[Study n°8]

# Med opportunities: 25 niche markets in need of investment

(textile)

(environment)

INVEST in med

(logistics)

(tourism)

INVEST in med

Med opportunities: 25 niche markets in need of investment

[Study n°8]

EURO MED

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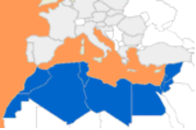
ANIMA Investment Network



# Subsectors being developed today in the *Mediterranean*

## An Invest In Med Anthology

*Methodological presentation sheet*

## Invest in Med : contributing to shape a new MED economic landscape

### *The Invest in Med programme*

Launched in April 2008, Invest in Med is a 3-year programme aimed at:

- Increasing the volume and quality of investment projects destined for the MED countries (9 Southern & Eastern Mediterranean countries);
- Reinforcing Euro-Mediterranean trade flows;
- Contributing to a sustainable economic development in the region.

### *The Med Alliance consortium*

The MedAlliance which was formed for Invest in Med brings together the Chambers of Commerce and Industry (ASCAME, Eurochambres), the investment promotion agencies-IPAs (ANIMA), the business federations (BusinessMed) and other economic partners active in the Mediterranean area (ONUDO, GTZ, World Bank, Euroméditerranée).

### *The Invest in Med sectoral strategy*

Since its initiation, Invest in Med has, in consultation with the public players (IPAs) and the private sector, identified subsectors and niches whose development was judged to be a priority.

Through the activities of the programme, and especially through its bi-annual calls for initiatives, Invest in Med has given preference to the financing of actions supporting these subsectors and niches. As time has passed, the target has been reduced: from the 15 economic subsectors selected at the launch conference to 7 sectors listed as a priority for the Invest in Med initiatives financed from March 2009.

## Identifying promising MED niche markets & subsectors: why, how ?

### *Why a sectoral strategy for Invest in Med?*

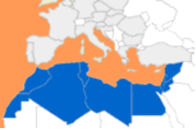
- To encourage the emergence of and support for industrial subsectors or niche markets for which the MED region has good potential power of attraction.
- To incite economic organisations and operators to submit initiatives and ally their strengths to develop a subsector.
- To develop industrial synergies between the two rims of the Mediterranean and bolster sustainable partnerships between enterprises from the North and the South.

The identification of niches to be developed provides visible results with good spin-off effects to maximise the impact of the 12 million euros dedicated to the programme to cover 9 MED countries.

### *How to define a list of priority sectors?*

The following 15 sectors have been chosen because they correspond to the urgent needs of the MED economies. The MIPO observatory of the ANIMA network further confirmed that they are the current or potential areas where MED economic development is crystallising, taking advantage of heavy public and private, national and foreign investments:

| | | |
|---|---|---|
| • textiles | • mechanics-electronics | • banking-finance-insurance |
| • agro | • energy-consuming industries | • retail & distribution |
| • ICT | • vocational training | • water & utilities |
| • tourism | • social housing-urban regeneration | • infrastructure-transport-logistics |
| • health | • renewable energies & efficiency | • services to businesses-sub-contracting |



# Subsectors being developed today in the *Mediterranean*

## An Invest In Med Anthology

*25 niche markets & subsectors calling for investment in MED countries*

### Identify a demand expressed by existing economic operators ...

Through e-mail questionnaires and telephone surveys to foreign investors who have been established in the MED countries for at least 3 years, ANIMA has sought to identify gaps in the local value chains, i.e. activities that remain under-developed despite their becoming increasingly indispensible to local operators (sub-contractors & suppliers).

Telephone or personal interviews, as well as electronic questionnaires, have also been distributed among the supporters of 36 sectoral initiatives backed by Invest in Med since October 2008. The elements contributed by these players on the ground have finally been complemented with the data collected by the Mediterranean economic intelligence unit of the ANIMA network.

So as to be validated from a micro-eonomic point of view, each niche must have already been invested by several pioneers in the region, whether local and foreign (ANIMA-MIPO).

