

**Parliamentary Assembly of the Union for the Mediterranean (PA-UfM)**  
**Economic and Financial Affairs, Social Affairs and Education Committee Meeting**  
**23 January 2012, Istanbul**

**MINUTES**

Economic and Financial Affairs, Social Affairs and Education Committee Meeting of the Parliamentary Assembly of the Union for the Mediterranean (PA-UfM) has been held in **23rd January 2012** in **Istanbul** by the Grand National Assembly of Turkey (TBMM) holding the Committee Presidency.

The meeting has been launched by the welcoming speech of Assoc. Prof. Dr. Ms. **Zeynep KARAHAN USLU**, President of PA-UfM Turkish Group and Şanlıurfa Deputy at 10.00.

During her speech, Ms. **USLU** has stated that she is highly pleased to host the meeting in Istanbul, a city on the seven hills with its deep historical background and a cultural richness where Asia and Europe is united. She has added that Union for Mediterranean is an organization which enables a wide range of cooperation from political dialogue and economy to social and cultural areas and aims to increase the cooperation in Mediterranean particularly by means of the projects. she has told that in this respect the general aim of meetings is not just parliamentary diplomacy but to create a cooperation which produce projects in order to solve the problems of the region; and only with the contributions of the parliamentarians will it be possible to take the necessary precautions and provide development in every field for Mediterranean, which has been the cradle of the civilizations throughout the history, to enjoy the peace and the stability and become an economic center again by overcoming the political and economic problems.

In her speech Ms. **USLU** also has remarked that we are different parts of the same structure in a world which is changing, shrinking, becoming more and more integrated, and the peace and happiness of all people in that world can only be possible by assuring the common life awareness. She has added that although people come from different origins, different roots, different families and countries, we shouldn't let all these varieties to separate us, stressing that prejudices, intolerance, discrimination and impatience are the greatest dangers in this respect. Being the representative of a country which supports the reform requirements of the region, she pointed out that international cooperation is has a critical role in terms of the common future of the humankind and in order for the period of change to be directed well and for the period of transition to democracy to be as bloodless and harmless as possible. "In today's world where the information and money undergo a swift circulation it is not only people, information, news and photos which circulates, but catastrophes, natural disasters, economic crisis, terror and wars also go beyond the borders. Therefore, in our day, the things that we have in common are not only the acquisitions but also the problems that the humanity have been living through and crisis. In this respect, particularly the idea of creating a common financial environment in Euro-Mediterranean Region and economic solidarity among countries and "co-empowerment" models have gained importance but using all opportunities of the parliamentary diplomacy" she added.

In his opening speech Mr. **Ali ERCOŞKUN (Turkey)**, the President of the Committee and Bolu Deputy, has told that the change and transition periods that the world goes through pose an exam that the international community has to pass and the more a country is successful to adapt these changes the more they can gain from these periods. "In our day time when the

globalization dominates, we have to leave reflexes coming from the cold war period behind and diversify and deepen our relations with other countries within the frame of political dialogue, mutual economic dependability and cultural understanding with a policy which brings opportunities and cooperation forth" Mr. ERCOŞKUN has stated and then added: "The historical transition period called 'Arab Spring' which hit 2011 has become the most important agenda topic as it has come in all over the world. It is obvious that peace, stability and wealth of the relevant countries and the entire region depend on taking the necessary steps in the direction of democracy in accordance with the requirements of the public. What we wish for Syria, with which we have the longest land border and have deep historical, cultural and human relations, is Syria Government to understand that the only way for them to survive from the dead end that they have come is to implement the legal demands of the public and end the sanguineous violence and repression policy they applied on the civil population. While these are happening in the region, in France with which we have relations since the 16th. Century we encounter an attempt which completely violates human rights and right to free speech. As you all know some claims by Armenians regarding the 1915 events are in question. The sufferings and troubles that both Armenians and Turks had during the First World War have created some memories. What we know and remember points out a quite different truth compared to the claims by Armenians. In these kinds of situations when national memories contradict reliable and joint scientific studies must be conducted. Instead of establishing a joint and impartial commission, sentencing to imprisonment and fining the free speech with a legal arrangement is exemplary to show the situation that a European country like France in because of the internal political interests. I strongly believe that Parliamentary Assembly of the Union for the Mediterranean, an active organization of Mediterranean Region, considerably contribute for country to reach peace and wealth following the Arab Spring."

