

الاسبوع المتوسطي لقطاع المال و الاعمال - برشلونة
MEDITERRANEAN FINANCE
WEEK BARCELONA



Meda**Capital**Invest

I FORUM MEDITERRÁNEO INTERNACIONAL DE CAPITALES·INVERSIÓN

I FÒRUM MEDITERRANI INTERNACIONAL
DE CAPITALS·INVERSIÓ

I FORUM MEDITERRÁNEO INTERNACIONAL
DE CAPITALES DE INVERSIÓN

I FORUM MÉDITERRANÉENE INTERNACIONAL
DE CAPITAUX·INVESTISSEMENT

I INTERNATIONAL MEDITERRANEAN CAPITAL
INVESTMENT FORUM

منتدى البحر الابيض المتوسط العالمي للمال والاستثمار

06 · Noviembre · 2006 ·

Organizadores



Index

- Greeting message
- Program
- CVs of Speakers
- The Euro-Mediterranean economic area
- Economic Development and prospects 2006- Financial Markets in a new age of Oil
- The Liberalization of trade in Financial Services



Dear all,

It is with pleasure to take this opportunity to thank you for your participation in the Mediterranean Finance Week- Barcelona that is taking place in the Casa Llotja de Mar in Barcelona on the 6th and 7th of November.

During these two days, the financial sector will play a major role in the Mediterranean capital, bringing together the main financial and banking firms, insurance companies and mediators, brokers and investors in **the first International Mediterranean Capital Investment Forum** and the **II Mediterranean Insurance Conference**.

In this event, the companies and leaders of the financial sector will analyse and impel the sector taking into consideration the horizon 2010, where the free trade area will be created between the European Union and the associated Mediterranean countries.

One more time, Barcelona has the chance of relaunching and consolidating the process named after itself, and to motivate the Euro-Mediterranean economic integration with a main objective: to create a Euro-Mediterranean living space of a 720 million people, emerging full of possibilities, as a fundamental part in the globalized economy.

We hope that the participation of more than **500 leaders and companies** from 22 Mediterranean and European countries will fulfill the objectives of the financial sector and those of the Barcelona process.

Thank you again for your effort in leading the region towards a better future and hope you will enjoy your stay in Barcelona

Sincerely yours,

Miquel Valls
President
Barcelona Chamber of Commerce,
Industrial and Navigation

Program

International Mediterranean Capital Investment Forum Meda Capital Invest

"New frontiers for Investment and Financing"
(6th November, 2006)

Date: **Monday, 6th November 2006**
Place: **Casa Llotja de Mar de Barcelona**
Room: **"Durat"**

Time: **09:00 a 10:30 h.**

Session: **Opening Ceremony**

08:00 – 09:00 h. Official reception and registration
09:00 – 10:30 h. **Opening Ceremony**

SPEAKERS

Mr. FATHALLAH OUALOULOU, Minister of Finance and Privatisation (Morocco)
Mr. PHILIPPE DE FONTAINE VIVE CURTAZ, Vice-president of the BEI
Mr. ANTONI CASTELLS, Minister of Economy and Finance of the Regional Government of Catalonia (Spain)
Mr. YOUSSEF BOUTROS GHALI, Minister of Finance (Egypt)*
Mr. MIQUEL VALLS, President of the Chamber of Commerce, Industry and Navigation of Barcelona (Spain)

Date: **Monday, 6th November 2006**
Place: **Casa Llotja de Mar de Barcelona**
Room: **"Durat"**

Time: **10:30 a 12:00 h.**

Session: **Plenary Session 1**

- **Challenges and outlook for the area's capital investment market, with a view to 2010.**
- **The challenge of advancing the economic reform**
- **What do Mediterranean countries need, foreign investment or financing?**
- **Are current financial instruments effective?**

CHAIR

Mr. JUAN PRAT, Ambassador of special mission for the Mediterranean, Ministry of foreign affair and cooperation (Spain)

SPEAKERS

Mr. YOUSSEF AL KHALIL, Director of Finance Operations, Bank of Lebanon
Mr. KAMEL EDDINE BOUATOUATA, President of FINALEP (Algeria)
Mr. FRANÇOIS PONTET, President of Euromed Capital Association (France)
Mr. YASSER EL-MALLAWANY, President, EFG Herms (Egypt)*
Mr. ANGEL PES, Deputy General Director, La Caixa (Spain)

12:00 – 12:30 h. Coffee Break

Organization:



Date: **Monday, 6th November 2006**
Place: **Casa Llotja de Mar de Barcelona**
Room: **"Durat"**

Time: **12:30 a 14:00 h.**
Session: **Workshop - A**

A. "SMEs, venture capital funds and other financial instruments"

CHAIR

Mr. ANDREU MORILLAS, Secretary for Economy, Catalan Regional Government (Spain)

SPEAKERS

Mr. JOSEP GONZALEZ, President, Federation of Small and Medium Companies of Catalonia (Spain)
Mr. JAIME HERNANDEZ-SOTO, Vice President, the Spanish Association of Risk Capital Entities (Spain)
Mr. JEAN- CHRISTOPHE LALOUX, Head of Division of Venture Capital, European Investment Bank
Mr. KARIM BELMAACHI, General Director, Credit Agricole, Morocco
Mr. IMAD GHANDOUR, Founding member, Arab Venture Capital Association & Head of Strategy & Research at Gulf Capital

Date: **Monday, 6th November 2006**
Place: **Casa Llotja de Mar de Barcelona**
Room: **"Daurat"**

Time: **12:30 a 14:00 h.**
Session: **Workshop - B**

B. "The challenge of mobilising capital in the Mediterranean region"

CHAIR

Mr. JOSEP MARIA AYALA, CEO, Financial Catalan Institute (Spain)

SPEAKERS

- 1 Mrs. MARCELA HUERTAS, Former World Bank Group, Unit manager, Founder Metropolis Global
- 2 Mr. ROBERTO GILI, President, Alta partners, Spain
- 3 Mr. PASCAL PIERRA, Director, Proparco (France)
- 4 Mr. WALID TOUMA, Chairman LNNI, US.net Investment Cooperation and professor of Business in LAU (Lebanon)
- 5 Mr. JOSÉ REIG ECHEVESTE, Deputy general Director, Responsible of the North Africa Area, Banco Santander (Spain)

Date: **Monday, 6th November 2006**
Place: **Casa Llotja de Mar de Barcelona**
Room: **"Contractacions"**

Time: **14:00 a 15:30 h.**
Session: **Conference - Dinner**

PRESENTATION

Mr. MIQUEL VALLS, President of the Chamber of Commerce, Industry and Navigation of Barcelona (Spain)

Special Guest*

Date: **Monday, 6th November 2006**
Place: **Casa Llotja de Mar de Barcelona**
Room: **"Plens"**

Time: **15:30 a 16:30 h.**
Session: **Plenary Session 2**

Banking: an expanding sector

- The role of banks in the development of the 2010 Euro-Mediterranean area
- Can Mediterranean finance institutions face the challenge?
- Can banks play an active part in the investments and financing?

CHAIR

Mr. JOSEP OLIU, President, Bank of Sabadell (Spain)

SPEAKERS

Mr. DIRAR TAMIMI, Director, Arab Bank (Jordan)
Mr. FERID BEN TANFOUS, CEO, Arab Tunisia Bank (Tunisia)
Mr. MARIO BROGNARA, President, Mediterranean Bank Networks
Mr. JUAN BASURTO, Financial advisor, Spanish Bank Association

Date: **Monday, 6th November 2006**
Place: **Casa Llotja de Mar de Barcelona**
Room: **"Plens"**

Time: **16:30 a 17:30 h.**
Session: **Plenary Session 3**

Investment and Financing Outlook in MAGHREB: MOROCCO, ALGERIA AND TUNISIA

CHAIR

MANEL PÉREZ, Director of the Economic session, La Vanguardia

SPEAKERS

Mr. SENÉN FLORENSA, Director IEMED and Ex ambassador of Spain in Tunes (Spain)
Mr. OMAR CHIKHAOU, Managing Director of Capital Invest, Group BMCI (Morocco)
Mr. AHMED EL KARM, Managing Director, Amen Bank (Tunisia)
Mr. MOHAMED DJELLAB, President, Association des banques et des établissements financiers (ABEF) (Algeria)

Date: **Monday, 6th November 2006**
Place: **Casa Llotja de Mar de Barcelona**
Room: **"Plens"**

Time: **17:30 a 18:30 h.**
Session: **Plenary Session 4**

Investment and Financing Outlook in MASHREQ: JORDAN, LEBANON AND EGYPT

CHAIR

FERNANDO RAYÓN, Director, La Gaceta de los Negocios Newspaper

SPEAKERS

1. Mr. NASSIB GHOBRI, Head of research department, Byblos Bank
2. Mr. NADER RIAD, Chairman, CEEBA (Egypt)
3. Mr. HAETHUM BATTIKHI, Chairman, Jordan Kuwaiti Bank (Jordan)

Date: **Monday, 6th November 2006**
Place: **Casa Llotja de Mar de Barcelona**
Room: **"Plens"**

Time: **18:30 a 19:30 h.**
Session: **Plenary Session 5**

Investment and Financing outlook for new Mediterranean members and candidates to enter the EU: TURKEY, MALTA AND CYPRUS

CHAIR

Mr. ALBERT CLOSAS, Television News Vice director and Director of the program "Valor Afegit" of Canal 33, Television of Catalonia

SPEAKERS

1. Mr. IHHAMI KOÇ, General manager, Is Investment (Turkey)
2. Mr. ADRIAN SAID, Manager, Malta Enterprise (Malta)
3. Mr. SAVVAS SAVVIDES, Dean, Cyprus College (Cyprus)

Date: **Monday, 6th November 2006**
Place: **Casa Llotja de Mar de Barcelona**
Room: **"Contractacions"**

Time: **20:00 h.**
Session: **Official Clousing**

Conference- Institutional Dinner:

- I International Mediterranean Capital Investment Forum
- II Mediterranean Insurance Conference

1. Mr. FATHALLAH OUALOULO, Minister of Finance and Privatisation (Morocco)
3. Mr. YOUSSEF BOUTROS GHALI, Minister of Finance (Egypt)*
4. Mr. ANTONI CASTELLS, Minister of Economy and Finance of the Regional Government of Catalonia (Spain)
5. Mr. LLUÍS FERRER, President of the Certified Insurance Mediators' Society of Barcelona (Spain)
6. Mr. MIQUEL VALLS, President of the Chamber of Commerce, Industry and Navigation of Barcelona (Spain)

* to be confirmed

Organization:



CVs of Speakers

Al Khalil, Youssef



He is Senior Director of the Financial Operations Department and member of the Open Market Committee at the Banque du Liban (BDL). From 1989 until 1993 he was Deputy Director of the Credit Department of the BDL. He is a lecturer in development economics, managerial economics and agricultural economics at the American University of Beirut (part time) and founder and Chairman of the Association for the Development of Rural Capacities.

Ayala, Josep Maria



He is the CEO of the Financial Catalan Institute (ICF) and President of the Catalan Institut of Agricultural Credit. He is also the President of ICF Holding, SAU, ICF Equipaments, SAU and Avalis de Catalunya and SGR. From 2001 until 2003 he was the director general of enterprises of BBVA. From 1994 until 1996 he was the director of BBVA Catalonia and Balearic Islands and in 1996 he was nominated president of Banco Ganadero de Colombia by BBVA. From 1990 until 1994 he was director general of Banca Catalana. Mr. Ayala holds a BA in Law and a Diplomat from IESE.

Basurto, Juan



He is a financial advisor to the Spanish Bank Association. He is also a member of the Committee on financing markets and the Committee on Banking Supervision - EU Banking Federation. He is a founder and CEO of Lertegui. He has worked in the Banco de Vizcaya Group and the Basque Country Government as Secretary General of the Economic vice Presidency. He has been professor at the Faculty of Economics of the University of País Vasco and Complutense of Madrid and he is a founder and – Honorary President of the Finance Club of Bilbao.

Belmaachi, Karim

He is the director general of Crédit Agricole du Maroc. From 1990 until 2004 he worked at the Banque Commerciale du Maroc (BCM) in the creation and development of the european network of the BCM. He is membre of the Moroccan Economic Committee in the Moroccan Embassy in Paris and founding membre and treasurer of the Association Trait d'union Maroc-Europe. He is engineer from the Ecole Centrale de Paris.



Ben Tanfous, Mohamed Férid

He is the General Manager (CEO) of Arab Tunisian Bank (Arab Bank group) and Board President of 'A.T.D SICAR (Capital Risk Cie) subsidiarie of A.T.B. He has been the Chairman of the Bank of Economic Development of Tunisia (The first bank of development in Tunisia) and the Chairman of the Tunisian Union of Banks (France) and General Manager on the Tunisian Central Bank. He is the General Honorary Consul of Suede and from September 2000 to 2006 a member of Economic and Social Council (Constitutional Institution). He holds a BA Private Law and MA Studies in Private Law.



Bouatouata, Kamel Eddine

He is the director general of the Financière Algéro-Européenne de Participation (FINALEP SPA). Previously he was head of division and secretary general of the Banque de Développement Local (BDL). From 1996 until 2000 he was director of Studies at the ABEF (Association des Banques et Etablissements Financiers). From 1989 until 1996 he was the assistant to the director general of CACI (Algerian Chamber of Commerce and Industry) and previously he had been the director of department at ex OSCIP (administrative agency for private national investment). He holds a BA in Economics from the Université d'Alger.

Brognara, Mario



He is the Chairman of the Board of the Mediterranean Bank (BPVN). In 1973 he joined the Banco Popolare di Verona in which he in various branches. From 1991 until 1997 he was the head of the Commercial Office and Trade Finance & Corporate Division and in 1997 the senior regional manager for BPVN within the Foreign Department for areas such as Northern Europe, the Mediterranean (Southern Europe) and Africa. He studied Economics at the University of Verona



Buttikhi, Haethum Sabih

He is the head of private banking and wealth management of the Jordan Kuwait Bank. From 2003 until 2005 he was the manager – corporate clients relations in the main branch and the head of credit in the Corporate Branch of the same Bank. From 2001 until 2003 he held the rank of 1st Lieutenant at the General Intelligence Department of Jordan. He is a member of the Board of Directors for United Financial Investments PLC. He holds a BA in Politics/ International Relations from the University of Kent at Canterbury (U.K.).



