

EURO-MEDITERRANEAN CHARTER FOR ENTERPRISE

By 2010, the Euro-Mediterranean region is destined to become a vast area of free trade and economic prosperity, with strong development perspectives for entrepreneurs. This economic integration is an irreversible process, which takes place in a global context of increased trade and competition and against the background of the permanent evolution in information and communication technologies.

The common challenges for all Mediterranean partners are the following: How to play the globalisation card and make the most of the opportunities offered by the opening up of the Euro-Mediterranean economic area? How to remain competitive and create a sufficient number of jobs for newcomers on the labour market? Which strategies should be implemented to create value added and achieve complementary economic development? How to foster entrepreneurship and attract foreign investment on a durable basis?

Enterprise, as an engine for growth and social progress, is at the heart of all these considerations.

This Charter contains the common principles on which the Mediterranean partners can base enterprise policy. The ambition is to create an environment conducive to investment and private sector development as well as to define common strategies and projects, both at national and regional level. The prerequisites for success are a stable macroeconomic framework and a fair and transparent judicial system. The participation of both public and private stakeholders in the development and implementation of these policies will be key to their effectiveness.

Each Mediterranean partner will apply the principles of the Charter according to their own conditions and priorities, bearing in mind that an effective SME policy is the responsibility of national authorities. Progress in implementation will be monitored periodically.

The Charter will allow for the systematic exchange of experience, good practice and knowledge in the Euro-Mediterranean area. The sharing of information between partners will enhance regional co-operation activities.

The Charter will constitute a reference text for the co-ordination and definition of technical assistance to the private sector at regional, sub-regional and national levels. It relies on a strong commitment to regional co-operation.

* * * * *

Areas for action:

1. Simple procedures for enterprises

All rules governing business activity must be transparent and applied uniformly. They should reward success and treat failure as a learning opportunity and part of the process of risk-taking. Common practice to improve governance should include user-friendly documents and setting up an on-line administration.

Wherever possible, procedures for starting, transferring and closing a business will be simplified. This implies reducing the time, cost and formalities needed for registering a company; lowering minimal capital requirements; and using international best practice to improve bankruptcy legislation. It also includes providing assistance in finding a suitable location and the necessary infrastructure for a company at affordable prices. It is also essential to secure the swift implementation of procedures for contract enforcement.

We will introduce practices to assess the impact of new legislation on business. The guiding principle should be to keep burdensome requirements to a minimum in meeting public policy objectives. Legislators should take into account the limited resources of SMEs: think small first.

2. Education and training for entrepreneurship

We will nurture entrepreneurial spirit from an earlier age. General knowledge about business, entrepreneurial attitudes and entrepreneurship skills need to be taught and developed at all school levels. Specific business-related modules should be made an essential ingredient of education schemes at secondary schools, colleges and universities.

We will promote entrepreneurial endeavours by young people and develop appropriate training schemes for managers of small enterprises. Emphasis will be put on the skills needed to assess business opportunities as well as on the capacity to put together credible business plans. We will act, where needed, to promote reading and writing skills among all classes of workers, who are all potential entrepreneurs.

Curricula and training schemes will take gender issues into account. They will be adapted to market needs through a dialogue between the private sector and the educational system.

3. Improved skills

Adequate skills are the main strength of any enterprise. The qualifications of personnel should be improved on a continual basis.

We will develop continuous vocational training for workers. Special initiatives will be taken to reconvert workers towards new job opportunities, especially in relation to the use of new technologies. We will make sure that workers have opportunities, when needed, to take part in basic education and vocational training. These activities should be remunerated and carried out during normal working hours.

Sector-specific courses focused on international production standards and marketing should be set up.

We will tailor university curricula to the needs of innovative companies and promote links between research, universities and industry in order to make public research a relevant asset in the race for competitiveness. Systematic training aimed at promoting the use of innovation among workers should be encouraged.

4. Easier access to finance and investment-friendly taxation

We will take action to improve access to finance for SMEs, with particular attention to new companies and businesses with high growth potential. This objective is based essentially on close and strong relations between the banking system and enterprises. Efforts have to be made regarding both the offer and the demand for financial services.

On the supply side, banks should be able to offer tailor-made products for SMEs, in particular smaller ones. Their personnel should be trained to address the needs of all kinds of enterprises. Banks should be encouraged to create specific departments to evaluate the financing requirements of small businesses.

Public authorities should play the role of catalyst in aligning the interests of banks and enterprises. They should develop appropriate loan guarantee schemes addressed to all classes of enterprises, including new and small ones. Innovative financial instruments such as venture capital, business angels and other forms of funding of high-growth companies should be promoted. These actions should be based on public-private partnerships to secure their long-term sustainability.

On the demand side, enterprises should be able to give banks and other financial institutions evidence of their trustworthiness. Every entrepreneurial idea should be supported by a clear definition of its business objectives and strategies. Only on this basis would banks be able to indicate to entrepreneurs what type of available financial instrument would be the more appropriate for their specific business. Entrepreneurs should have easy access to advice for the preparation of their business plans.

Wherever relevant, the efficiency of taxation will be improved. Tax systems should be adapted so as to facilitate the establishment, growth and transfer of SMEs, favour job creation, reward success and encourage start-ups. Information on fiscal incentives, including those for investment in training and innovation, needs to be widely disseminated.

5. *Better market access*

We will instigate actions to identify and develop complementarities between our economies, while fostering the integration of our companies into the production systems of the world's most competitive economies.