Other than Turkey, deputies of Austria, Algeria, Morocco, Netherlands, Spain, Sweden, Italy, Latvia, Luxemburg and Jordan have attended the meeting.

The first agenda topic of the meeting has been "**Towards a comprehensive Euro-Mediterranean financial framework for the economic development of the region.** Within this framework, the presentations of the reporters and discussions have been conducted. The duo reporters are in accordance with the decision made in the meeting held in Antalya in 19th October 2011 Reem BADRAN from Jordan Parliament and Dominique VLASTO from EP. The report prepared within this framework has been presented by Ms. Reem BADRAN since Mr. VLASTO couldn't attend the meeting.

Ms. **Reem BADRAN (Jordan)** had said that the economic crisis in the world has negative effects on the region, poverty exists as one of the social effects in the Euro-Mediterranean Region, this situation necessitates more cooperation and solidarity, and within this framework a common investment bank needs to be founded. "This situation may differ from one country to another. Yet, despite differences the common aim is to minimize the effects of the crisis. We need to make the institutions which operate in the field of development work more active. We need to build our studies on the new economic foundations and determine the requirements within the Market mechanisms. Eight suggestions are stressed in the report. The first one is working for the fight with the poverty, and as necessary precautions food safety, health, education and sustainable development. The second one is creating a framework for providing sustainable development. The third one is to give additional support for developing countries and liquidity aid. The fourth one is strengthening the cooperation between public sector and private sector and proposing strong programs in this respect. The fifth one is

supporting the legal arrangements of some countries within this context. The sixth one is increasing the reform and modernization studies and supporting the comprehensive development plans. The seventh suggestion is supporting the programs which are necessary for improving the life conditions of the societies. The eighth one is supporting the other aspects which will help societies to overcome the crisis."

She has also reminded that during the meeting, held in Antalya, different ideas were proposed about founding a Development Bank. She told that while some said that it should wait, some suggested making a preparatory study and starting such an initiative after political stability.

Ms. **Rodi KRATSA (AP)**, first of all, has stated that she agrees with all of the suggestions specified in the text. She has drawn a geopolitical configuration regarding the situation in the region. She has stated that within this framework, the economic crisis affects all countries in different levels and every country has different needs. Second of all, she has told remarked that EU is the supporter of the Mediterranean countries; however, EU is also going through an economic and political crisis inside, while southern countries already have development problems and lack of competition, they also have to manage "Arab Spring" and added: "these situations should urge us to be attentive". Saying that we should continue to cooperate with Mediterranean countries despite our own crisis, M. KRATSA has stated that they have founded a special group for this purpose in EP and this study group works in order to accompany the changes in these countries, and added that other than neighborhood funds an Arab Spring package of 350 million Euros has been created. She also told that another package is kept for civil societies and without civil societies we cannot talk about democracy, and then she added that they wish Development Bank to help Mediterranean countries, even though it is not active Town Planning and Development Bank will start infrastructure studies within the framework that they authorize and provide funds, and in parallel European Development Bank has added one million Euros on Mediterranean countries and these amounts are needed urgently. She has remarked that while all these things are happening it is important to bear in mind that one country needs to forget its own main purposes such as creating a open market and stressed that political decree, abolish borders and reforms are desperately needed. "In this respect an integrated development is also a target. Economic integration would not be enough on its own. The education of people, personnel and employees is also a required condition. Vocational training is crucial. We have to continue dialogues both with experts and with each other. The need of a great amount of liquidity is in question. We need to recapitalize our banks and gain the trust of the markets. If we have good marks, then it will be possible to find an appropriate interest loan. Should we found another bank or develop the banks that we already have? I do not believe that the talks required for the Union of Mediterranean are in progress in national parliaments. We have to promote our union. If the governments are decisive they will invest. Talks and discussions must be deeper in all over the Europe. Our governments are the ones who would support the humanitarian and political project." said Ms. KRATSA.

