Egypt	2.327.236	191.980	199.396	1.176.643	744.178	15.041
Jordan	134.147	8.357	34.388	0	79.896	11.506
Lebanon	110.465	8.408	27.754	3.990	66.555	3.757
Syria	1.733.588	24.148	167.774	1.432.151	106.724	2.792
Israel	4.652.353	447.194	319.237	38.208	3.702.140	145.590
Gaza + Jericho	341	291	2	0	48	0
Turkey	9.242.801	1.488.251	486.899	128.412	7.096.999	42.241
Cyprus	737.101	159.273	14.454	5.524	555.911	1.939
Malta	1.077.000	7.505	9.287	58.447	962.642	39.119
TOTAL	33.398.698	3.553.538	1.695.750	7.643.139	19.041.800	1.464.489

EXPORTS FROM THE EU

COUNTRY	TOTAL	Agricultural products	Raw materials	Mineral fuels	Manufactured goods	Other unclassified products
Algeria	4.709.413	913.383	188.445	49.684	3.532.233	25.802
Morocco	4.734.466	485.368	250.845	78.480	3.884.497	35.303
Tunisia	4.162.448	322.071	184.777	132.410	3.487.144	36.096
Egypt	5.019.979	594.562	355.876	31.127	3.928.832	109.587
Jordan	1.045.502	167.849	32.788	6.039	805.819	33.008
Lebanon	2.469.375	343.357	83.366	187.482	1.837.036	18.319
Syria	1.376.765	186.141	40.729	33.364	1.100.476	16.057
Israel	9.658.244	431.128	372.919	41.844	8.629.724	182.650
Gaza + Jericho	5.000	1.045	146	18	3.717	74
Turkey	13.440.516	615.116	1.064.910	119.228	10.874.430	766.940
Cyprus	2.014.117	182.471	41.143	66.438	1.667.631	56.467
Malta	2.015.300	152.121	25.470	313.134	1.472.801	51.845
TOTAL	50.651.123	4.394.614	2.641.412	1.059.250	41.224.338	1.332.148

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TRADE BETWEEN THE EUROPEAN UNION (EU 15) AND ITS MEDITERRANEAN PARTNERS

Year: 1996
ECU '000

IMPORTS TO THE EU

COUNTRY	TOTAL	Agricultural products	Mineral fuels	Manufactured goods	Raw materials and other unclassified prod.
Algeria	5.443.606	37.604	5.158.385	195.662	51.955
Morocco	4.222.953	957.278	28.520	2.878.865	358.290
Tunisia	3.628.445	247.382	365.610	2.942.774	72.680
Egypt	2.773.974	159.033	1.716.952	695.165	202.823
Jordan	171.029	8.622	0	94.800	67.607
Lebanon	122.390	11.689	0	83.079	27.622
Syria	1.957.113	27.517	1.685.171	117.550	126.875
Israel	5.278.501	528.867	32.704	4.229.693	487.237
Gaza + Jericho	861	722	0	133	6
Turkey	10.165.391	1.544.097	121.821	7.926.459	573.014
Cyprus	563.181	157.022	5.391	379.213	21.555
Malta	796.472	10.854	55.095	692.901	37.622
TOTAL	35.123.915	3.690.686	9.169.649	20.236.294	2.027.286

EXPORTS FROM THE EU

COUNTRY	TOTAL	Agricultural products	Mineral fuels	Manufactured goods	Raw materials and other unclassified prod.
Algeria	4.024.697	787.184	30.604	3.020.543	186.366
Morocco	4.678.393	326.711	105.920	3.953.245	292.517
Tunisia	4.323.521	171.017	160.168	3.763.952	228.383
Egypt	5.725.871	560.380	67.801	4.507.396	590.295
Jordan	1.176.606	121.584	4.588	979.992	70.442
Lebanon	2.709.541	327.567	233.833	2.042.543	105.597
Syria	1.395.528	148.492	40.385	1.127.096	79.555
Israel	10.387.796	436.480	62.709	9.279.257	609.350
Gaza + Jericho	38.167	6.168	1	31.790	208
Turkey	18.195.625	602.467	225.667	15.362.120	2.005.371
Cyprus	1.846.481	208.376	74.685	1.430.715	132.706
Malta	1.864.882	147.839	307.339	1.350.751	58.952
TOTAL	56.367.109	3.844.263	1.313.700	46.849.402	4.359.744