### ...to attract ne**w** Euromed investors

A final selection criterion for the selected niches concerns the location of the production means required to attack these niches: only niches which were favourable to local MED production were chosen, whether for the production of goods and services intended for export, thanks to MED competitive advantages, or for the local production of goods and services intended for the local market.

The back of each data sheet illustrates the interest for European investors, as well as the entrepreneurs from the South, in positioning themselves with immediate effect in these badly serviced markets.

### Non-exhaustive research... to be developed

The 25 data sheets that you are about to discover are the first strokes of a large pointilliste picture drawing a new economic landscape of the Mediterranean... Mixing traditional subsectors and new activities (*facility & fleet management*, vocational training, integrated supply chain management...), these niches provide increased added value to sectors which are suffering from a ferocious international competition (technical textiles, tourist diversification, agrofoods transformation , etc.), or even to develop entirely new activities thanks to new technologies and the opportunities offered by globalisation (3D graphics services, *offshore web* development, health tourism, etc.).

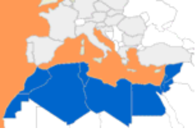
A rapid urban growth and the early stages of a MED industrial takeoff are also creating novel green markets: energy efficiency, social housing regeneration, wind turbines, environmental studies, urban lighting, waste management, etc.

### **Going further into details**... (resources, contacts, links)

- Dozens of ANIMA and Invest in Med studies and sectoral documents accessible free on line at www.anima.coop and www.invest-in-med.eu
- 'Business opportunities in the Mediterranean: Niches, sectors, transverse issues', Synthesis leaflet (www.anima.coop)
- Boosting business in the Mediterranean: Entrepreneur's success stories, vol.1 & 2
- For any question concerning these 25 data sheets: contact Pierre HENRY pierre.henry@anima.coop

Programme co-financed by the European Union, Provence-Alpes-Côte d'Azur Region, the City of Marseille & the MedAlliance networks

Date : 10/12/2009 - Production P. HENRY, validation B. de Saint-Laurent, ANIMA



# Subsectors being developed today in the *Mediterranean*

## Agribusiness_*Aromatic & medicinal plants* ✷

Targeted business: cultivation (organic), plant extraction (essential oil, perfume, flavoring, coloring, antioxidant & nutraceutical), processing industries (freezing, drying), packaging

## Context and market

*The subsector today*

- Riding the organic wave, aromatic & medicinal plants (AMP) find growing outlets in the pharmaceutical and fast moving consumer goods industries (house care, perfume, cosmetics, agribusiness): aromats & spices, organic food, phytotherapy, essential oils for perfumers, etc. are trendier than ever!
- Strong export potential: global organic products markets = USD 27.8 bn in 2006 (Europe + USA =96%).

*Current Med positioning*

- As Europe's traditional aromatic plants provider (Moroccan and Tunisian rosemary & thyme), the Med region offers a great pool of AMP resources waiting for a better valorisation. European organic cosmetics leader Weleda sources for ex. camomile from Egypt and rose and pomegranate from Turkey. Med governments (cf. GAFI) are looking for foreign investors for onion & garlic drying plants + essential oil extraction plants in Beni Souef, al Minya, New valley, Sinai & Sohag regions.

*Weaknesses & osbtacles*

- Med production of AMP remains very traditional, aimed at local markets: a qualitative revolution is needed to access foreign markets. Integration to EU bio cosmetics & agribusiness clusters is key.

***Potential markets:*** developed markets essentially (Europe & USA).

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*A great biodiversity combined with rich food & cosmetics traditions*

- Great agricultural areas virtually chemicals-free; large pool of well known or promising vegetal species, to be used raw or simply dried (condiments, herbalist's shop) or further processed to be turned into industrial inputs (pharmacy, perfumes, cosmetics & agribusiness). Geographical proximity with Europe and low production costs.