**The representative of the Morocco** has stated that as the Morocco delegation they refer the importance of the peace in Middle East in the previous meeting held in October 2010, and has added that for the resolution of the crisis in Mediterranean region an independent Palestine the capital of which is Jerusalem is a must. the representative has also pointed out that the relevant suggestion made by Morocco Kingdom was sent to UN, and if Israel joins resolution with two countries and retrieves from the settlements, this would serve the interests of the Mediterranean region's societies, and that there are new cooperation opportunities between the south and the north and these new partnerflotillas must be based on the balance. The

representative has underlined the fact that the Arabic World goes through radical changes, also that the European Investment Bank has to support southern countries by attending FEMIP meetings, and that the studies to be conducted in order to support SMEs, to create new job and to solve the problems of the youth who are craving because of the unemployment are highly significant. He has offered to found a data bank. This bank will contribute to develop the communication between the communities and the civil societies by sharing different ideas. He has stated that the global crisis causes financial disadvantages and mistakes, and prevails Islamic financial regime since this regime is loyal to some religious and moral aspects and added that Islamic financial principles were discussed in the Luxembourg meeting of 2011. The representative said that using the Islamic financial methods in Mediterranean region would be beneficial in terms of the stability of the region and particularly of increasing the new projects for infrastructure, renewable energy resources, labor and employment. Finally he has stressed that the committee needs to have a new mechanism, support the democratic structure which supports attendance, institutional reforms and that the time is to set off and to realize the cooperation between the south and the north.

Pointing out that the reports which will be discussed are going to be discussed in the meeting to be held in Morocco, Mr. **Ali ERCOŞKUN (Turkey)**, the president of the committee, has congratulated certain developments in Morocco within Arab Spring, and stated that new constitutional regulations on 1st July 2011 and the elections in the assembly of representatives on 25th November 2011 are exemplary implementations. Thanking Riad SAÏFI for his evaluations, he has stated that considering Arab Spring, the crisis in EU and in USA in three different points, these topics were assessed as they needed to be.

Mr. **Djeloul BRAHMA (Algeria)**, evaluating Arab Spring, has stated that they have been asking solidarity for years; however they want to do this in a situation agreed by everybody, and in this respect some projects are needed to be observed. He asked what is done about the energy production in Gaza, what politicians do about the serious threats to be done in order to live in peace particularly in terms of Jerusalem, what Euromed project is. He has spoken about the fact that if countries which have sovereignty want to achieve a real economic development but don't want to destroy this stability, they will do great things in terms of democracy, but the democracy in question will not be imported but a democracy desired by the society, and in this respect Algeria has overcome a huge problem with a great belief and is going through significant reforms, and he has added that a lot of things have been done for the young countries to be founded. He has remarked even though French imperialism left 3 million troops before leaving Algeria, more than 2 million residences have been built, many highways and railroads have been constructed, job opportunities are created for graduate youth since the year of 1990 and has added that this situation makes him proud.

Mr. **Ali ERCOSKUN (Turkey)**, the president of the committee has congratulated the democratization movements in Algeria.

Mr. **Tahar ABDI (Algeria)** has thanked Turkey for its attitude towards the imperialism in Algeria. He has remarked that while they want a law about the genocide committed by France, France regards this example of their imperialism as a contribution for developing the civilization. By the reforms by Algeria, he has stated that these reforms are made not only in social and economical fields but also in politic field, and that election law was enacted, a quota of 30% was decided regarding the women engagement in the parliament and freedom of the media is recognized. He has stressed the fact that PA-UFM could realize a very few things since 2004. "It was mentioned that there must be a harmony between member states in the

committees; however the Gaza is still under blockage. While the entire world reacted against the attack on marmara flotilla, the event was forgotten later. In Gaza 1.5 million people live in an open prison. it was argued that the obstacles in front of the investments needed to be cleared and particularly the investments in the south needed to be increased, with regard to this, in Algeria the legislation was reviewed, the aspects posing obstacle for the cooperation with EU was abolished, the customs were abolished, however we do not have a concrete change" has said the representative of Algeria. He has reminded that it has been told that in 2015, the region will be converted into a open market, and he has asked how this goal can be realized. He has told that while this date in question was mentioned to be 2017 for Algeria, the development rate of the foreign investment is 1%, and public investment is 85% while private sector is 1%, and this is a one-way freight flotillament.