**THE EUROPEAN UNION'S SHARE (EU 15)
OF THE MEDITERRANEAN COUNTRIES' EXTERNAL TRADE**

Imports (%)

	1991	1992	1993	1994	1995	1996
Algeria	65.0	66.5	61.5	59.8	59.3	62.5
Morocco	55.8	53.9	54.5	56.5	56.1	54.1
Tunisia	74.0	73.2	74.7	71.9	71.4	72.3
Egypt	42.7	41.1	45.4	40.0	38.9	36.2
Jordan	32.3	31.6	33.2	35.5	33.2	31.7
Lebanon	...	...	...	50.4	53.4	49.9
Syria	42.0	40.0	40.0	36.0	34.0	33.0
Israel	50.4	53.0	52.2	54.4	52.9	52.3
Palestinian Terr.	...	...	...	...	6.3 ¹	...
Cyprus	50.1	50.5	54.3	52.7	51.7	48.6
Malta	75.5	76.7	71.6	75.7	72.7	68.6
Turkey	47.0	46.6	47.1	46.9	47.2	52.6

Exports (%)

	1991	1992	1993	1994	1995	1996
Algeria	...	73.4	68.8	69.9	64.9	58.7
Morocco	62.4	64.0	62.4	64.4	62.1	61.4
Tunisia	76.9	78.2	78.6	80.0	79.0	80.0
Egypt	43.1	39.7	40.1	43.9	45.8	46.2
Jordan	3.2	3.0	4.1	5.2	6.3	8.3
Lebanon	...	...	...	15.0	15.8	16.2
Syria	49.0	63.0	61.0	56.0	57.0	62.0
Israel	39.3	37.5	32.2	30.9	34.4	34.3
Palestinian Terr.	...	...	...	...	0.7 ¹	...
Cyprus	45.1	43.1	38.7	36.8	34.7	28.4
Malta	77.7	75.3	71.7	73.8	71.4	56.9
Turkey	54.1	53.9	49.5	47.7	51.2	49.7

1 Data concern direct transactions and do not include transactions effected via Israel.

2 EU 12.

Source: Eurostat - Euro-Mediterranean bulletin on short-term indicators 1/98.

**MEDITERRANEAN COUNTRIES' SHARE
OF THE EUROPEAN UNION'S EXTERNAL TRADE**

Imports (%)

	1991	1992	1993	1994	1995	1996
EU-15	6.1	6.3	6.1	6.1	6.0	6.1
B/L	6.3	6.3	5.5	7.4	7.0	7.6
DK	2.2	2.2	2.3	2.5	2.1	1.8
D	5.5	5.9	6.1	5.6	5.5	5.6
EL	6.8	9.2	12.0	13.2	11.3	12.8
E	7.3	7.8	8.0	8.5	8.3	8.8
F	9.7	10.2	9.1	9.3	10.3	10.2
IRL	1.9	2.2	1.3	1.5	1.6	1.8
I	10.6	10.4	9.8	10.2	8.0	8.5
NL	4.7	4.6	5.0	4.4	4.4	4.3
A	5.3	4.4	4.5	4.5	3.7	4.7
P	8.9	8.6	9.2	8.4	6.5	6.9
FIN	1.2	1.3	1.1	1.3	1.0	1.1
S	1.7	2.2	1.6	1.6	1.6	1.5
UK	2.9	3.0	3.2	3.1	3.3	3.5

Exports (%)

	1991	1992	1993	1994	1995	1996
EU-15	9.2	9.3	9.6	8.7	8.8	9.1
B/L	15.4	16.2	15.1	14.2	13.9	14.8
DK	4.3	4.7	4.7	4.4	4.5	4.0
D	7.1	7.2	7.5	6.5	6.7	7.0
EL	27.4	30.4	25.5	27.9	26.7	26.8
E	11.7	12.1	13.1	12.2	13.1	12.4
F	13.1	13.0	13.0	12.3	12.8	13.1
IRL	4.7	4.2	4.7	5.5	5.2	4.5
I	13.8	14.1	14.1	12.8	12.3	12.2
NL	8.4	7.8	8.7	7.7	8.3	8.8
A	5.2	5.4	5.0	4.7	4.1	4.4
P	6.7	6.2	8.8	10.0	9.6	8.7
FIN	5.3	5.1	5.2	3.8	4.2	3.8
S	4.7	4.6	5.5	3.4	4.0	4.5
UK	5.8	5.6	6.3	5.7	6.2	6.4

Source: Eurostat – Euro-Mediterranean bulletin on short-term indicators 1/98.