We will develop a regional market access strategy to serve the interest of exporters, using the Internet.

We will further improve existing regional initiatives to facilitate investment and trade in goods and services, in order to prepare for the creation of the Euro-Mediterranean Free Trade Area. We will emphasise concrete measures to enhance south-south economic integration.

This includes action to facilitate customs clearance. This should also involve, for partners who wish to do so, finding solutions to move towards the EC approach for the free movement of goods and negotiating Agreements on Conformity Assessment and Acceptance of industrial products (ACAAs) with the European Union. Standardisation bodies will participate in the activities of European organisations.

6. *Innovative companies*

Strengthening the capacity of business to innovate is crucial in meeting the competitiveness challenge in the Euro-Mediterranean region. We will strive for the development of an innovation culture and support the efforts of companies of all sizes and in all sectors to become more innovative.

We will encourage the imaginative use of management techniques and information technologies as well as investment in quality and design.

We will ensure that markets for knowledge and knowledge-based services in our countries develop rapidly. This includes efficient protection of intellectual property and the development of adequate financial instruments and fiscal incentives. National consultants are important providers of high-quality services to innovative companies.

Improving the ability of SMEs to identify and select existing innovative technologies and to adapt them to their specific needs is a priority. We will facilitate the access of SMEs to technological and economic intelligence through appropriate channels such as existing business support infrastructures, in particular through access to the network of Innovation Relay Centres (IRCs) and to portals. Technology parks and incubators will become more service-oriented.

We will strengthen our companies' participation in national, European and international co-operation programmes aimed at technology dissemination, co-operation, knowledge sharing and benchmarking. We will also encourage their participation in international R&D projects focused on commercial knowledge and technology.

7. *Strong business associations*

The representation of SMEs' interests has to be strengthened in the policy and law-making process. Public authorities will examine how to consult them most effectively and at the most appropriate stage. Ways need to be found to enhance the capacity and efficiency of these organisations.

Business associations also have a fundamental role to play in informing their members about legislation and standards applicable in the Euro-Mediterranean region. This role should be strengthened also through regional support initiatives based on those implemented before accession in Central and Eastern European countries.

8. *Quality business support schemes and services*

Business support institutions play a key role in the development of the enterprise sector. The quality of their services needs to be raised through adopting internationally recognised best practice and developing appropriate training for service providers. Evaluation methods of the quality of the services should be applied. The quality of the services should be homogeneous throughout the whole territory of a country, in order to promote enterprise development outside metropolitan areas. Any effective and sustainable system of business support services can only be based on public-private partnerships.

The offer of services should clearly address the needs of enterprises, in particular new and smaller ones, which do not necessarily have internal resources to identify and use the appropriate services. SMEs, in their establishment and start-up phases, need access to a suitable infrastructure, in particular in terms of industrial sites and ready-to-use premises with competent in-house advisory services.

Business support schemes should be assessed against their impact on competitiveness.

The information on existing services and schemes should be coherent and proceed from a unique and clearly identifiable source for the enterprise. Support institutions such as Chambers of Commerce and/or representative business organisations can offer substantial help in reaching these goals. The Internet is an essential tool in this regard.

9. *Strengthening Euro-Mediterranean networks and partnerships*

Strong networks and partnerships are essential in grasping new market opportunities and improving the position of companies in international value chains.

Difficulties faced by SMEs are more linked to their isolation than to their size. Pooling resources is the only way to achieve the level of investment needed to meet the demands of foreign markets in terms of quality, quantity and reactivity. This involves sharing information, knowledge and know-how, using common infrastructures or organising joint procurement. We will foster the development of these local production systems through the provision of adequate support services and the co-financing of infrastructure. This will complement other efforts to promote co-operation between business, research and higher education.

We will encourage SMEs to become familiar with new technologies and modern management techniques through responding to the demands of large companies who are established locally. Efficient local suppliers can help reduce time for delivery and after sale services as well as transportation costs. We will facilitate the development of suppliers' linkage programmes. Steps include assisting large companies with the identification of potential suppliers, the organisation of matchmaking events, and raising competence levels among suppliers.

On a regional level, partnerships also have a key role to play in meeting the challenges of globalisation through the reorganisation of production value chains in the Euro-Mediterranean region. We will spread best practice in co-operative agreements and create the conditions for the development of industrial clusters. We will organise regular, thematic meetings between entrepreneurs, including matchmaking events, and support the development of joint projects of international significance. These partnerships should be developed in sensitive sectors such as textile and clothing.

At the same time, we will back all relevant networking initiatives among business support institutions in the Euro-Mediterranean region, from participation in the network of the Euro Info Centres to co-operation between agencies promoting investment and SMEs.

10. Clear and targeted information

Information is of strategic value in achieving competitiveness. We will take all steps necessary to facilitate access by entrepreneurs to information that will enable them to improve business performance.

* * * * *

By signing the Caserta Declaration, Ministers and representatives of governments present at the Fifth Conference of Euro-Mediterranean Ministers for Industry of 4 October 2004 commit to these goals.

Mediterranean region partners, European Union Member States and European institutions will make every effort to develop the means, co-ordination structures and co-operation channels (bilateral, multilateral and regional) to reach their common objectives.

They will set up the appropriate Euro-Mediterranean mechanisms to discuss progress and performance in implementing this Charter. They will also make every recommendation necessary to maintain the momentum in the implementation of the Charter.