Pointing out that they share the past grief of Algeria which is a country that Turkey has historical and cultural relationflotilla and he repeated this in every platform, Mr. **Ali ERCOŞKUN (Turkey)**, the president of the committee, has stated that they appreciate the political and democratic developments in Algeria. He has stressed that they expect apology, compensation and the blockage in Gaza to be abolished in return of the terrorist attack on the Marmara Flotilla by Israeli Government, and any resolution other than these is not a resolution; however the Israeli public must be separated from this subject, there has been a brotherhood with Israeli public for long and the reaction is against the Israeli Government. Expressing that Algeria did what it should have done for the relations with EU, he has added that international relations should not be one-sided and as Turkey is in the same situation about the relations with EU, he understands their position very well.

Mr. **Riad SAIFI (Jordan)** has stated that as a country which is geographically close to Palestine and have people from the same families, they deeply want a Palestine with Jerusalem as the capital city. He has told that Jordan has undergone radical changes under the aegis of the King; new steps are being taken to found a parliament structure where the public is much more active, and added that they hope to see the members of the Palestinian Parliament attending these meetings in the future.

Mr. **Ulrik NILSSON (EP)** has stated that it is very important to act cautiously in terms of international developments following the Arab Spring and the financial crisis, the targets needs to be set well, and added that they all need to work on what kinds of works are needed to be done to develop the discussion in terms of the institutions. He has pointed out that the capital should have two criteria, and these criteria should bring either help or support, or these should be financial topics which can bring an income back. He has also remarked that smaller-scale institutions are needed, the discourse of "all institutions are small scale" exists in USA and these institutions grow in time, and that there is a study about vegetable gardening in Tunisia and because of the injustice in this study riots started. In this respect he has stated that reliability should be ensured in the matter of protecting rights and powerful institutions should be founded for growth. He asked to receive English version of the documents as he doesn't speak French.

Telling that the English text of Ms. **BADRAN** is ready, being photocopied and can be taken, Mr. **Ali ERCOŞKUN (Turkey)**, the president of the committee, has stated that he agrees with the designations of M. NILSON and with the idea that "clear targets are important in the name of a good work plan", and added that they expect the experiences of EU countries, countries that completed particularly their institutional development for the institutional memory.

Mr. **Sergio de ANTONY (Italy)** has stated that the world encounters an unprecedented crisis which was born in USA and its results are more severely faced in EU, adding that social results of the crisis are also severe. Remarking that Italy is in a transition at this exact period, he told that due to the crisis, rights which used to exist are debated right now and the Europe needs to be evaluated again, he has pointed out that this situation is not limited to the relationflotilla between Europe and rest of the countries and an integrity of opportunity should be created because of the crisis. He has told that if Europe sets off with the aim of gathering Mediterranean together, it can compete with China and USA, create a new world composed of 900 million people and in this was overcome the crisis. he has been emphasized that integration to be carried out between Europe, which needs to overcome the crisis, and the Arab spring may realize the dream integration for being more democratic, and stated that a region named Euro-Mediterranean may be formed. He has emphasized that integration to be carried out between Europe, which needs to overcome the crisis, and the Arab Spring may realize the dream integration for being more democratic, and stated that a region named Euro-Mediterranean may be formed. "For this Euro-Mediterranean Bank was set as a tool. It can be the tool at this exact moment. European Investment Bank was created as a financing tool in Europe during the east spring in 1989. This bank started to work for Eastern Europe. We talked about the same thing both in the Italian Parliament and in the last March in the general assembly of PA-UFM. Since then, Governments has wanted this to work also for the Mediterranean countries but we did not want this. Even if it is not a Euro Mediterranean Bank, it can be described as a working stage for Mediterranean countries as a branch of European Investment Bank. Yet, I would like to insist. Let's bring concrete suggestions starting from today. Let a new instrument like European Investment Bank to be founded. Let three instruments: European Investment Bank, FEMIP and a separate bank just for Euro Mediterranean. In this ways, it can be easier to overcome the crisis. Finally the crisis is not only the result of a finance which is out of control but also a result of inequality. The countries which face the crisis most severe rely are the ones which face in equality most in the last 20 years. The reason is particularly the social classes. In USA and Europe this situation occurred because of the inequalities. When you prefer to leave the job to the market in open market you enable the crisis. We have to support the weak not the strong. PA-UFM can bring it forward but a significant tool is needed." Mr. ANTONY has said.