Castells, Antoni

He is the Minister of Economy and Finances of the Generalitat de Catalunya (Government of Catalonia). From 1994 to 2000 he has been the Spanish member of the European Court of Auditors and member of the Public Audit Office for Catalonia from 1984 until 1989. Since 1992 he is a member of the Catalan Parliament for the Catalan Socialist Party. He holds a doctorate in Economy from the Universitat de Barcelona and professor of Public Finances from the same University.

Chikhaoui, Omar



He is the General Manager of Capital Invest, a private equity fund manager organized to provide capital for privately-owned companies in the maghreb. Mr. Omar manages four private equity funds in Morocco and he has an extensive experience in the venture capital industry in the Maghreb, with specific expertise in high growth companies. Omar is a Chartered Financial Analyst (CFA) and earned an MBA from the University Of Dallas.

Closas, Albert

He is the sub-director of “Informatius de Televisió de Catalunya”(Catalan TV news programme) and director of the programme entitled “Valor Afegit” shown on Canal 33. He is a journalist specialized in economic information. He previously worked at the economic section of Informatius de Televisió de Catalunya and was the sub director and then the head of the section. From 1995 until 999 he was the president of APIEC (Catalan Association of Economic Information Journalists). From 2000 until 2005 he was a member of the Catalan Journalist Association and president of its Associative Affairs Committee. From 2000 until 2002 he has also been president and member of the Professional Committee of the Catalan TV.

De Fontaine Vive Curtaz, Phillipe



He is the Vice President and member of the management committee of the European Investment Bank. From 1986 until 2003, he worked at the treasury department of the French Ministry of Economy and Finance, being the head of transport and urban planning office, the general secretary of the board of fdes (economic and social development fund), Deputy Assistant Secretary for international affairs in charge of bilateral relations, development and debt issues vice-president of the paris club, deputy assistant secretary for state holdings and Administrateur Civil, Ministry of Economy, finance and Industry. From 2002 until 2003 he was the assistant secretary for domestic affairs. From 1994 until 1995 he was international advisor of the Minister and from 1992 until 1994 head of the non-life insurance office.

El Karm, Ahmed



He is the director general of Amen Bank of Tunisia. From 1990 until 1993 he was the director general International Trade Exchanges of the Tunisia Central Bank and previously he had been the director of cabinet of the Governor of the Tunisia Central Bank. In 1987 he was chargé de mission responsible for the directorate general of management supervision and directorate of studies and planification in the Ministry of Equipment, Habitat and Transport. He holds a BA in Economics from the Faculty of Law and Economics of Tunis and a Diplôme d'Etudes Supérieures en Techniques Bancaires from the Institut Technique de Banque de Paris.

Florensa, Senén

He is the general director of the European Institute of the Mediterranean (IEMed). He has been, among other posts, the Spanish Ambassador to Tunisia, the general director of the Instituto de Cooperación con el Mundo Árabe, Mediterráneo y Países en Desarrollo (ICMAMPD) of the Spanish Ministry of Foreign Affairs and Cooperation, the Spanish Secretary of the Spanish-Moroccan Averroes Committee, the secretary general of the departments of Trade, Consumption and Tourism and of Territorial Policy and Public Works of the Government of Catalonia, the first Secretary of the Spanish Embassy at UNESCO (1996) and an advisory member of the office of the President of the Spanish Government (1979-1982).

He holds a degree in Economic Science and in Law from the Universitat de Barcelona. He studied for his doctorate in Economics at the Université Paris I Panthéon-Sorbonne. He holds a diploma in International Studies from the Diplomatic School of the Spanish Ministry of Foreign Affairs and Cooperation.

Ghali, Youssef Boutros



He is the Minister of Finance of Egypt. He has also been Minister of Foreign Trade, Minister of Economy, Minister of State for Economic Affairs and Minister of State for International Cooperation and Minister of State at the Council of Ministers. He has also worked at the International Monetary Fund. He holds a BA in Economics and a Ph.D in Economics from the Massachusetts Institute of Technology.

Ghandour, Imad



Mr. Ghandour heads the Strategy & Research Group at Gulf Capital. Prior to joining Gulf Capital, he was a business advisor to several regional and international organizations. Mr. Ghandour is a board member of the Gulf Venture Capital Association chairing the Statistics and Information Committee, a founding member of the Arab Private Equity Association, an advisor to the President of the Arab Science & Technology Foundation, and a member of Young Arab Leaders.

Ghobril, Nassib



Nassib Ghobril is Head of Economic Research & Analysis at the Byblos Bank Group. Previously, he was Head of Research at Saradar Investment House, Senior Manager & Head of Research at Lebanon Invest, and Deputy Head of Research & Head of Sector Research at Audi Saradar Group. He also worked for several years in the United States in research and consulting. His research and articles cover a wide range of topics and have been published in specialized regional and international periodicals. Mr. Ghobril holds a Bachelor of Arts in Political Studies from the American University of Beirut. He then earned an MA in International Relations from the American University in Washington, DC and a Master in International Management from the American Graduate School of International Management (Thunderbird).

Gili, Roberto



He is partner of Alta Partners S.L, a corporate finance advisory service company. He is also a partner of Activa Ventures SGEGR S.A and professor of the MBA of the Universitat Pompeu Fabra (IDEC). From 1989 until 1992 he was the CEO of PROFINANCE, S.A, a venture capital firm. From 1986 until 1989 he was the responsible for the corporate area of "Grup de Serveis S.A". - Caixa de Barcelona Group. From 1982 until 1986 he was the head officer of the "Servei de Política Industrial de la Generalitat de Catalunya", Industry and Energy Department. From 1980

until 1982 he was the head officer of the "Servicio de Inversiones Extranjeras del Ministerio de Industria y Energía. He is a Civil Engineer and holds an MBA from I.E.S.E.

Gonzalez, Josep



He is the President of MEPIMED (The SMEs Meda Association), the President of the Confederation of PIMEC, small and medium Enterprise of Catalonia, the Vice-president of Barcelona Chamber of Commerce, Industry and Navigation. From 1969 till 1992 he was the general manager of the Jurid Ibérica company (Honeywell Fricción Spain). Since 1994 he is a chairman of the Furas company.

Hernández-Soto, Jaime



He is the vice president of the Spanish Association of Risk Capital Entities and partner of MCH Private Equity Asesores, S.L. He is a member of the Board of Directors of Segur Ibérica, Irestal, Tema and MasVisión. Previously he worked in Grucycsa and in the M&A department of Lazard Frères et Cie en París. He has worked at the corporate finance and variable income of Banco Santander de Negocios and in the Banco Exterior in New York. He holds a BA in Business from the University of Caldwell en Nueva Jersey.

Huertas, Marcela



Marcela Huertas founded Metropolis Global in 2004. Prior to this she worked for almost ten years at the World Bank Group in various regional and sectorial units, including the Department of Urban Development, the Latin American Region, the Vice Presidency for Europe and the International Finance Corporation. She was the assistant to then President James Wolfensohn and co-headed the Global Program on Capital Markets Development at the Subnational Level. She has a Senior Executive Program Degree from ESADE (Madrid), an Executive Development Program degree from

Harvard University, a degree in Urban Planning from New York University, and a Political Science degree from Los Andes University (Bogota).

Koç, İlhami



İlhami Koc is General Manager of Is Investment. Born in 1963 and graduated from Ankara University, Faculty of Political Sciences in 1986. He started his career at Isbank at the same year. During his career at Isbank and Is Investment, under the scope of investment banking operations, he conducted brokerage, asset management, privatization consultancy, domestic and international public offerings; mergers& acquisitions; venture capital and private equity.

Laloux, Jean-Christophe



He is Head of Division at the European Investment Bank (E.I.B.). He is heading the private equity and technical assistance operations in the Mediterranean Partner Countries. These activities are carried out under FEMIP (Facility for Euro-Mediterranean Investment and Partnership). Within E.I.B. he has been, amongst others, a senior venture capital officer for France, Benelux and Italy. Until recently, he was the Advisor to Mr Philippe Maystadt, President of the E.I.B.

Mr. Laloux is a Commercial Engineer from the Catholic University of Leuven – Belgium, a Post Graduate in Management from the University of Ghent – Belgium, as well as Master of Business Administration from the Kellogg School of Management, Northwestern University - United States.

Morillas, Andreu



He is the Secretari of Economy of the Generalitat of Catalonia. From 1978 until 1989 he has been Subdirector general of Economic Programation in the Economy Department of the Generalitat of Catalonia. He has been secretary general of Cercle d'Economia in Barcelona, president of the Economist Association of Catalonia vice president of the General Council of Spanish Economist, technical secretary of the Universitat de Barcelona and director general of the Fundació Universitat Ramon Llull and

Administrador of the same University. He holds a BA in Economics from the Universitat de Barcelona and Alta Business Administration from ESADE.

Oliu, Josep



He is the President of Banc de Sabadell, S.A. and BanSabadell Holding, S.L. He is also member of the Board of Banco Comercial Português and member of the General Council of the Asociación Española de Banca (AEB). Mr. Oliu is vice president of the Spanish Committee of the Liga Europea de Cooperación Económica – LECE, member of the Spanish Committee of INSEAD and vice president of the Cercle d'Economia. He is a Doctor in Economics from the University of Minnesota (USA).

Oualalou, Fathallah



He is Minister of Finances and Privatization of Morocco. He holds a BA in Economics and a Phd and has been lecturer in the Faculty of Law of Casablanca and in the ENA. In 1972 he participated in the launching of the USFP of Morocco (Union Socialiste des Forces Populaires). From 1968 until 1977 he was a member of the Bureau National du Syndicat National de l'Enseignement Supérieur (SNESUP). Since 1982 he is the president of the association of Moroccan economists. He has been elected several times president of the Union des Économistes Arabes and Conseiller Municipal of Rabat and a member of the Parliament.

Pérez, Manel



He is a journalist specialized in economic information. He is the editor in chief of the economic section of La Vanguardia. From 1992 until 2000 he was the head of the

economic section of El País. Previously he was editor in 5 Días. From 1987 until 1989 he was director of computer magazines of Planeta Agostini.

Pierra, Pascal



He is the Director of Private Equity of Proparco (France). He is also co-founder and manager of Averroes Finance, the first fund of funds dedicated to the Maghreb-Machrek. Mr. Pierra holds different board positions, including at the Swiss Investment Fund for Emerging Markets (ex-Seco), and has taught finance at ESCP-EAP Graduate School. Before joining PROPARCO, he worked for Fidelity Investments, Paribas and Harwanne CE. He holds an MBA and a MSc.

Pes, Àngel

He is the sub director general of la Caixa d'Estalvis i Pensions de Barcelona. Previously he had been the deputy director of Caixabank, S. A and of Banco de Europa, S.A. He holds a Ph.D in Economics from the Universitat de Barcelona.

Pontet, François



He is the Secretary General of Euromed Capital Forum and of Euromed Capital Forum Association and Chairman of Siparex Group. He is also President of Sud Partners. In 1978 he became adviser of the President of the Compagnie Générale de Constructions Téléphoniques. From 1979 until 1987 he was president and managing director of ITT Industries. In 1998 he rejoined Dassault Groupe and became secretary general of Dassault Electronics and Dassault automatisms and telecommunications. From 1998 until 2000 he had been the Secretary General of Business Group Systèmes Aéroportés de Thomson-CSF. In 2001 he rejoined Siparex Groupe. He is graduated in Law and in Political Science at the Institute of Political Studies of Paris and MA in Law from the Faculty of Paris.

Prat, Juan

Since 2004 he is the Ambassador on Special Mission for Mediterranean Affairs of Spain. From 2000 until 2004 he was the Permanent Representative to the North Atlantic Council. He has been Ambassador of Spain in Italy, San Marino, Albany and Malta and worked at the European Commission as director general of foreign affairs in the Directorate General responsible for the EU relations with Southern Mediterranean,

Middle and Near East, Latin America and director general for the north-south relations, Mediterranean policy and relations with Asia and Latin America. He is a diplomat and holds a BA in Economics and Law from the Universitat de Barcelona.

Reig Echeveste, José

He is the deputy director general of Banco Santander responsible for North Africa. Previously he was responsible for the consumer financing European branches. From 1997 until 1999 he was deputy director general at Banco Central Hispano. At the same Bank, he had been director of the International Division. Mr. Reig is Commercial Expert from the Escuela de Comercio de Madrid and has studied at the Commerce School of Friburg (Switzerland). He holds a Masters from the Instituto de Empresa de Madrid and from I.E.S.E. / University of Michigan (USA).



Riad, Nader

Nader Riad holds a BA degree in Mechanical Engineering, and a master and PhD degree in industrial engineering. He is the President of Bavaria Egypt S.A.E and the CEO of Bavaria International GmbH & CO. KG. He is also the Chairman managing Director of Bavaria Free Zone and Bavaria alarm, a board member of Sakkara Tourism Investments and a founder member of Oriental Petrochemicals Company S.A.E. He is also the President of the Egypt-Germany Business Council, the Chairman of the Industry Committee of the German-Arab Chamber of Industry and Commerce, the R&D and Technology Transfer Committee of the Federation of Egyptian Industries and the Confederation of Egyptian European Business Associations. He is the vice-chairman of the Egyptian Association for the Protection of the Industrial Property, the Egyptian European Association for Economic and Social Development and a Board member of the Education Development Fund Council, the Permanent Council for Consumer Protection and the Federation of German Industries. He is a member of the Economic Committee of the National Democratic Party.



Said, Adrian

He is the Director of Economic & Management Consultancy Services Ltd (EMCS). He is engaged in a number of consultancy assignments that are related to strategic planning

& organizational restructuring to international organizations based in Europe and the Middle East mainly in Italy, France, the UK and Dubai and obviously Malta. He currently holds the post of Chief Co-ordinator of Competitive Malta – Foundation for National Competitiveness. Mr.Said is a visiting lecturer and examiner at the Department of Management of the University of Malta. He holds a first degree in Commerce, as well as an honours degree in Economics from the University of Malta. He pursued post-graduate studies at the Strathclyde Graduate School of Business - University of Strathclyde in Scotland by following a Master in Business Administration.