*Satisfying qualitative and quantitative export requirements*

- Necessity to structure Med supply chains in order to better penetrate a world AMP market with fast moving standards (traceability, etc.). In 2007 came into force in Europe the REACH regulations: chemicals producers or importers (including essential oils & other natural extracts) beyond the threshold of 1 t/year and per producer/importer must cover the costs of product registration, tests and analysis before getting access to the market.
- R&D: project of cultural and economic valorisation of APM from Southern Tunisia launched by Tunisia's Institut des Régions Arides de Médenine and the Centre International de Recherche Agricole en Régions Arides, with the support of the US Ministry of Agriculture.
- Morocco is developing an 'aromatic codex' aiming at registering all aromatic plants, their extracts and uses following national and international standards, in order to help local businesses integrate international supply chains. The country also launched a research project with the International Atomic Energy Agency (IAEA) on preservation technologies for certain APM using irradiation.

They did it: pioneer stories

## Naturex, Mediterranean aromats conquering the world

Set up in Avignon (Southern France) in 1992, Naturex, is a specialist in vegetal extracts. Naturex provides antioxidant compounds beneficial for human cells (ellagitannins) from the pomegranate tree and natural antioxidant additives for agribusiness based on rosemary extracts.

The group experienced an early international expansion. Its Moroccan subsidiary has become a must for many international buyers for the agribusiness and nutraceutical industries (a portmanteau of nutrition and pharmaceutical, i.e. natural dietary supplements).

Between 1999 and 2006, production capacities at Naturex Maroc have almost doubled. Heavy investments in fixed capital and human resources were justified by growing sales thanks to controlled production costs and top quality products (Mediterranean herbs and plants such as rosemary, almonds and apricots seeds for cosmetics, etc.).

In 2007, the group invested in new production capacities at its Nouaceur (Greater Casablanca) factory, dedicated to solvent extraction and hydrodistillation. The plant today covers 2 500 sqm. In 2007 the French mother company, Naturex SA, increased its stake in the capital of its Moroccan subsidiary up to 96.35%, through the acquisition of French development agency AFD's Proparco investment fund's shares (+/- 7%).

Today Naturex SA is about to become the world leader in specialty natural additives. Once the merger with the Ingredients division of Spanish Natraceutical is complete, the group will have an annual turnover of EUR 185 million.

## Organic plants & aromats for the benefit of Rif women

The Bni Boufrah cooperative, which employs 35 women in the province of Al Hoceima (Moroccan Rif), manufactures aromatic and medicinal plant extracts.

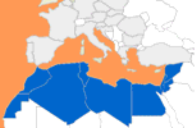
Set up by 2 NGOs, Morocco's ASASHA and Fundacion Codespa from Spain, the cooperative was born from a development project aimed at empowering women from the Bni Boufrah region. Supported by Catalunya's Generalitat, the cooperative manages the production and marketing of plants traditionnaly used by Moroccan women.

### **Going further into details**... (resources, contacts, links)

- European Flavour & Fragrance Association (www.effa.be)
- Egypt's Medicinal Plants Conservation Project (www.mpcpegypt.com)
- Morocco: Coopérative Bni Boufrah (www.nouarif.com); Institut National de la Recherche Agronomique (www.inra.org.ma) and its web of regional centres + Société marocaine des plantes aromatiques et médicinales (Somapam).

Programme cofinancé par l'UE
EU co-funded programme

Date: 06/08/2009 - Production A. Joanny, validation P. Henry, ANIMA



# Subsectors being developed today in the *Mediterranean*

## Transport-logistics_*Postal services 2.0*

Targeted business: express parcels, e-fulfilment, hybrid mail, official digital franking and certificates, cheque-letters , etc.