Mr. **Ali ERCOŞKUN (Turkey)**, the president of the committee, has stated that the importance of the crisis environment was emphasized by all of the participants, and that every crisis indeed has its own opportunities inside and in this respect M. ANTONY's suggestion regarding a separate bank needs to be discussed and a period needs to be set about this at least in the next General Assembly in Morocco.

Ms. **Reem BADRAN (Jordan)** has stated that of course it will not be possible to work independently of politics in the works of the Committee, and that some amendments were made in the law and constitutions of some EU and Arab countries and some efforts have been made for the region to be more democratic and in this respect Jordan also has made some legal amendments and the wishes of the public receive attention more than ever before. She has told that financing must be sustainable and that other than big projects, projects within the scope of SMEs can be conducted and that microcredit is needed in Arabic region too. She has added that we need to reach project owners and see the bank not just as a commercial bank but also as a bank which helps development and that a couple representatives of EU Bank may attend the next meeting, therefore the project firm can remark the problems. "Therefore, an appropriate environment for a bank which is specialized in the field of Middle East region's development to work can be provided. Data bank is also an important aspect in terms

of logistic support. Finance and particularly finance in short term are important since they can form the emergent solution the poverty and unemployment in the region as the underlying reason of the Arab Spring is the low income, poverty and unemployment. In this respect, European Ministers can be invited to the next meeting" has stated M. BADRAN.

Mr. **Ali ERCOŞKUN (Turkey)**, the president of the committee, has stated that micro credits are important in terms of extending development with the small scale businesses on the base. He has also mentioned that while the participation of the bank representatives in the meeting is significant in detecting the problems, the problems should also be discussed and bank representatives can be invited to the next meeting following that discussion.

Pointing out that the cooperation between Spain and Turkey is very strong and they support the Turkey's admission to EU and initiative of Alliance of Civilizations, Ms. **Ayala SANDER (EP)** has said that political committee discusses political problems. Ms.SANDER particularly after the Arab Spring Palestine problem must be solved, in this way progress can be provided, in this respect Arab spring is a source of hope and she has further stated that there is an urge for democracy in the Arab Spring and social networks are the indications of the democracy urge and this creates an opportunity to fight with the inequality; however, the fact that Arab spring and the economic crisis occurred in the same period of time is a negative factor, and because of this they cannot support Arab Spring as much as they should and they cannot advance the discussions in PA-UFM too. Telling that unemployment is an important problem in Spain, "In this respect, I would like to congratulate Secretary General of UFM for his new post as the Deputy Minister of Foreign Affairs and offer him to make a statement as Committee" Ms.SANDER has said. Adding that she has no doubts about the fact that he will provide new opportunities to make projects concrete, Ms.SANDER has stated that the committee should ask him to put new suggestion forward in order to overcome this dead-end. "There are 3 targets in the text. The first target is to create an open market region and make visa requests easier. The second one is to develop cooperation in order to make the union more visible. We can define the region as commercial. The subject of SME is important. I wish for the micro credits to be available for the human collectives at the same time other than the companies. They also are available for the women and the youth. Micro credits should not only be a tool for development. Micro credits should be the starting point of overcoming poverty, yet it shouldn't be seen as the only tool particularly for the youth and women. The third target is Development Bank. Our primary source was European Development Bank and it created its own structure in order to attract the invertors and to facilitate the development. There can be some reservations; however, we need to support this bank and these new tools in majority instead of facing them and tolerate the reservations. We need to discuss the conditions of the bank. We should define our reservations and advance. Social networks have brought a considerable transparency into our world. For us, transparency means EP. Backpressure in the market is also important. They may ask too much support from the public budget and then they may not repay it. The bank that we are going to found must have a good governance, inner democracy, transparency and control of the external parliament. It is to be able to giving the necessary credits. We should not only support the idea of an absolute finance tool but also start defining the conditions of the bank in the meeting of Morocco. We should make the bank to be a hope." Ms.SANDER has said.