Savvides, Savvas

Dr. Savvides holds a PhD in Monetary Economics from New York University (USA). He combines a balanced mix of academic and business experience. After a number of years in academia in the United States, Dr. Savvides worked for 14 years in Cyprus with a large banking group in various managerial positions (Director of Economic Research, Director of Planning and Marketing, and Director of Private Banking). Since 2001 he is Dean of the School of Business of Cyprus College. His research interests are: savings and growth, asymmetric information, e-banking, real estate economics, and life insurance. He is on the editorial board of two scientific journals. Since 2004, he is a member of the European Science Foundation (ESF), and Vice-President of SPACE (European Network for Business Studies and Languages).



Touma, Walid

Dr. Walid R. Touma is a venture capitalist, with more than 22 years experience in launching successful businesses and executing multimillion dollar projects in the areas of Information Technology & Services, Financial Analysis Systems, and Manufacturing & Trade. Recently, in October 2006, a holding company that Dr. Touma founded and chaired, LNNi.com, Inc. (owner of GalleryWatch.com, Inc., USBudget.com, USCongress.com, and LNNi Services, Inc.) was acquired by the Economist Group (owner of the Economist magazine, Economist Intelligence Unit, Roll Call, European Voice, and CFO among others). Currently, Dr. Touma is the Chairman of US.Net Investment Corporation, and a member of the Board of Directors of several International and Lebanese corporations. Furthermore, Dr. Touma holds the position of Assistant Professor at the Lebanese American University's School of Business. Dr.

Touma earned his PhD in Computer Engineering at the University of Texas at Austin, and his book, "The Dynamics of the Computer Industry," was published in 1993 by Kluwer Academic Publishers.

Valero, Miguel Angel



He is the Head of the Financial Section of the La Gaceta de los Negocios. He has been responsible for taxes and funds of ABC Economía. He participated in the creation of La Gaceta de los Negocios in 1989 and a year after he directed the collection lección Dinero Práctico. From 1991 until 1994 he was market financial correspondent and from 1994 until 1997 he was editor of the Spanish economy rank. In 1997 he became editor of the banking news. He holds a BA in Journalism from the Universidad Complutense de Madrid and studies of Philosophy and Theology from the Instituto San Dámaso de Madrid

Valls, Miquel



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EUMED

The Euro-Mediterranean economic area

***Economic weight of the Euro-Mediterranean zone and
opportunities for the future***



The Euro-Mediterranean Association towards 2010

The policy and the process of the Euro-Mediterranean cooperation represent one of the major objectives of the EU that is designed to intensify, at all levels, the relations between the EU and the associate countries, through alliances that open the way to a fulfilment of series of objectives as political, economical, social, cultural and human ones. Thus, a total of 35 countries – 25 from the EU and 10 from the Mediterranean ones– make up what is known as the Euro-Mediterranean Association, or Barcelona Process.

One of the main objectives of this Association is the establishment of a Euro-Mediterranean Free Trade Zone in the year 2010, which is a great opportunity for the economic development of the whole Euro-Mediterranean area. The success of the Euro-Mediterranean Free Trade Zone depends on the enforcement of the EU policies in support of the Mediterranean area, together with the consolidation of the economic reforms in the associated countries. These elements are fundamentals to guarantee the technical and financial cooperation in the future Free Trade Zone projected for 2010.

Here are some data that will assist better the **economic context** between the two shores:

- The Mediterranean zone, with 187.000 millions of euros, is second only to the US as European trade partner. 70% of imports originate from the EU, while 12% of community exports go to the 12 countries that make up the Southern Mediterranean and Levant. 80% of these exports originate essentially from five EU countries: Italy, Germany, France, Spain and Great Britain.
- Over 5,000 European businesses are established in the zone. In 2005, direct foreign investments in the Mediterranean zone reached 44,000 millions of euros.
- Almost 35% of the EU's energy supplies are sourced from Southern Mediterranean countries (60% of Spain's gas comes from Algeria).
- 6.4 millions emigrants from Mediterranean associate countries work in the EU and transfer remittances valued at around €17,000 million.

These data are the evidence that the Southern Mediterranean and Levant area has an exceptional strategic importance for the EU. Nevertheless, as is well known, there are issues that hamper a harmonized development of the zone, such as: unequal economic development with a significant burden of external debt; highly differentiated economic and social structures; a degree of insufficient monetary and fiscal discipline; dependence on energy exports and raw materials as against the limited dynamism in manufactured exports.

These drawbacks create the obligation on all parties to push ahead with structural and economic reforms to reinforce the economic framework of the whole Mediterranean territory and ensure the success of the forthcoming free trade area. In this regard, it is necessary to guarantee technical and financial cooperation from the European Union through programs such as MEDA I, II and FEMIP (Facility for Euro-Mediterranean Investment and Partnership):

- **The MEDA programme**, supporting structural reforms to prepare these countries for 2010, had invested over €10,400 million in the Mediterranean countries between 1995 and 2003. However, the MEDA programme has not been entirely positive for a variety of reasons, such as the non-receipt by the private sector of the necessary tools and minimum guarantees, or the failure of structural changes in target countries, to offer investors a stable framework.
- **The FEMIP programme** (Facility for Euro-Mediterranean Investment and Partnership), with a budget of €10,000 million for the 2002-2008 period, should be converted into a financial institution for the Mediterranean development and its private sector, to secure greater chances



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of success in its application. Thus, the Mediterranean business sector would be truly involved in the process, which, without a doubt, would provide a great boost to economic growth translating into an increase in the creation of business alliances across the two shores.

The Mediterranean is facing great challenges. A precursor of the Barcelona Process, through a long and sustained tradition of commercial exchange between the two shores of the Mediterranean, is the **private sector** who has always been at the forefront in promoting different initiatives aimed at building bridges and opportunities. For that reason, it deserves the recognition and involvement in the policy design for its development in the region.

Economic power in the Mediterranean region

Today, within the context of the globalization, the Mediterranean region needs to be analyzed as a discrete economic area in the new strategic division of the world economy. The favoured relationship between Mediterranean countries and the European Union, the creation of the Free Trade Zone, the need for a closer South-South economic dialogue and the role of the private sector are some of the priority central issues to be examined.

The Euro-Mediterranean region brings together a population of 720 million inhabitants, whose average annual income is 14,186 euros (in contrast to the 1,300 million population in China, with an average income below 1000 euros), offering specific advantages and competitiveness within the new international division of labour and in the field of industrial and economic cooperation.

The European Union remains the main trading partner of Mediterranean countries, both in goods and services. Over 50% of the region's exchanges are made with the EU, which also makes up, for some of these countries, the substance of 70% of their exports. The EU is likewise the prime direct foreign investor in the region, as well as the main source of support and financing vehicles. In respect of the Euro-Mediterranean region, the EU is, in addition, the principal source of tourism and prime destination of emigrants from the zone.

Because of the complementary nature and synergies of the region, and in line with the aims and principles of the Barcelona Declaration, the Euro-Mediterranean association is set to take a leading role in the world economic scene.

In defining the Mediterranean region's key economic factors, the following points have been analyzed:

- **Economic indicators**
- **Key sectors in MEDA economies**
- **MEDA countries' commercial relations**
- **Direct Foreign Investment in the region**
- **Financial programmes and vehicles**
- **Value of emigrants' remittances**



Economic indicators of the Mediterranean associated countries, the EU and the World

Country	Population in millions 2005	% GDP real growth rate 2005	GDP (PPP) in millions of US \$ in 2005	GDP (PPP) Rent per capita in US \$ 2005
Algeria	32.854.000	6	237.684	7.189
Egypt	79.227.639	4,9	305.255	4.317
Israel	7.026.000	5,2	158.350	23.474
Jordan	5.703.000	5,1	27.960	5.096
Lebanon	3.577.000	0,5	24.420	6.681
Libya	5.853.000	8,5	67.244	11.624
Morocco	31.478.000	1,8	135.742	4.503
Palestine	3.702.000	NC	NC	NC
Syria	19.043.000	4,5	71.736	3.847
Tunisia	10.102.000	4,3	83.673	8.255
Turkey	70.623.267	5,6	569.248	7.950
Total MEDA countries	269.188.906	4,8	1681.312	8.293
EU	457.030.000	2,4	12.427.413	26.900
Total EU + MEDA	726.218.906	3,6	14.108.725	17.596
Total World	6.477.000.000	4,7	61.078.260	9.500

Data: International Monetary Found 2005



Key economic sectors in the markets of associated Mediterranean countries:

- Agrifoods, cold chains, dairy products, wine, irrigation and consulting
- Distribution: hypermarkets, stockage, logistics, franchises, commercial networks.
- The health sector
- Construction, with particular emphasis on social housing, and new technical systems
- Capital goods, white goods and others deriving from demographic growth
- The rise in the tourist sector and opportunities to be exploited
- The major equipment, infrastructure, airport, port, public work, water treatment, etc. sectors
- Telecoms, information and new technologies, mobile and fixed telephony, Internet
- Business services, consulting, professional offices, training
- City services transport, etc.
- Classical manufacturing sectors, subcontracting, automotive, electronics, textile.



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Commercial exchanges between the EU and the USA and the Mediterranean associated countries

2005 Partner	European Union (Bn Euros)		United States (Mil. US \$)	
	Exports	Imports	Exports	Imports
Total Mediterranean associated countries	105.7	107.7	20.7	39.0
% on total	10 %	9 %	2,2 %	2,3 %
Algeria	10.4	20.7	1.1	10.4
Egypt	8.3	5.1	3.1	2.1
Israel	13.4	9.6	9.7	16.8
Jordan	2.3	0.4	0.6	1.2
Lebanon	3.0	0.2	0.4	0.8
Libya	3.5	19.5	0.8	1.6
Morocco	11.7	9.0	0.5	0.4
Syria	2.8	2.9	0.1	0.3
Palestine	0	0	0	0
Tunisia	7.9	6.8	0.2	0.2
Turkey	41.8	33.5	4.2	5.2

Commercials relations between the MEDA countries the EU and the USA

	European Union	United States
Algeria	AA (2002) – SPG - EU-Algeria Association Agreement (2005)	TIFA (2001) - SPG (2004)
Egypt	AA (2004) - SPG	TIFA (1999) - BIT (1992) - SPG – QIZ
Israel	AA (2000)	ALE (1885) - QIZ
Jordan	AA (2002) - SPG	ALE (2001) - BIT (2001) - SPG – QIZ
Lebanon	AA (2003) - SPG	SPG
Libya	SPG – Negotiations in course	
Morocco	AA (2000) - SPG	TIFA (1995) - BIT (1991) - SPG - ALE (2004)
Syria	AA - Negotiations in course	Regime of sanctions
Palestine territories	AA (1997)	SPG
Tunisia	AA (1998) - SPG	BIT (1993) - SPG
Turkey	Customs union	BIT (1990) - SPG

AA: Euro-Mediterranean association agreement
 SPG: System of Generalized Preferences
 TIFA: Trade Investment and Framework Agreement
 BIT: Bilateral Investment Treaty
 ALE: Free change agreement
 QIZ: Qualifying Industrial Zone



Commercial relations between the Meda countries, Spain and Catalonia

Country	Commercial relations with Spain in 2004 in million Euros		Commercial relations with Catalonia in 2004 in million Euros	
	Export	Import	Export	Import
Algeria	831,2	2.852,6	222,5	1.114,6
Egypt	668,5	457,1	117,0	57,1
Israel	512,0	561,4	151,7	292,2
Jordan	103,5	19,6	27,4	0,7
Lebanon	147,0	14,6	61,1	0,7
Libya	111,1	1.961,8	17,2	970,2
Morocco	2.173,0	1.861,3	485,0	384,4
Palestine Territories	1,1	0,0	NC	NC
Syria	130,5	220,5	39,3	41,3
Tunisia	568,7	467,6	197,9	159,3
Turkey	2.585,5	2.464,9	749,1	624,4
TOTAL MEDA countries	7.832,1	10.881,4	2.068,2	3.644,9



Foreign Direct Investment (FDI) in the MEDA region

The latest FDI in the MEDA region:

FDI in the MEDA region	Year 2003	Year 2004	Year 2005
Projects	275	400	686
Import in million euros	10.862	19.099	44.000

Origin of the FDI in the MEDA region in 2005:

	% on the projects	% on the amount
Europe	49 %	42 %
North America	18 %	16 %
Gulf Countries	15 %	28 %
Asia	6 %	5 %
Interregional MEDA	5 %	2 %
Other countries	7 %	7 %

Division by sectors of the FDI in the MEDA region in 2005:

Sectors	% on the projects	% on the amount
TIC and Innovation	15 %	37%
Services	30 %	19 % (Banks 11,4%)
Energy	12 %	19 %
Industrial sector	17 %	12 %
BTP – Transportation	9 %	7 %
Consumption products	17 %	5 %



Financial cooperation measures within the Euro-Mediterranean Association

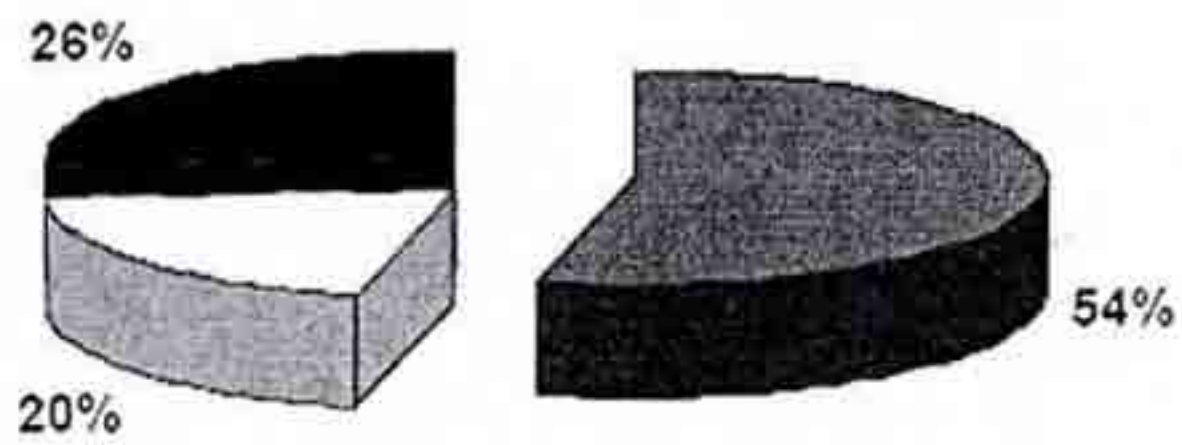
Program / Institution	description and finality	Import in million euros
MEDA I (EU) 1995 - 1999	Funds directed to financial aid, technical assistance and other bilateral and regional programs	3.435
EIB (European Investment Bank) 1995 – 1999	Loans and banking funds	4.808
EIB (European Investment Bank) 2000 - 2007	Loans and banking funds	6.400
EIB (European Investment Bank) 2000 - 2007	Transnational Projects	1.000
MEDA II (EU) 2000 – 2006	Second phase of MEDA I program	5.350
FEMIP (EIB) 2002 – 2008	Facility for Euro-Mediterranean Investment and Partnership, with particular attention to the development of economic activities and private investments	10.000
ENPI (EU) 2007 – 2013	European Neighbourhood and Partnership Instrument	12.000





Impact of the immigration and the remittances

The presence of MEDA Countries origin immigrants in the EU is officially of **6,4 million people**, mainly Germany and France. In 2004, the value of the remittances sent to the MEDA countries were approximately **17.000 million euros**.