## Context and market

*The subsector today*

- Faced with the challenge of the digital society and economy (e-government, e-commerce, electronic communications), the postal and express parcel service providers are obliged to innovate.
- Electronic telegrams and hybrid mail, secure electronic document management and official digital certification, direct marketing (non-addressed mail, bulk mailing, etc.), real time and online monitoring of parcel shipping, returns management (e-commerce), are some of the new products, chasing productivity and time saving, often with high added-value, which provide the sector pioneers (La Poste Française or Poste Italiane) with enviable operating margins.

*Current Med positioning*

- The MED postal services and light logistics market is highly competitive: national postal services, large global integrators, regional challengers and small local hauliers. The national postal services of the South and Eastern Mediterranean had a total turnover of USD 2,622 million in 2007 (CVA-Euromed Postal).

*Weaknesses & obstacles*

- Customs obstacles and the partitioning of markets, very progressive development of e-commerce, sporadic digital coverage which is nevertheless progressing at a fast pace, bottlenecks at interfaces (especially ports) in the process of being solved via massive ongoing investment programmes, short term weaknesses in South-South transport infrastructures (large TGV projects, Trans-Maghreb motorway), ICT networks still vulnerable.

***Potential markets*** : private individuals, enterprises, craft industries (e-commerce), public administration, liberal professions (lawyers, etc.)

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*Great potential for parcel mail, a badly-covered market*

- A MED population and enterprises highly concentrated along the coast, hence facilitated servicing. Service quality which has progress to make: the Moroccan and Syrian postal services have trouble servicing the whole of their territories, whereas the Lebanese Post Office (as well as Jordan Post) does not deliver mail to the general public, which is invited to collect its mail from the post offices.
- Many public operators are seeking partners to develop new activities: postal operators in Egypt, Libya and Turkey (Jordan currently undergoing privatisation) are public administrations, public groups in Israel, Morocco, Syria and Tunisia. Lebanon Post is the only privatised Mediterranean postal service (Canadapost).
- The MED postal services are on average relatively profitable. As an example, in 2007 the Turkish and Algerian postal services showed operating margins which were among the highest in the Euromed region (CVA-Euromed Postal).
- Unlike their French or Italian counterparts, the parcel activity represents an infinitesimally small part of that of the MED postal groups such as Egypt Post. The international transit of parcels more specifically is more or less monopolised by the global integrators (UPS, TNT Express, DHL, La Poste-GeoPost, FedEx) or their regional counterparts (Lebanon's MidEx, or the Jordanian Aramex, etc.).

*The developing MED e-post services*

- In 2003, the Tunisian postal service launched its Web Telegram offer, which enables customers to send and monitor urgent secure electronic messages, singly or in batches, from their own computer to the distribution centre for printing and delivery within 24 hours.
- Jordan Post also proposes to its *corporate* clientele *hybrid mail* services whereas Moroccan Post has introduced a service to monitor shipments and vehicles by GPS, and today possesses electronic postal centres with hybrid mail, in Casablanca, Rabat and Agadir.

## They did it : pioneer stories

### The Jordanian Aramex overshadows the large integrators

Created in 1982 in Amman, Aramex rapidly made a name for itself in the Near East then throughout the world prior to its introduction on the NASDAQ in 1997 and the Dubai Financial Market in 2005. Quoted by T.L. Friedman in his best-seller, *The World is Flat*, among the businesses which have managed to take best advantage of globalisation, Aramex offers, among other things, local or international door-to-door express parcel services. Partner of large international mail-order groups, such as la Redoute, Aramex also enables its Middle-Eastern clients, thanks to its Shop&Ship service, to do their shopping on British and American e-commerce sites by taking advantage of a virtual local post office box, whose contents are then shipped to the consignee.

In recent years, the group has managed, through take-overs and new investments, to weave a tight web enabling it to service the regional MED market: take-over the distribution of Palestine's press in 2005, new hubs in Beirut Seaport in 2005 and at Cairo airport in 2008, extension at Amman in 2005 and installation in Mafraq in 2007, projects in the Maghreb announced in 2007, take-over of Freight Professional in Egypt in 2006, etc.