Touching upon the historical bounds between Spain and Turkey, Mr. **Ali ERCOŞKUN (Turkey)**, the president of the committee, has stated that the participants have so far pointed out highly important topics and he has thanked the speakers.

The second agenda topic of the meeting on the afternoon session has been **“Decentralization, territorial, economic and social cohesion: costal and inland regions.”** Within this framework, in accordance with the decision made in the Committee Meeting held in Antalya on 19th October 2011, Ali ERCOŞKUN from Turkish Parliament and Ines Ayala SANDER from European Parliament have presented the reports which they prepared and discussion part has been started.

Mr. **Ali ERCOŞKUN (Turkey)**, the president of the committee, has stated that he believes in the cooperation of Union for Mediterranean Parliamentary Assembly between Europe and Mediterranean and that this cooperation will improve networks and brings peace in Mediterranean Region. He has told that bringing peace to Mediterranean Region also means the existence of the stability, providing economic development along with supporting political and diplomatic developments and supporting Arab Spring. He has also stressed that the main reason of economic and social problems is the inequality in life standards and the problems regarding human wealth. He has stated that these problems can be solved by developing the commerce, adopting new currency and supporting large and small scale businesses by using the data bank. At the same time he has emphasized that economic problems create political problems. He has remarked that by using mirroring project, the cities of the south should be declared to be sister cities, and added that social and educational works should be conducted via Euro-Mediterranean University. Euro Mediterranean University should develop a program in Turkey, create an agenda and provide a real cooperation by developing a social and economic program between people. In addition to all of these, he has stated that instead of centralization decentralization should gain importance more and more.

Ms. **Ines Ayala SANDER (EP)** has stressed that decentralization has a highly important place for the strategy of Union for Mediterranean Parliamentary Assembly, and adding that decentralization strategy needs to be increased in transportation, environment, commerce and has started to present her reports. "Our aim is to strengthen the Union for Mediterranean and minimize the inequality between regions. When the problems causing Arab Spring started the incident which was detected was the death of Muhammed Buazizi; however while analyzing these we have to bear in mind that another reason is the economic inequality" has told M.SANDER. She has pointed out that the inequalities between the south and the north in Mediterranean creates problems, while coastal areas are richer the interior parts are poorer. She has stated that this topic was discussed in the Banks Council Meeting held in Strasbourg on 10th November, the development of cities are connected with generating more local politics, and that the development of each city must be more stabilized compared to the rural development. "The subjects of interest of Union for Mediterranean: transportation, telecommunication, city planning and the balance between the urban and the rural. Our aim should be to prevent the rural from being empty and the urban to from being exposed to population density" she has said and added that we have to take care of the problems of our neighboring countries. "For Europe, southern countries, our neighbors in the south should be our priority, we should put more importance on them and integrate local administration in the Mediterranean" she has explained. She has also pointed out that a data base which can collect economical and social data should be generated, and that the economic development should be maintained by developing a strategy in Mediterranean countries and governments and by focusing on the local administration. Moreover, she has emphasized that women and the youth need more attention. Finally she has focused on the fact that mirroring project, finding a sister city and matching project bring many advantages in the field of agriculture, and added that if it is implemented in accordance with everybody's needs within a flexible framework it will be more beneficial for decentralization.