Foreign financing flows in the developing countries:



-  Private Investments (Local and foreigner)
-  Remittances
-  Official aid to developing

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REGION MOYEN-ORIENT ET AFRIQUE DU NORD

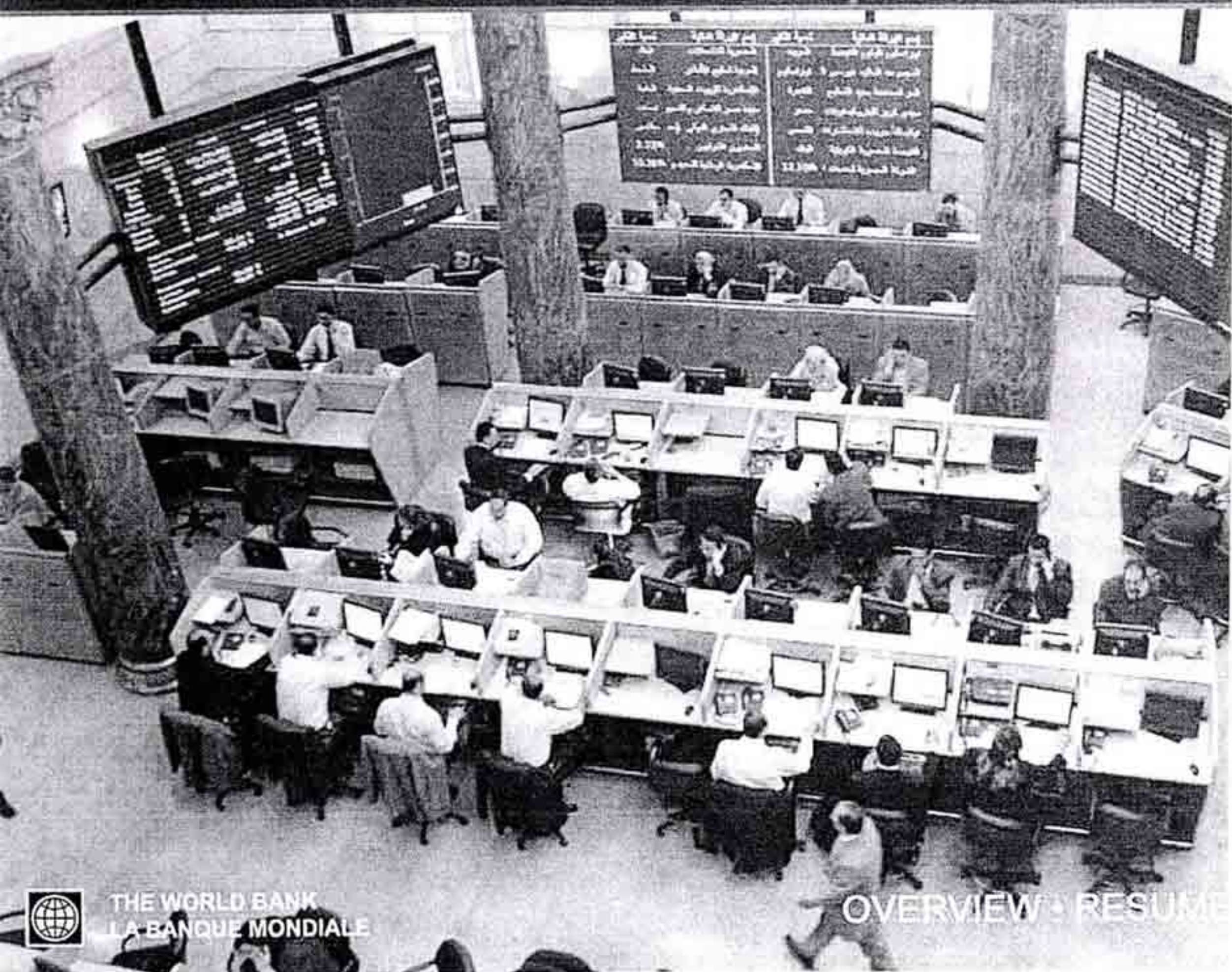
2006

Economic Developments and Prospects

Développements récents et perspectives économiques

FINANCIAL
MARKETS IN A
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MARCHÉS
FINANCIERS
DANS UNE
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PÉTROLIÈRE



THE WORLD BANK
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OVERVIEW • RESUME

MIDDLE EAST AND NORTH AFRICA REGION

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THE WORLD BANK

OVERVIEW

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OVERVIEW

For the third year in a row, the Middle East and North Africa region¹ (MENA) enjoyed a spectacular year of growth, buoyed by record high growth rates among the region's oil exporters. As oil prices continued their upward climb, the MENA region grew by an average of 6.0 percent over 2005, up from 5.6 percent over 2004, and compared with average growth of only 3.5 percent over the late 1990s. On an annual basis, MENA's average economic growth over the last three years, at 6.2 percent a year, has been the highest three-year growth period for the region since the late 1970s.

MENA's regional growth upturn has not been universally shared, however, and resource poor economies² are increasingly feeling the adverse impact of higher oil prices. In earlier periods, MENA's non-oil economies also benefited from rising oil prices, through a range of transmission mechanisms from the oil producers, including labor remittances and aid. Many transmission channels remain and have thrived during the current oil boom, including intraregional tourism and portfolio equity flows, but the overall magnitude of these channels is significantly diminished relative to prior booms. Moreover, with rising energy use, MENA's resource poor countries are increasingly experiencing the negative consequences of higher oil prices on the external and fiscal fronts, in the form of higher oil import bills and energy subsidies.

Growth patterns among oil producers³, on the other hand, have been increasingly harmonized, reflecting a trend toward common development strategies. Compared with previous oil booms, the region's oil producers are increasingly demonstrating impressive fiscal restraint. They are building up liquidity, through external reserves, oil stabilization funds, and through paying down debt. They are also pursuing common strategies for diversification of the oil wealth into foreign assets, as a way to transform the finite oil wealth into longer-term revenue streams. They have worked almost in unison to develop trade ties and to encourage greater foreign participation in their economies. With increased prudence, the volatile growth outcomes among oil producers which characterized the 1970s and 1980s have been increasingly supplanted by a common growth effect.

Although oil prices dominate the region's external landscape, MENA has experienced other important developments on the trade front. Resource poor economies have dealt with the expiry of the Multi-Fibre Agreement in 2005, which had allowed privileged access for Tunisia, Morocco, and Egypt in textile and clothing products to European markets. Textile exports in Tunisia and Morocco have been hard hit, while Egypt has managed to maintain textile exports to date, in part by cushioning the impact with a December 2004 agreement on qualifying industrial zones between the US, Egypt, and Israel.

¹ The Middle East North Africa Region consists of Egypt, Jordan, Morocco, Tunisia, Lebanon, Djibouti, West Bank and Gaza, Algeria, Iran, Iraq, Syria, and Yemen, Saudi Arabia, United Arab Emirates, Kuwait, Libya, Qatar, Oman, and Bahrain.

² Resource poor economies include Egypt, Jordan, Morocco, Tunisia, Lebanon, Djibouti and the West Bank and Gaza.

³ Dominant oil producers in the region include Algeria, Bahrain, Iran, Iraq, Kuwait, Libya, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates and Yemen.

On the fiscal front, the sharp rise in oil prices has brought to the spotlight the MENA region's heavy subsidization of oil prices within the domestic market. While oil-importing economies are particularly affected, the reliance on energy subsidies pervades the region, with large fiscal implications. Several resource poor countries have implemented short term adjustments to oil prices, but the concerns of potential poverty impacts have held back more ambitious reforms. Among oil exporters, windfall revenues have delayed the perceived urgency for reform.

Over the medium term, general conditions for maintaining a solid pace for growth appear promising. Global oil prices are now anticipated to hold above \$50/bbl through 2008, which will provide for a moderating, yet still substantial flow of oil revenues to MENA exporters. Should prudent budgetary policies prevail, prospects for the oil dominant economies are upbeat, with growth easing from 6.7 percent in 2005 to 5 percent by 2008. For the diversified economies, the anticipated recovery in European demand will be a key external factor for growth over 2006-2008, as will the easing of oil prices, that should allow some of the costs of subsidies to be recaptured, and growth among resource poor economies is viewed to pick up above 5.5 percent. Overall, on a base set of assumptions, including continued moderate progress in domestic reforms, the MENA region's growth is viewed to ease modestly in 2006 to 5.6 percent, and to establish a 5.2 percent pace over 2007-08, reflecting an acceleration for the diversified economies, contrasted with some slowing for oil exporters.

Overview Table 1: Global developments and MENA GDP growth

Growth, or as otherwise Specified	2004	2005	2006	2007	2008
World trade*	12.0	9.0	8.5	7.0	7.0
High income imports	8.9	6.6	6.7	6.2	6.2
Euro area	6.3	4.3	5.8	5.3	5.4
United States	10.7	6.2	5.0	3.8	3.8
Oil prices (\$/bbl) ^b	37.7	53.4	59.0	56.0	53.0
Non-oil commodity prices ^c	17.3	13.4	5.4	-3.1	-5.9
MUV index ^d	6.9	0.0	2.4	2.6	0.8
US dollar LIBOR (%)	1.7	3.6	5.2	5.3	5.2
World GDP*	3.8	3.3	3.3	3.2	3.2
High income countries	3.2	2.8	2.9	2.7	2.8
Euro area	1.9	1.4	2.1	1.7	1.9
Developing countries	6.9	6.3	6.0	5.7	5.6
MENA^f	5.6	6.0	5.6	5.2	5.2
Resource Poor	4.8	4.0	5.4	5.4	5.7
Resource Rich	5.9	6.7	5.5	5.2	5.0
Resource Rich Labor Abundant	4.7	5.5	5.3	5.1	4.8
Resource Rich Labor Importing	6.5	7.2	5.8	5.3	5.0

A: Goods and services (2000 \$US); b: World Bank average oil price = equal weights of Brent, WTI, and Dubai crude oil prices; c: World Bank index of non-oil commodity prices in nominal \$US terms; d: Index of manufactures unit value, G-5 countries (France, Germany, Japan, United Kingdom and United States); e: Real GDP in 2000 \$US; f: MENA geographic region comprised of resource poor, labor abundant countries (Djibouti, Egypt, Jordan, Lebanon, Morocco and Tunisia); resource rich, labor abundant countries (Algeria, Iran, Iraq, Syria and Yemen) and resource rich, labor importing countries (Bahrain, Kuwait, Libya, Oman, Qatar, Saudi Arabia, and the United Arab Emirates).

Source: World Bank, 2006c.

The oil shock MENA is experiencing has had important financial spillovers. Over the last few years, MENA has seen an upsurge in financial activity, as abundant liquidity has fed a rapid rise in credit growth, surging stock markets, and a booming real estate sector. Oil economies have been the primary recipients, but a financial market upswing has also reached some of the region's resource poor countries through increased cross border investment, remittance flows and tourism.

Many of the recent regional financial sector developments are positive. Strong credit growth and declining non-performing loans have improved bank profitability and asset quality. Rising equity capital has raised the breadth and depth of investment opportunities to investors. In addition, many countries in the region have utilized their strengthened positions to address long-needed financial sector reforms, including public-sector bank restructuring and privatization, licensing private financial entities, improving bank supervision, and upgrading prudential regulations.

However, several of the recent financial sector developments have raised exposure of some MENA economies to negative shocks. Banks have rapidly expanded financing for equity markets. Although the recent stock market gains have been built in part on impressive corporate profitability, stocks have also been increasingly speculative. Bank exposure to equity markets, both through lending as well as through substantial income from brokerage fees, leaves bank income and asset quality vulnerable as a result of recent market corrections. Banks have also increased exposure to the booming real estate sector, which may be vulnerable to contagion effects from the recent equity market weaknesses, and which may also face slowdown with growing oversupply.

But a more troubling aspect about MENA's financial markets is the seeming disconnect between the financial sector and the real private economy, despite the appearance of a relatively deep financial sector by macroeconomic indicators. Although regional banks have abundant liquidity, outside of the Gulf, few private businesses have access to bank finance. Even in countries with relatively high rates of lending to the private sector, credit remains concentrated among a select minority, and investment climate surveys suggest an average of more than 75 percent of private business investment in MENA is financed internally through retained earnings. As a result, few of the assets accumulating to the region are channelled toward productive investment. Moreover, key elements of a well-functioning financial sector that could help boost sustainable and efficient growth, including bond and equity markets and contractual savings instruments, remain largely undeveloped outside of the Gulf.

A few critical facts lie at the heart of the structural disconnect between the relatively plentiful financial resources found across MENA and the scarcity of external financing for businesses. Public sector ownership has significantly impacted the direction of credit in MENA, as well as the operating efficiency and the ability of the banking sector to conduct robust risk analysis. Bank regulatory frameworks, with limited market forms of oversight and discipline, have led to adverse credit allocation. Access to banking facilities remains comparatively limited across the region, and in many cases is restricted to public sector banking networks, concentrating credit

provision upon a relatively privileged minority. Underdeveloped contractual savings and capital markets remove a source of competition for banks and an alternate avenue for firm finance. Governance structures undermine formal financial relationships across much of MENA. And commercial-finance relationships are further undermined by a wealth of problems in MENA's business climate.