### MidEx, a reference partner for the large integrators

"It's On Time Or It's On Us", such is the slogan of this group which offers express and cargo services. Forced to adapt to a most uncertain business environment MIDEX was obliged by the decade of civil war in Lebanon in the 80s, to locate in Cyprus. By 1990, MIDEX had offices or representatives throughout the world. Today, the central hub for its international operations is in France. MIDEX is the agent of the French La Poste for the transport and delivery of all postal parcels to Lebanon, Mauritius, Madagascar, Syria, Egypt, Kuwait, and Iran.

The group has made a speciality of the most specific missions: thus the American University Hospital of Beirut has charged it with the transport of its blood samples to the United States. MIDEX has become a reference transporter for the world's greatest integrators.

### TNT Express suffers from lack of integration of MED markets...

The Netherlands transport and logistics enterprise has subsidiaries in the Mediterranean in Jordan and Egypt, and a franchised network in Morocco. Jordan and Egypt should be used as pivots for a Europe-Asia road/air network. Among the obstacles to the successful application to the region of its integrated development model, TNT mentions mainly the regulatory context: absence of tax-free zones between Algeria and Libya, border circulation problems between Morocco and Algeria, etc. TNT Express is seeking local operators to integrate its MED circuits.

### ...while Euromed postal services are preparing their integration!

The Euromed national postal services are actively working to integrate all the aspects of their activities, from the creation of common training centres for their personnel to the offer of financial services oriented towards the diasporas. This approach is supported by the Invest in Med programme [read+]. Operational cooperation have been launched: JV between Chronopost International and the Algerian and Moroccan postal services for express parcels, project of JV between the French La Poste and the Algerian postal service for non-addressed mail, etc.

### **For further details**... (resources, contacts, links)

- "Posts and the information society-Posts shift into digital gear", Rhéal LeBlanc, Union Postale Universelle (UPU), Sommet mondial sur la société de l'information : (SMSI) – Tunis 2005 (FR/EN): www.upu.int
- "Barid Al-Maghrib, l'ère des e-services", e-Forum juin 2005 (Fr document)
- "Posts as partners of co-development ", minutes of the First Euromed Postal Conference in 2007 on Issuu
- EMS Chronopost Maroc, www.chronopost.ma
- E-services : www.jordanpost.com.jo
- MidEx International (www.midexintl.com), Aramex (www.aramex.com)


Programme cofinancé par l'UE
EU co-funded programme

Date : 17/11/2009 - Production A. Joanny, validation P. Henry, ANIMA (trad. M. Boweren)

Targeted business: pharmaceutical labos, toll manufacturing of medicines, R&D centres, biochemistry, genetic engineering, cosmetics

## Context and market

*Biotechnology at the heart of the next industrial revolution*

⌖ A range of techniques which use living organisms (micro-organisms, animal/ plant cells, molecular technologies, and living organisms) to produce goods and services, biotechs are to be found in various industrial applications (health, cosmetology, agribusiness, environment, biochemistry etc.).

*Current Med positioning*

⌖ Wide range of needs for human health industry as well as agriculture (fermentation and production of biogas, technique of micro-grafting in tree culture, improving resistance of cereals to disease, industrial applications: varietal control, animal health, etc.)

⌖ Low innovation potential to date which may be compensated by:
- the production of generics (the patents of 1st generation transgenic medicines are expiring: insulins, streptokinases, interferons, growth hormones and erythropoietin) which however assume a certain knowhow in clinical trials (the patent does not cover the trials which are indispensible for the product to be marketed);
- the integration of the Med pharma industry into the regional value chains (North -South complementarity: clinical trials, quality control, requests for partnerships between research centres).

⌖ The involvement of the diasporas may also be counted upon: according to the Algerian Department for Scientific Research and Technological Development, between 15,000 and 20,000 Algerian expatriates specialising in biotechs are resident abroad.