Following the presentation of the reports Mr. **Mustafa MENTE**, the Deputy Secretary General of Turkish Exporters Assembly (TEA) has delivered a presentation. He has talked about the regional difference of Turkey's exportation and the topics related to local administration. He has told that in Turkey there are more than 52 thousands exporter unions and the fact that in the last 10 years economic growth and the exportation considerably increased. "Exportation bears three important effects on countries: the first is that it creates employment, the second is that it provides growth and the third is that it shows the regional differences clearly" he has explained. The changes in the exportation within the last 10 years have been evaluated. He has told that decentralization and economic growth is connected and that decentralization is highly important among the neighboring countries, and added that the countries which have good relations with their neighbors are more successful in the economic development. At this point he has given the example that the west is the most developed region and the east is the least developed region in Turkey. He has stated that the reason of this situation is that Turkey has no relations with Armenia in the east and that is the reason for the weak economy. "In Turkey we see two types of central administration: one of them is economic and the other is political administration." he has stated and added that while Ankara is the political centre, Istanbul is the economic center. He has pointed out that there is a high pressure in Istanbul where 16 million people lives in a small territory and one of the negative outcomes of this pressure is the traffic problem. He has emphasized that for that reason Turkey is trying to create new attraction areas and then he has given the example of Gaziantep, a city which has 5 million dollars of exportation power, and stressed the importance of planned industrialization and the contributions of local administration, particularly of municipalities. He has told that creating a new attraction area can be possible with the incentives. He has stated that coordination between local and central administrations is necessary and human resources and infrastructure should be developed. "Even two close cities can bear differences in terms of development and exportation. Regions should be open to foreign initiators and the world. There should be a harmony between centralization and decentralization and if there is no harmony, it is inevitable to see black holes in the economy. Decentralization also provides transparency, increases accountability and responsibility. Decentralization increases the economic efficiency and develops human resources. For instance, GAP project in Şanlıurfa has improved the economy, culture and human resources. Providing economic, social and regional harmony is effective for the Region to reach the market. The easier it is to reach the market, the more powerful becomes the economy and the production increases. Marble is produced in Elazığ and exported to China, this is a direct application. Yet, some cities send their products to Mersin and therefore the transfer cost raises. This is reflected in added-value. Direct transfer costs less in the raw material" Mr. MENTE has explained and added: "If there is no opportunity for production in a region the, economy declines, the sold raw material returns as expensive products and therefore the necessity to develop local initiatives raises. In Turkey's steps taken to be a member of EU the economic situation is very important. If we didn't have the budget we couldn't take those steps. EU does not take Turkey's economic integration seriously; however, financing recourses are deficient in EU. Turkey organizes these with the World Bank. If Turkey becomes a member of EU, it will create more employment. Turkey wants to become a member of EU in order to solve its economic and ethnic problems; however, EU does not support Turkey's membership unless it solves these problems" Mr. MENTE has stated.

With the aim of eliminating regional differences our policy should be strengthening the procurement of the region and attracting foreign investors. Other countries has founded agency to attract foreign investors. He has emphasized that regional development agencies are not efficiently implemented in Turkey and other regions and added that even though 24

regional development agencies were founded for the implementation of them we need more found.

Mr. **Ali ERCOŞKUN (Turkey)**, the president of the committee, has stated that in Turkey there have been many developments within the last 10 years, while Turkey was the 26th country in terms of the gross national product 10 years ago, it is the 17th country right now. He has told that the reason of this is the decentralization.

Mr. **Riad SAIFI (Jordan)** has suggested to develop a fraternity project between the chambers of commerce along with sister city and mirroring projects. He has told that chamber of commerce comprises the economy and therefore its influence on the economic development cannot be denied. Furthermore, he has stated that they follow the Turkish economy developed with the support of parliament, economists, businessmen and businesswomen and the government, and added that the economic development can only be possible with the political support. He has emphasized that as the chairman of the chamber of commerce he signed five agreements with Turkey and made an agreement also with Istanbul Chamber of Commerce. Saying that with this agreement Istanbul Chamber of Commerce has its own university and they teach commerce in this university in practice and when he learned this he was astonished, he has suggested that in every region and in Mediterranean these kinds of universities which will teach commerce in practice must be founded.

Mr. **Abdelhamid SAADAoui (Morocco)** has stated that decentralization is crucial in eliminating the differences among regions and creating new opportunities. He has emphasized the necessity to treat fairly in every region regarding the resource transfer. He has told that the regional leader should not be appointed directly; the public should elect the leader. Furthermore, he has stated that we should take steps in order to prevent migration and that for the community to stay in their own regions rural areas should be developed, opportunities and life standards should be increased. Most prominent targets of Euromed are providing economic integrity, increasing decentralization, promoting agriculture and information, fight with unemployment and wrong use of the resources. Economic development is enabled by providing incentives free from hardflotillas in accordance with the requirements of the society. Furthermore the fraternity projects should be developed in terms of chambers of commerce and every other professional association. Finally it has been suggested to hold conferences by providing financial resources.