The region's recent strong liquidity creates a window for the governments of the MENA region to either accelerate or postpone the complicated process of reform, both within the financial sector and in the economy in general. With the large windfall revenues accumulating to oil producers since 2002, a natural question emerges as to what impact oil is having on the reform process. To date, the large budget surpluses appear to have delayed the imperative for reform of the oil subsidy system in resource rich economies. Oil producers have also exhibited weaker reform progress over the last several years than the region's resource poor economies along two major structural reform fronts: improving the business climate and liberalizing trade.

However, the more subdued progress made by oil exporters in these areas of reform in large part reflects lack of improvements among GCC economies, which have traditionally maintained more open and business-friendly trade and investment policies. More importantly, as a group, the oil economies have demonstrated long-awaited progress in governance, an area in which the group demonstrates significant deficit relative to the rest of the world. Specifically, notable progress has taken place over the last five years in enhancing public sector accountability mechanisms, which augers well for continuing reform success. Although oil economies continue to rank in the bottom twentieth percentile relative to the rest of the world in terms of measures of public sector accountability (including political and civil liberties, freedom of information, etc), over the last five years, oil economies have made greater progress in improving public sector accountability than all other regions of the world, on average ranking in the 65th percentile worldwide with regard to improving public accountability. Worldwide, successful reform efforts have depended critically upon the support and participation of those in society whom reforms will impact. The governance improvements in MENA, in terms of enhancing the accountability of governments and granting greater voice in development to MENA's people, are important not only to take into account the needs and values of those who are affected by reforms, but also to ensure that in the transition to a new development model, the economic outcomes are socially acceptable among those who have benefited from the old systems. The MENA region continues to have the greatest gap with the rest of the world in terms of accountable and inclusive governance structures, on average ranking in the bottom quintile worldwide. It is thus an important development that both resource rich and resource poor economies in MENA are making a start at these vital changes.

Overview Table 2: Structural reform progress in MENA, 2000-2005

Country/Region	Trade Policy		Business Climate		Governance: Quality of public administration		Governance: Public sector accountability	
	Current status	Reform progress	Current status	Reform progress	Current status	Reform progress	Current status	Reform progress
Algeria	44	71	13	38	38	91	29	91
Bahrain	..	62	..	..	77	26	23	91
Djibouti	..	51	..	74	..	..	..	..
Egypt	43	100	11	36	43	92	25	84
Iran	22	74	57	44	16	19	21	4
Iraq	..	..	66	..	..	..	..	..
Jordan	47	86	58	89	66	67	34	60
Kuwait	53	65	59	7	58	24	31	65
Lebanon	61	80	37	31	..	..	..	..
Libya	..	27	..	..	11	64	0	42
Morocco	38	52	61	54	73	83	33	81
Oman	71	11	78	15	61	75	16	81
Qatar	..	..	..	..	60	89	13	74
Saudi Arabia	39	77	80	26	57	77	5	69
Syria	18	43	30	5	15	67	7	74
Tunisia	51	57	83	93	74	87	22	22
UAE	..	..	43	14	59	6	17	41
Yemen	62	82	35	57	28	71	20	89
MENA	46	63	51	42	49	63	20	64
Resource poor	48	71	50	63	64	82	28	62
Resource rich	44	57	51	23	44	55	17	65
RRLA	36	67	40	36	24	62	19	64
RRLI	54	48	65	15	55	52	15	66
East Asia Pacific	56	37	61	47	43	45	41	48
Europe Central Asia	51	69	48	64	47	46	52	51
Latin America / Carib	57	50	40	51	46	50	57	43
High Income OECD	70	64	84	50	89	47	91	49
South Asia	41	48	48	41	48	53	39	31
Sub-Saharan Africa	34	27	27	43	34	53	37	55
WORLD	50	50	50	50	50	50	50	50

Note: Regional averages reflect the simple average of the data for the countries included. a. Current status (trade, business, or governance) reflects country's current placement in a worldwide ordering of countries based on that structural reform indicator, expressed as a cumulative frequency distribution, with 100 reflecting the country with the most friendly/open/accountable policies or structures (worldwide) and 0 representing the country with the most unfriendly/closed/unaccountable policies or structures (worldwide). b. Reform progress reflects the improvement in a country's rank between 2000 and 2005 in a worldwide ordering of countries based on that structural reform indicator, expressed as a cumulative frequency distribution, with 100 reflecting the country which exhibited the greatest improvement in rank and 0 reflecting the country which exhibited the greatest deterioration. Source: World Bank staff estimates from country data.

With diminishing positive links to the oil economies (and increasing negative impacts from higher oil prices), the resource poor economies in the MENA region have maintained a solid pace of reform, generally exceeding other regions of the world across all areas of reform. In both trade reform and business and regulatory reform, the resource poor economies have made, on average, stronger progress over the last five years than all other regions of the world. Largely in connection with recent bilateral and multilateral trade agreements, and led by deep tariff reductions undertaken in Egypt, resource poor economies on average ranked in the 71st percentile with regard to tariff reform over the last five years. With regard to reform of the business climate, the steps taken by resource poor economies placed them in the top 63rd percentile, on average. Nonetheless, much stronger progress can take place, particularly with regard to trade liberalization. The resource poor economies as a group continue to maintain some of the highest tariffs in the world, ranking in the bottom 25th percentile worldwide with regard to low tariff protection.

In the area of governance, resource poor economies have also demonstrated significant progress. In the area of improving public sector accountability, resource poor countries ranked, on average, in the 62nd percentile with regard to reform progress, second only to the gains made by the MENA region's resource rich economies. In improving the quality of public sector administration, the group ranked in the 82nd percentile with regard to reform, the strongest progress worldwide, led by strong achievements in Egypt, Tunisia and Morocco.

Along with across the board policy reform, MENA economies continue to look to selective industrial policies designed to enhance specific sector competitiveness and growth to complement more broad-based structural reform. Although the views on industrial policy are changing, and a variety of economic justifications can be made for their use, MENA's own unsuccessful history with industrial policies (and the difficulty in transitioning out of them) should serve as a cautious reminder that the most effective policies for promoting growth rely on strategies to create a neutral and internationally competitive business environment.



International Chamber of Commerce
The world business organization

Policy Statement

The liberalization of trade in financial services

Prepared by the Commission on Financial Services and Insurance

Liberalization of trade in financial services

This ICC policy statement was prepared by the ICC Commission on Financial Services and Insurance, a specialized ICC working body that examines major policy issues and builds consensus among users, providers and intermediaries of financial and insurance services. This statement complements the general policy recommendations submitted to the WTO by the ICC Commission on Trade and Investment Policy.

The importance ICC attaches to the services sector reflects the economic interests of its members in more than 130 developing and industrialized countries around the globe and the importance they attach to improving market access worldwide. Services are coming to dominate the economic activities of countries at virtually every stage of development, making services trade liberalization a necessity for the integration of the world economy.

ICC has continued its activist role since the Uruguay Round by providing business advice during the subsequent negotiations on basic telecommunications, financial services, and professional services, each of which advanced the cause of trade liberalization. ICC recognizes the achievements that have been made in liberalizing trade in financial services through the 1997 WTO agreement in the aftermath of the Uruguay Round and, since then, by individual country initiatives. However, ICC is concerned about most countries' reluctance so far to commit to further financial services liberalization in the current WTO/GATS negotiations. As a significant number of barriers remain and many unilateral liberalization measures are not included in countries' commitments under the 1997 WTO Financial Services Agreement, the ongoing WTO services negotiations should seek to incorporate substantive measure to liberalize trade in financial services into the results of the Doha Development Round. The legal binding of existing as well as ongoing unilateral liberalization measures in the WTO would greatly enhance legal certainty and predictability for trade in financial services.

ICC urges all WTO member countries to recognize that services trade liberalization, complemented by transparency, competition, and regulatory reform are critical to economic growth and stability. In terms of economic importance, services in general and financial services in particular are key sectors for growth and employment in both industrialized and developing countries.

International Chamber of Commerce

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Document 113/153rev1
13 May 2005 JA/FBL/wj



Thus, further liberalization of trade in financial services (i.e., banking, insurance, securities and related services) could make a significant contribution to economic development worldwide. Moreover, providers, users, and consumers stand to benefit from greater competition, choice, and convenience.

The success of the current negotiations will depend on the active participation of all WTO member countries. Every country must recognize that the elimination of obstacles to trade in financial services will play a critical role in their financial services infrastructures and economies. ICC encourages industrialized countries to provide technical support to developing countries to help them further develop the legislative, regulatory and human resource requirements, which are key components of efficient markets.

Avoid discriminatory regulation

ICC urges all WTO member countries to reject misuse of financial regulation, by embodying barriers to trade and investment in the financial service sector. ICC warns that discriminatory limitations on market access that would restrict foreign equity ownership, the number of foreign service providers, the type of legal entity required (for example branches or subsidiaries) and the scope of operations would jeopardize the development of financial markets by inhibiting the advantages brought by foreign competition such as strengthening market efficiency but also by undermining the strength of local service providers.

Movement of capital

While significant liberalization of market access for international financial firms' local presence should, ideally, precede capital-account liberalization, ICC calls all WTO member countries to strive for capital account convertibility as soon as a reasonably sound and competitive financial sector is in place. Public authorities and the business community in less developed countries should work together with their counterparts in industrialized countries to achieve effective reform by creating a stable and appropriate national financial infrastructure that would allow the free movement of capital, crucial to national markets' development. Free movement of capital should be included in developing countries' policy objectives and also motivate them to commit in the Doha Round to corresponding liberalization in cross-border trade in financial services, envisaging transitional periods and prudential regulation where appropriate.

Emerging Safeguards Mechanisms (ESMs)

WTO member countries are urged to avoid the inclusion of ESMs, and ICC stresses that no measures should be taken to inhibit the activities of companies in connection with local commercial presence. ICC is concerned that there are already many safeguard measures in WTO member countries. While these measures may still be in line with existing WTO provisions such as the balance-of-payment safeguard and the prudential carve-out for financial services in the GATS, world business believes that an increased number of safeguards would damage the legal certainty of liberalization commitments in the WTO, which is a prerequisite for market access by foreign financial firms. This, in turn, could seriously affect the efficiency of the financial sector in domestic economies both by raising the cost of capital and by reducing the flow of international

capital and hence limiting the potential benefits from international financial market integration. ICC is also concerned that discussions on ESMs would delay results of the negotiations on liberalization of financial services and thereby jeopardize the benefits of the Doha Round for national economies.

Implementation of the 1997 Financial Services Agreement and new WTO members' accession commitments

In the context of the 1997 Financial Services Agreement (Fifth Protocol to the GATS – hereafter referred to as “the 1997 Agreement”), WTO member countries made binding commitments to provide non-discriminatory national treatment and market access in financial services, as specified in their country schedules, to financial services firms from any WTO member country. Through the WTO, there is now a strong body of trade rules as well as a formal process for enforcing rules and resolving trade disputes. ICC urges all WTO member countries that signed the 1997 Agreement to endorse and implement it in full. In addition, WTO accession candidates should commit to a degree of openness for their financial sector that would mirror the increased average level of liberalization in the world of today.

Specific recommendations for further liberalization of trade in financial services

■ Right of establishment

The 1997 Agreement produced some significant improvements in providing non-resident financial services providers – such as banks, securities firms, insurance companies and non-bank financial companies – with the opportunity to establish and expand their commercial presence in a number of foreign markets. Nevertheless, there is much to be done still to ensure that countries improve their commitments to open their markets on a non-discriminatory basis to foreign firms to enable them to operate in the legal form of their choice, as allowed by the host country for domestic firms, including wholly owned subsidiaries, joint ventures, branches and representative offices.

Improved commitments should include the removal of:

- restrictions on corporate form;
- obstacles to majority ownership;
- limits on majority ownership and control of joint ventures by foreign firms;
- obstacles to expansion;
- economic needs tests for investments;
- prohibitions and limitations on establishing and licensing of commercial presence;
- and allow the grandfathering of existing investments, activities and rights.

■ Market access and national treatment

ICC recommends that foreign firms should have the same access to markets as domestic firms, and that anticompetitive regulation and discriminatory application of prudential measures such as capital or reporting requirements should be avoided. Where necessary, existing investments and activities should be safeguarded and those WTO members which have not made commitments to protect existing investments and activities should do so. Companies should be free to repatriate their earnings and to transfer or liquidate their business.

As regards regulation and supervision of legally dependent branches of foreign firms, as far as possible host country authorities should rely on the home country authorities' supervision, provided it meets internationally accepted standards, such as the Basel Capital Accord for Banks (Basel II). This should enable host regulators to allow regulatory and supervisory relief for the local branches of foreign firms without affecting their responsibilities to regulate the conduct of business in their local market.

National governments should ensure that market commitments access at a national level are not compromised by restrictions imposed at sub-national level.

■ **Cross-border provision of services**

Countries have taken steps, although at an uneven pace, to reduce barriers to foreign financial services firms. As economies increasingly turn to global financial markets to meet a portion of their capital needs, foreign financial firms are helping to channel both foreign and domestic savings to these markets.

Non-resident financial services firms face many barriers, including:

- limitations on cross-border access, including the right to buy and sell financial products across borders and to participate in and structure transactions;
- lengthy and difficult approval for new products;
- restrictions on foreign exchange;
- limitations to trading in domestic stocks.

Considering the significant contribution of foreign financial services firms to development, nations should reduce and eventually eliminate these barriers by establishing clear and non-discriminatory approval procedures for the activities of non-resident firms.

■ **Impartial and transparent regulation**

In order to encourage and support growth, markets for financial services must meet several goals, including:

- protecting investors;
- assuring disclosure of information by issuers;
- creating secondary markets with efficient pricing mechanisms.

However, companies often face hurdles in their foreign operations as a result of:

- legal systems which lack transparency and are subject to arbitrary actions and sudden changes;
- unclear and impractical licensing requirements and procedures.

Market access by itself does not necessarily guarantee liberalization. Discriminatory local regulatory requirements often prevent foreign financial services firms from competing on a level playing field with domestic firms. Transparency and impartial enforcement of regulations are conducive to equal competition amongst foreign and local firms. Implementation and harmonization of regulatory principles should help WTO members achieve an adequate and predictable regulatory environment for financial markets which is impartial, efficient and transparent.

To achieve such an environment globally, there is a need to improve transparency through GATS commitments, taking into account the following guiding principles:

- Rules, regulations and licensing requirements should be imposed, and regulatory actions should be taken, only for the purpose of achieving legitimate public policy objectives that are expressly identified.
- Regulations should be clear and understandable.
- Regulation should be enforced in a non-discriminatory manner, in particular excluding political, national or other extraneous considerations.
- The introduction of new products and services by firms should be governed by the standards set

- forth in relevant rules and regulations.
- All regulations, including requirements to obtain, renew or retain authorization to supply a service, should be publicly available at all times.
 - To prevent unnecessary distortions to the market, regulators should issue and make available to the public final regulatory actions and the basis for those actions, to enhance public understanding thereof.

In addition, the process of rulemaking should allow advance public notice of rule changes and provide adequate opportunity for comment by market participants, whether domestic or foreign. A corporate and commercial legal system (including bankruptcy law) which establishes the rights of creditors and shareholders, and thus offers predictability and stability, should be given high priority. The enforcement of commercial contracts is also essential to the integrity of the financial services market.

■ **Electronic commerce and financial services**

In considering GATS and e-commerce, the following areas are of most importance when addressing financial services:

- Services provided through e-commerce should be treated in the GATS on a technology-neutral basis. For example, commitments made under the cross-border mode of supply should be without reference to the technological method used.
- GATS commitments should facilitate e-commerce. As such, commitments should especially be sought in cross-border trade and consumption abroad, building on commitments concerning commercial presence as they develop and are negotiated through the GATS. In order for liberalization of financial services to yield optimum results, it should be recognized that the liberalization of related services, such as financial information, telecommunications and IT services, is also of great importance.
- Regulations should be transparent and adaptable and acknowledge developments in the market, so that regulators can respond quickly to technological change. Recent history has shown that e-commerce has grown most rapidly in those countries which have refrained from new e-commerce specific regulation. In this new environment, enabled by the internet and related technologies, increased competition can also serve to protect consumers' interests.
- Governments should work through international organisations to ensure international consistency of legislation. Questions of jurisdiction and applicable law should be addressed at the international level, taking into account the possibilities opened up by e-commerce.
- While this dialogue continues, and certainly during the Doha Round, it is important that no new barriers are imposed.

■ **Movement of natural persons**

The need to move professional, technical and managerial personnel across national boundaries for purposes linked to international trade and investment is crucial to business, and especially to service providers. We therefore recommend that the movement of natural persons be treated as a priority issue in the GATS negotiations. Rules and practices to achieve greater certainty, transparency and speed in the movement of natural persons are:

- agreement on common definitions of key business personnel;
- agreement on transparent processes (i.e. a simple explanation of visa and work permit requirements and annual statistics on numbers of temporary working visas);
- common terms for intra-company transfers;
- provision for short-term movement of key business personnel;
- co-ordinated treatment of modes 1,3 and 4 (i.e. a link with cross-border supply of services and foreign establishment).



ICC encourages WTO member countries to make particular efforts to schedule additional commitments under GATS "mode 4", due to the increasing need to move professional, technical and managerial personnel across national borders for purposes linked to international trade and investment; an area of particular interest to developing countries. Further progress should also be made towards the mutual recognition of professional qualifications.

ICC strongly believes that the financial sectors of both industrial and developing countries would profit from improved temporary access for highly-skilled personnel, such as managers and experts, from other WTO member states. This would facilitate the transfer of knowledge and the net effect on domestic employment would be positive rather than negative. In addition, mode 4 liberalization is, to a large extent, a prerequisite for mode 3 liberalization, e.g. sending managers and experts to establish a commercial presence.

Thus, to fully realize the benefits of opening up financial sectors for foreign firms, a sufficient degree of openness for temporary movement of personnel is required.

■ **Implementation and phasing-in approaches**

Members of the WTO should continue to explore ways to develop capacity-building programmes to help developing countries establish the regulatory and financial services infrastructure needed to support the market opening commitments to be made in the ongoing GATS negotiations.

WTO work on regulatory issues will be useful to support domestic regulatory reform efforts, including the adoption of international standards. In this respect, the WTO can benefit from co-operation with international supervisors and draw on the work on standards which has been undertaken by bodies such as the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors (IAIS) and the International Organization of Securities Commissions (IOSCO).

As developing countries move forward with liberalization, attention may need to be given to the different stages of development of financial markets among WTO members and the possibility of a temporary negative impact of such liberalization on an individual domestic industry.

Accordingly, ICC acknowledges that the liberalization objectives it has outlined may need to be phased in over an appropriate period in certain countries, especially developing economies. These phase-in periods will vary by country depending on its local market, legal, regulatory and administrative frameworks. It may be appropriate for certain liberalization steps to be phased in before others. Developed countries should support capacity building programmes within the WTO and other organizations which will assist countries to create the conditions necessary for full implementation of liberalization commitments.

However, in the services negotiations, governments should still include timelines for meeting liberalization commitments and these should be as short as is reasonable in light of the specific circumstances of each member country.

* * * *

13 May 2005
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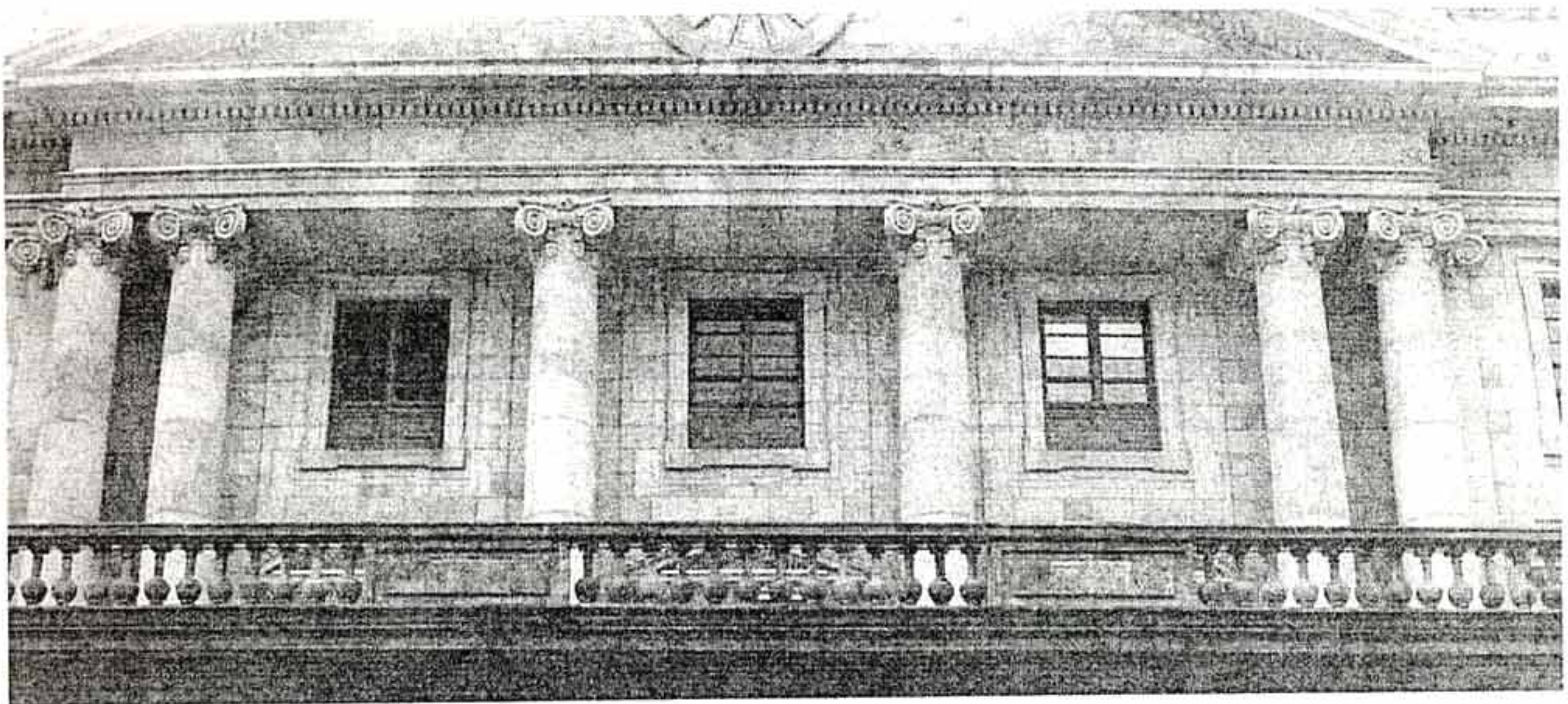
About ICC

ICC is the world business organization. Grouping together thousands of member companies and associations from over 130 countries, it is the only representative body that speaks with authority on behalf of enterprises of all sizes and sectors in every part of the world.



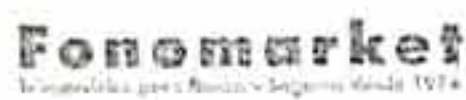
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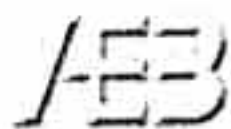
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European Business Associations

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EuroChambers in Egypt ★★
One Chamber, 25 Countries

Founded by



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Modernization of south Mediterranean Financial Markets

the locomotive of development

Dr. Eng Nader Riad
CEEBA Chairman

Banking Started in the Meda Region!

“..for lending me seven sacs of silver, I and my offspring thereafter guarantee repayment of eight sacs in the next ten years ensured with all our lands, houses and working income ...””””

Documenting a first ever loan agreement 3600 years ago.

A Papyrus of the Middle Kingdom at the Cairo Museum



Development of a Solid Financial System is a must to cater for:

- **Ambitious Mega projects**
- **Huge infrastructural development**
- **Privatization and modernization**
- **Job creation demands for the high population growth rate**
- **EuroMed FTA necessitating economic growth rate higher than that of the EU**
- **Attraction of FDI**
- **Enhanced regional trade being the EU Gateway to a real Partnership**

A Decade of Change

- **Private Sector Share of GDP in the region varied between 30% and 70%**
- **Population Growth of Over 30% within the last 10 Years**
- **Together Governments & Private Sector Could not meet Developmental needs**
- **Changes in Policies & Legislations**
- **EU Association Agreement**

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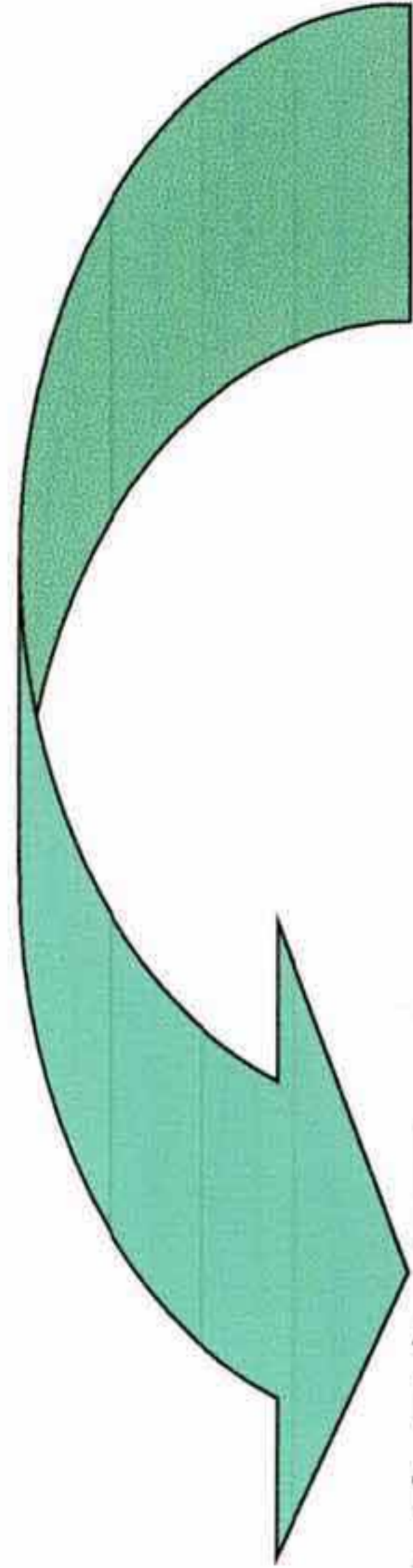


Enhanced Trade

- **Value added exports:** IPR and inputs
- **Freight Sensitivity:** Value added Parameter
- **Eligibility:** Third country funding
- **Availability:** Just on time
- **Economic:** Low Cost Trained Human Resources
- **Breaking the barriers:** Third country cooperation

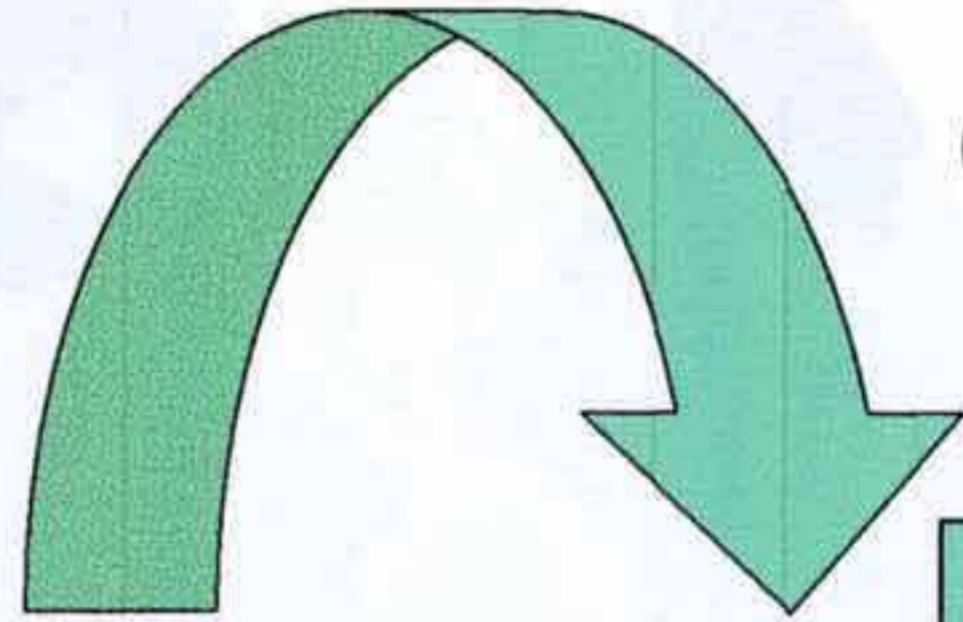
EU25

Components, CKD,
Inputs, Know how,
remote assistance ..etc.