At the end of the meeting, question- answer part has started.

Ms. **Reem BADRAN (Jordan)** has asked even though all regions have different levels of development in Turkey, what kind of policies are set while deciding incentives and according to what budgeting is made and how it is made.

"Countries apply completely different systems. Incentives are decided in accordance with the relevant law. Our country is divided into four, and for higher incentives volume is higher for the northern and western regions. The east is out least developed region. Ready wear a mechanism which necessitates keen effort was created as an incentive package for this region. The same incentive cannot be provided for every region and the incentive should be decided by analyzing the regional requirements and by differentiating. Regions with the high capacity to attract investment should be developed more. If you have a rich neighbor and market this returns as a positive reflection. Integrated markets create economic growth and development"

Mr. Mustafa MENTE has said in response to the question.

Mr. **Ali ERCOŞKUN (Turkey)**, the president of the committee, has stated that incentive application was implemented in the cities with 1500 dollars of gross national product per person ten years ago for the first time and added that attraction centers were developed in regional sense; however, when it was realized that the application was wrong new incentive law implementation started.

Emphasizing that the countries cannot be successful by themselves in the transfer of technology and technical information, M. **Djeloul BRAHMA (Algeria)**, has stated that if technical information is transferred from self-sufficient countries such as Turkey and China, the economic growth can be realized.

Mr. **Mustafa MENTE**, has stated that in order to attract the investment into Turkey, first of all production should be attracted and the markets should be developed; however, transfer of the technology is the key point. "For this reason Turkey has enacted the R&D Centers Law with respect to develop private incentive mechanism. In Turkey, if a company employs 50 or more engineers in R&D department, it does not pay taxes. AS a result of this there are many R&D centers in Turkey. Positive externality was provided by investing for R&D. For every country to become powerful in economical sense the country should provide incentives for a while. In this way recourses can be transferred out of the country and information can be provided." M. MENTE has stated.

Mr. **Mustafa ŞEN** has stated that every country should find its own way since taking another country as a model is a repetition and therefore it may result in certain disadvantages.

Mr. **Ulrik NILSSON (Sweden)** has asked how initiators can be supported in order to develop a model which will promote the growth, and supported the idea that if legal bodies in the same region become competitors, this may not be beneficial.

Mr. **Sergio D'ANTONY (Italy)** has asked what roles the domestic requirements and exportation play in this profound development of Turkey in economic sense, what kind of an importance domestic requirements have in this respect, if the equality in decentralization policy is a real equality or not and if there is any risk or not.

Mr. **Mustafa MENTE**, has stated that exportation forms 1 out of 6 of the national income and its rate is 17% and added that Turkey's target for 2023 is to make this rate 25%. He has said that while the exportation has increased by 18.3% in Turkey this year this rate is 17% in the world and pointed out the increasing demand for turkey market. The increase of Turkish middle class's working and consuming needs plays an important role in this respect. "There are two dynamics in Turkey: the first one is urbanization and the second one is that young population has reached working age. Production and consumption demands have risen in this direction. Urbanization rate is around 75%. When we compare the birth rate and the population which has reached working age, we can see that the birth rate is no longer a problem which destructs the infrastructure. Therefore this improves the dynamic" MENTE has stated. Pointing out that globalization also affects the private sector, he has told that an expanding company which becomes permanent with the incentives means a growing Turkey. He has remarked that with respect to provide a balance between west and east, while the incentives used to be employment-oriented in the past, today incentives are focused on the questions of how investments in sectors can be possible and how we can compensate the sectors with current deficits in the new incentive law.

Finally Mr. **Riad SAIFI (Jordan)** has asked what his suggestions would be for countries which are not successful in exportation to MENTE. In response MENTE has said that external market needs attention and initiatives towards the global market should be made and added that exposition incentives should be provided in order to create appropriate opportunities for SMEs to enter the business pointing out the importance of canalizing abroad.

The meeting has ended at 17.00