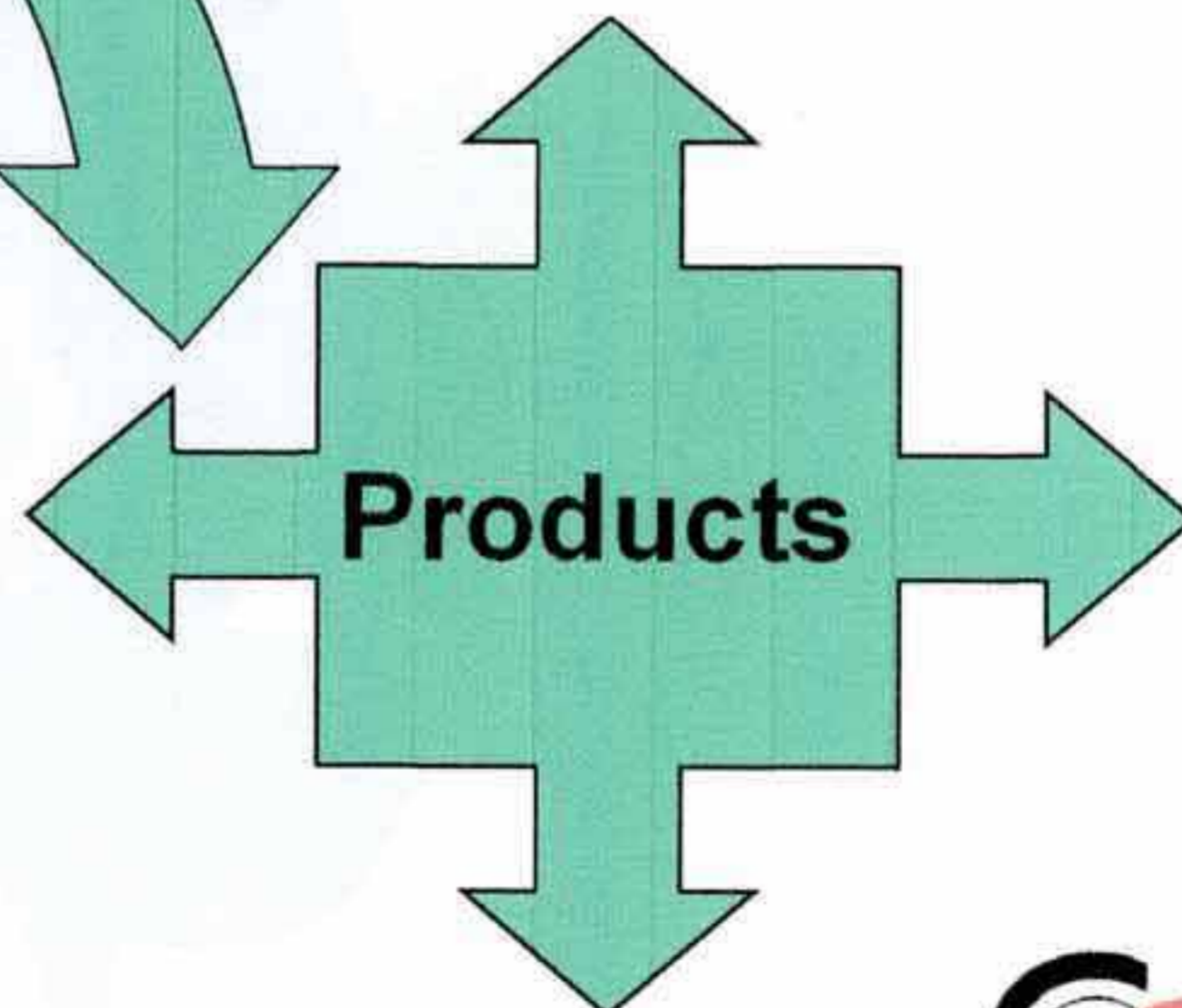


MEDA

Assembly/Formulation,
local content, transport,
field work, Installation,
customer support, ..etc



COMESA



EU

PAFTA

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Infrastructure in the Past 10 Years:

ROADS 300% INCREASE (Roadlane in Km)



RAILWAYS 150% INCREASE (Passenger/Km)



**METRO 2 NEW LINES (Egypt) TOTALLING
A CAPACITY OF 900 MILLION PASSENGER / YEAR**



AIRPORTS 200% INCREASE



Water and Waste Water

Egypt

Water & Wastewater projects for 3000 villages (each over 10,000 inhabitants with limited land) and 22 large projects serving over 2 million in main cities.

Tunis

25 years BOT \$100 million waste water plant in Tunis West (TBA)

Lebanon

BOO Water: Awali (\$200 million), Kesrouan (\$60 million) - BOO Waste Water: Tripoli (\$135 million) Kesrouan (\$53 million) Tyre (\$60 million)

Kuwait

BOT Sulaibiya \$390 million waste water Project

Qatar

IWPP Ras Laffan 750 MW & 40 million gallons of Water

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**BOOT
power
Plants**

Egypt

**15 power plants during the next decade
with a total of over 3000 Mega Watts - 3
awarded, 2 prequalified. (\$0.0237/KWH)**

Algeria

2000 MW Program

Lebanon

**Extension of low & medium voltage
distribution network (\$270 million)**

BOOT power Plant Projects



Name and Type	Capacity (MW)	Announcement	Commissioning
Suez Gulf P.P	2X325	1998	2002/2003
El-Koreimat Solar/ Gas P.P	1X150		2002/2003
El-Tafriea East Steam P.P	2X325		April 2003
Total	1450		
Sharm El Sheikh Steam P.P	2X325	1999	2003/2004
Toshka Steam P.P	2X325		2004/2005
Total	1300		
Safaga Steam P.P	2X325	2000	2004/2005
Zafrana Wind Farm	300		2004/2005
Total	650		
El-Daba'a Steam P.P	2X325	2001	2005/2006
Total	650		
El Nubaria Combined Cycle P.P	4X300	2002	2006/2007
Total	1200		
Cairo North Combined Cycle P.P	2X300	2003	2007/2008
Total	600		
Kafr El-Dawar Gas p.p	3X100	2004	2007/2008
Extension of Cairo West Steam P.P	2X325		2008/2009
Delta North Combined Cycle P.P	2X300		
Total	1550		
Extension of El-Daba'a Steam P.P	4X325	2005	2001/2010
Attaqa Pumped Storage P.P	2X325		2010
Total	1950		
Total Capacity	9350		

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Roads & Bridges

Lebanon

\$ 160 million 65 KM road to Damascus - \$100 million
Beirut Urban Transport Project

Algeria

\$220 million Suspended Bridge

Egypt

\$250 million Nile crossing 8 bridges - \$280 million 3
roads of a total of 2050 km - \$120 million BOOT Tunnel
under Suez Canal - \$280 million developments for
existing 3009 roads.

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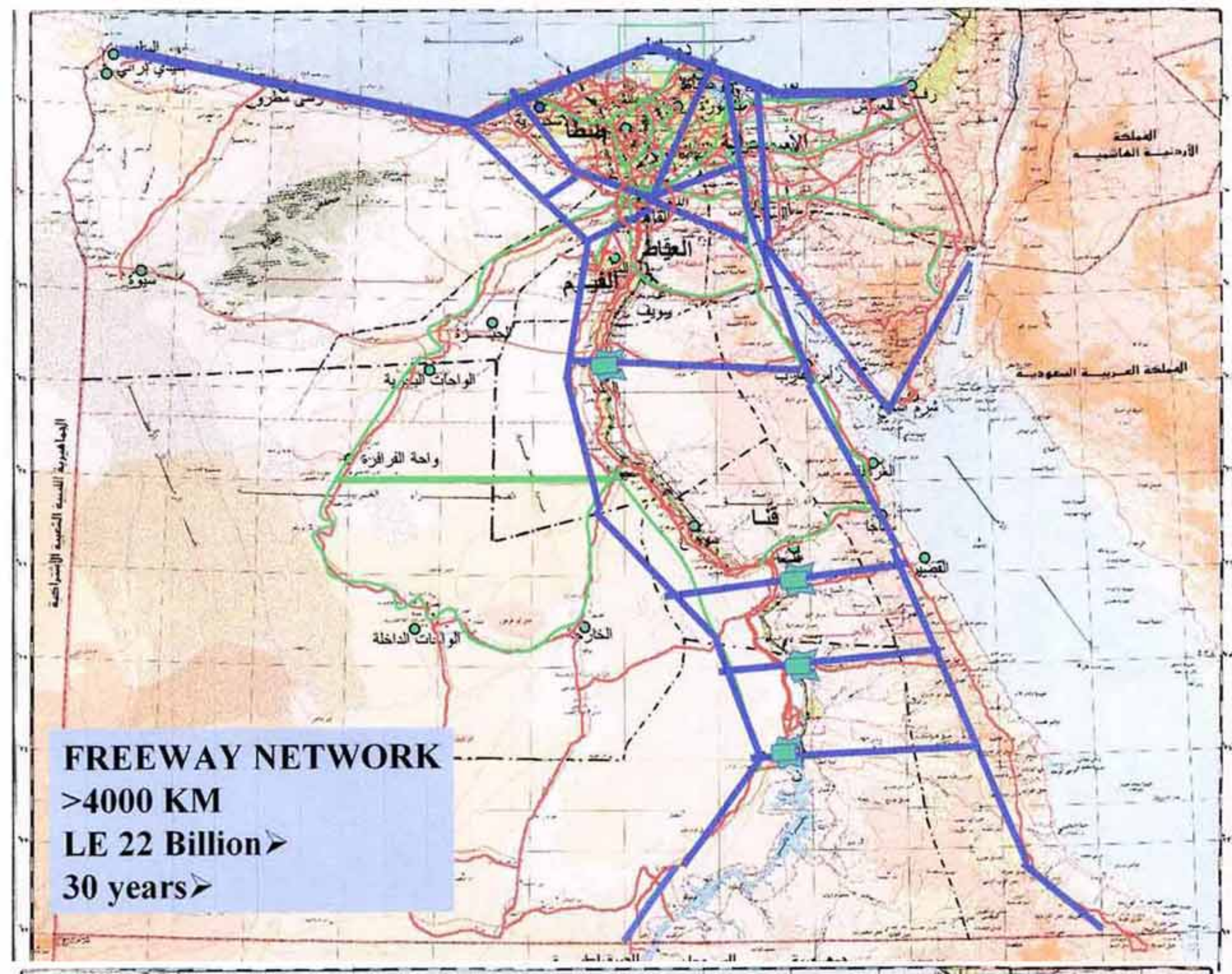
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المملكة العربية السعودية

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30 years ➤

الخطوط العريضة





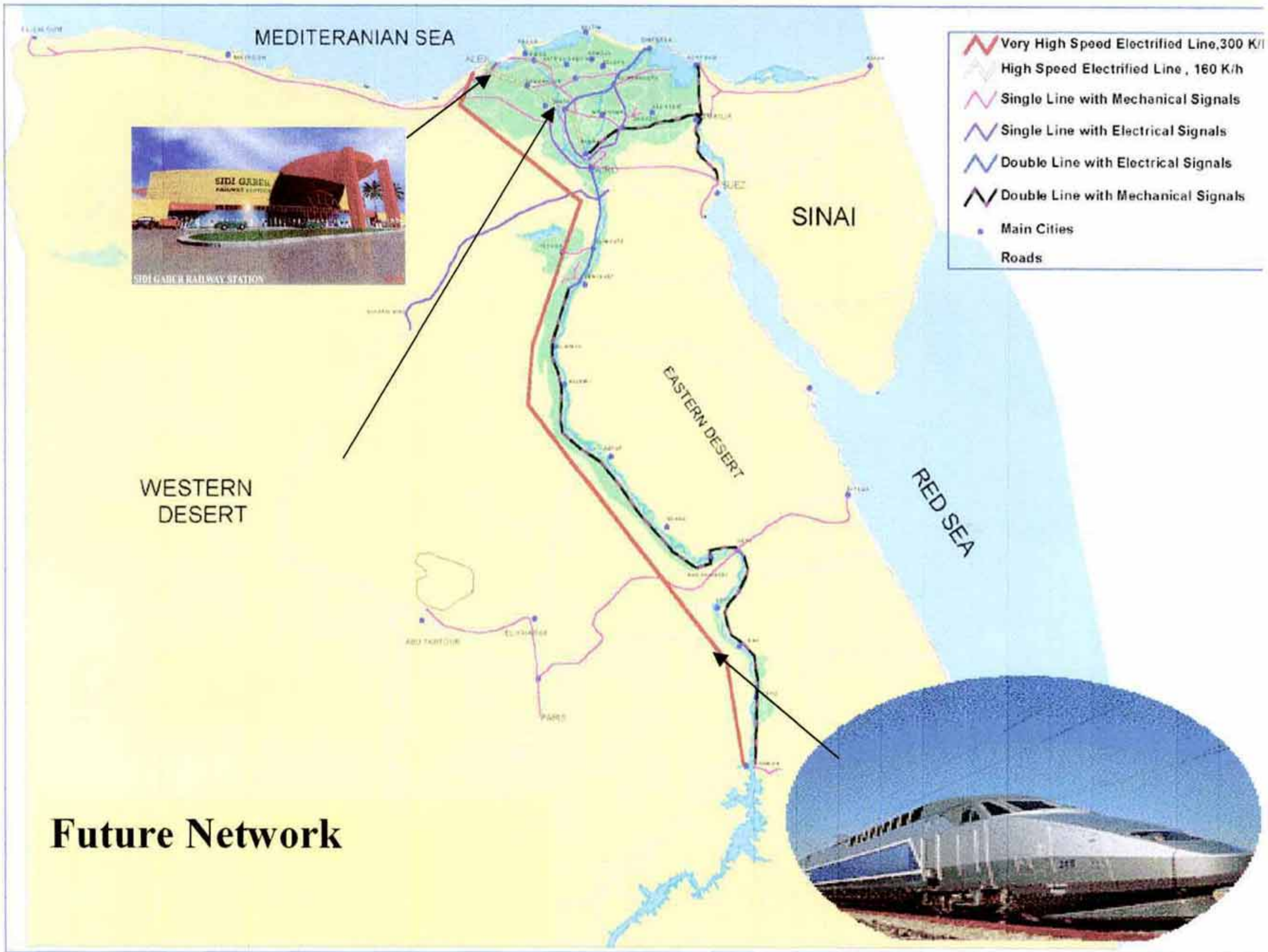
RAILWAYS

Railways

Libya Forecasted Plan heading to :
\$ 470 million 191 KM (1st phase of 2000 km) Libya
Desert Railway linking Tunisian and Egyptian Borders
Followed by 1000 KM from Sirte to Sebha

Egypt Forecasted Plan heading to :
\$75 million Eltebeen railway; \$268 million Ismailia
Rafah railway; \$230 million Elsaloom railway - 2
Subways (Alexandria 1 and Cairo 3) - 3 Bullet Train
BOOT projects to link Cairo with industrial cities of
Sadat, 6th of October and 10th of Ramadan.

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MEDITERANIAN SEA

SINAI

EASTERN DESERT

RED SEA

WESTERN DESERT

-  Very High Speed Electrified Line, 300 K/h
-  High Speed Electrified Line, 160 K/h
-  Single Line with Mechanical Signals
-  Single Line with Electrical Signals
-  Double Line with Electrical Signals
-  Double Line with Mechanical Signals
-  Main Cities
-  Roads



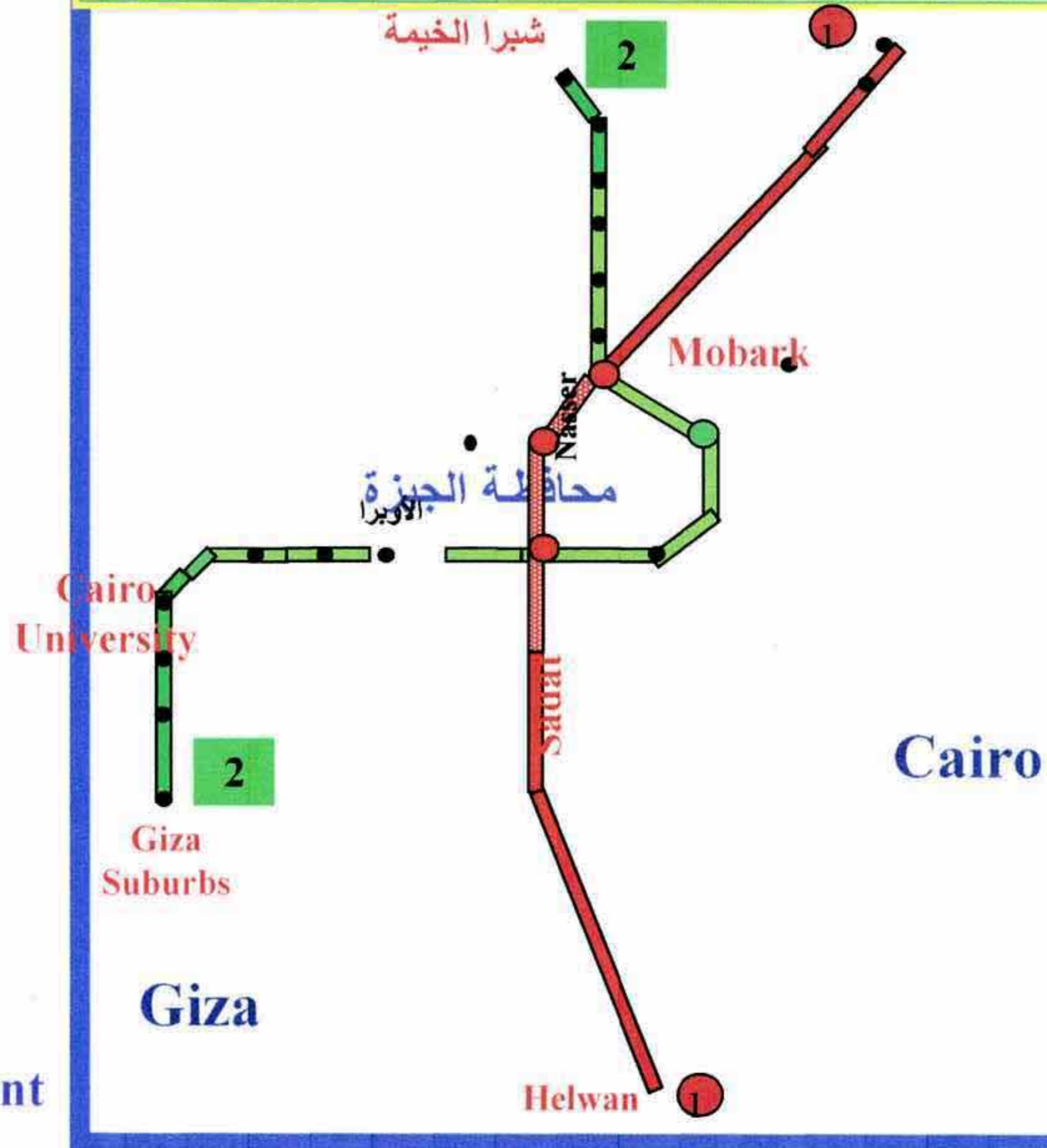
Future Network

METRO



Greater Cairo Metro

Existing NAT Network



61 km Total Length

L.E 11 Billion Investment

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Airports

Egypt

BOOT Airports:

\$47 million Mersa Alam;

\$40 million El-Alamin;

\$82 million Ras Sudr;

\$400 million Sharm Elsheik (terminal 2);

\$63 million Assuit;

Cairo Terminal 3 and Kharga & Farafra Oases

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Industrial Cities

Egypt

**Special Free Zones with BOT infrastructure, ports and utilities
("Gulf of Suez" and "East Port Said") - 22 Industrial Cities
for direct investment**

Jordan

\$ 100 million BOSCAN Cyber City in the North of Jordan

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Privatization *of Public Banks, Enterprises & Utilities*

- Strategic Investor
- Stock Exchange Takeover
- Purchasing Minority - Selling Know-How
- Technical Restructuring
- RLO's

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Governments had to Conduct Macro Stabilization & Comprehensive Structural Adjustments

- Deregulation, Liberalization and Privatization
- Changing Role of the Government
- Rationalization of Public Expenses & Subsidies
- Tax Reforms, Introducing VAT and Treasury Bills
- Free Exchange Markets
- Phased Elimination of substantial Trade Barriers and Cutting of Tariffs

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Yet Offer Clear and transparent Incentives

- Reduction of taxes by more than half (20% down from 43%)
- Offering special incentives to localizing projects.
- Maximum Customs Duties of 5% on Capital Goods.
- Exemption from Taxes on profits for Mergers or Divisions.
- The Right to Possess and Own Land for investors.
- No Local Partner Conditions (available 100% Foreign ownership)

Which Led to

- Relatively Sound Macro-Economic Indicators
- Gradual Economic Pricing of Utilities
- Attraction of Local and FDI
- Sustainable, Private Sector Led, Market Driven Quality Services & Infrastructure
- Active Privatization Programs

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Level of Financial Development

HIGH	MEDIUM	LOW
Lebanon Jordan Egypt	Algeria Tunisia Morocco	Syria

IMF, 2005

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Main Problems

- **Legal and judicial system:** difficult to enforce financial contracts and recover assets.
- **Public sector dominates:** market entry difficult,
- **Directed credit:** high levels of non-performing loans (6-20% of total).
-

Other Problems

- **Heavy state involvement in financial sectors:** prevents the development of a competitive and efficient market.
- **Credit directed towards state-owned companies or used to finance government Deficits:** high levels of non-performing loans and crowding-out private sector finance.
- **Competition limited by restrictions on entry by local and foreign banks:** lack of innovation,
- **Weak and inefficient transformation of short term liabilities into long term assets:** Banks tend to lend short term and focus on large companies.

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Weak Capital Market

Country	Capitalization	Listings
Turkey	USD 50bn	265
Egypt	USD 30bn	1072
Morocco	USD 10 bn	53
Jordan	USD 10 bn	NA
Lebanon	USD 2bn	13

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Other Instruments

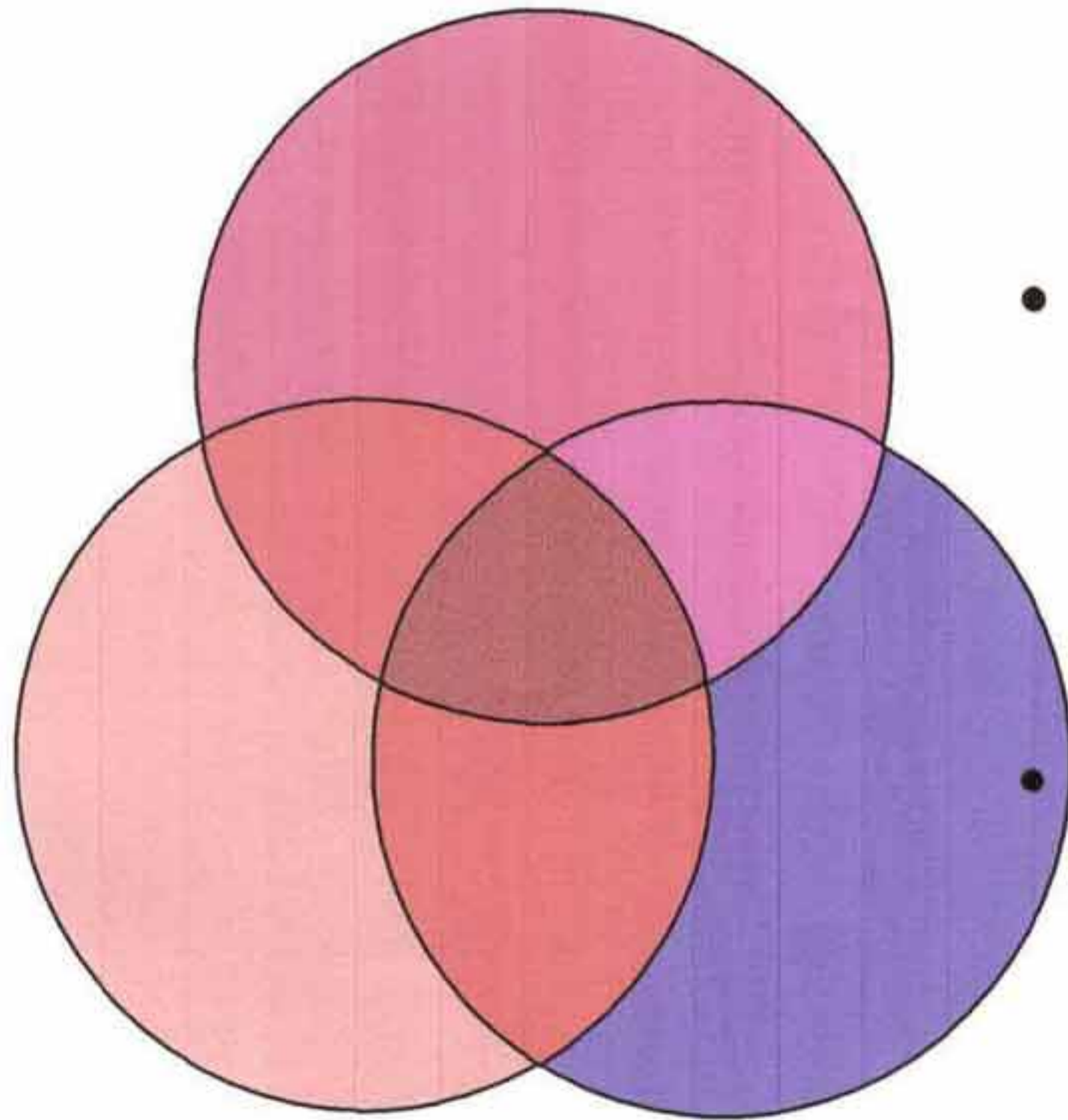
- ***Government Bond Markets:*** \$3.5bn or 5.5% of the developing country total over the last three years
- ***Corporate Bond Markets:*** negligible as most large companies are public or family owned
- ***Insurance, Pension and Mutual Funds:*** remains rather limited except Jordan
- ***Venture capital funds:*** Starting by the EC through the EIB by providing funds for risk capital operations to help develop domestic financial sectors.
- ***Housing finance:*** well developed but by specialist state-owned institutions giving subsidized credits creating market distortions

Sovereign Credit Ratings

	Moodys	S&P
Algeria	Not rated	Not rated
Egypt	Baa1	BBB-
Israel	A2	A+
Lebanon	B3	B-
Morocco	Ba1	BBB
Tunisia	Baa2	A
Jordan	Baa3	BBB
Syria	Not rated	Not rated
Turkey	B3	B.14

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The Success Triangle



- **Role of the state in financial systems needs to be redefined.**
- **Foreign banks must be allowed to enter increasing competition and innovation.**
- **Non-bank capital markets and finance needs development**

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Success Indicators

Fast progress?



- **Interest & exchange rates have been liberalized**
- **Monetary policy uses more market based instruments.**
- **The state withdrew from the financial sectors through privatization.**
- **Financial systems became more efficient**
- **Credit decisions more on the quality of projects rather than the nature of the borrower or political connections.**
- **World leaders are taking over local banks**

Dr.Nader Riad

Prescription to Success

Government and Private Sector, must work hand in hand on:

- **Liberalization**
- **Deregulation**
- **Transparency**
- **Partnership**

TODAY

Lines of Credit

KFW 150 +150 Million + Commercial

EIB: 300 Million

WB: 50 + 150 Million + projects (total 420 Million)

ADB: 250 Million

Arab Funds: total of 1.8 Billion (Arab,Saudi,Kuwait DF's)

JBIC: 300 Million

Grants

Germany: 120 Million (infrastructure)

EC: 250 Million Industrial Modernization, 80 Million Textile, 320 Million infrastructure & Environment, ...etc (total 780 million)

EC Decentralized: 15% of 5.7 Billion


Multilateral:

Japan Untied : 380 Million (Egypt) 5 Billion (Iraq trilateral)

EU

Components, CKD,
Inputs, Know how,
Technical assistance ..etc

MEDA



Come to Meda region, in a tradition that is summarized in the following words of ancient Egyptian wisdom:

*“Rig your Boat, travel near and far,
look for a wise partner,
knock his door, seek his knowledge,
welcome him in your home,
this is how your people will prosper”*

Amenophet, 2,500 B.C.