***Potential markets:*** local market and sub-contracting for export

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*Local competence open to foreign partnerships*

⌖ The large biotech groups are engaged in a process of mutualisation of R&D costs, via the creation of partnerships. A large part of the repetitive tests in biotechnology (toxicology, metabolism, biodiversity, chemistry, etc.) is, for reasons of cost, offshored. This is, for example, the case of the Israeli ProtAb which, through the British programme UKTI Global Partnerships, has associated itself with the English company Antitope from Cambridge so as to accelerate the introduction of Antitope's medicine against auto-immune inflammations.

⌖ The Cairo company Minapharm is one of the main manufacturers of prescription medicines in the Middle East. Through its subsidiary Rhein- Minapharm Biogenetics, the fruit of a collaboration with the German Rhein Biotech, the group has developed R&D activities and the manufacture of biopharmaceutical products under licensing agreements.

⌖ In Jordan, the American corporation Stemedica Cell Technologies, specialising in stem cell research and manufacture, has just signed a five year agreement to share its technology with the Jordanian Stem Cell Company.

*Med countries at the cutting edge of innovation*

⌖ Precursor in the Maghreb through its Centre of Biotechnologies at Sfax (created in 1983), Tunisia is particularly advanced in research into the molecular genetics of plants, bio-pesticides, microbian enzymes of industrial interest, etc. A new biotechnological cluster at Sidi Thabet (near Tunis) will work with the universities of Tunis El Manar and La Manouba. This cluster oriented around medical research will depend upon two research centres (INRAP, CNSTN).

⌖ The Jordan Centre of Biotechnology is in the process of negotiating with the University of Helsinki, while in the Palestinian Territories, the Polytechnic University of Hebron already has a biotechs training and research unit.

## They did it: pioneer stories

### Israel, undisputed leader in medical biotechnologies

Endowed with unique knowhow in the region, Israel can boast 160 biotechnology companies, employing around 4.000 people, according to the Israeli Ministry of Foreign Affairs. A high-performance industry, essentially export-oriented (80%). The "Made in Israel" knowhow is attracting more and more foreign players, not only American but increasingly European, seeking to share their research efforts.

BioNegev, an Israeli cluster specialising in the medical biotechnologies (regenerative medicine, bio-compatible materials, nanotechnologies, etc.) has just signed a cooperation agreement with Sofia Antipolis, a French technopark, while a second agreement is in the process of negotiation with Alsace BioValley, and 3 other agreements for joint ventures in France are at the study stage. A one billion shekel dedicated investment fund, enriched with 250 million shekels from the government, is under creation so as to help Israeli innovation find industrial outlets.

8.5% of the patents registered in this country concern biotechnologies. In 2009, the Swiss laboratory F. Hoffmann–La Roche joined forces with the Israeli risk capital company Pontifax to support the development by local start-ups of products likely to be incorporated into the portfolio of the pharmaceutical giant.

### Protenia, Moroccan biotechnology champion

The Moroccan biotechnology enterprise Protenia was founded in 2005 under the impetus of Dr. Hakim Kharrat and Dr. Abdselam Choua, 2 R&D engineers installed in France. The company, which employs ten or so people, is located in the Tecnopark of Al-Akhawayn University at Ifrane. Protenia is dedicated to the engineering and production of therapeutic recombinant proteins for research, the medical world and industry. The enterprise, which occupies nearly 450 m² of laboratory space, exports its products to Europe and envisages setting up in the United States. By working with the CNRS, Inserm, Inra in France, the German Cancer Research Centre (DKFZ) and the American National Institutes of Health, Protenia has managed to build a North-South technological partnership on the biotechnologies segment.

### **For further details...** (resources, contacts, links)

- Association Tunisienne de Biotechnologie (www.atbiotech.rnrt.tn)
- Biotechnologies France (www.biotechnologiefrance.org)
- The National Center for Biotechnology (Jordan): www.ncb.gov.jo
- BiotechBlog (www.biotechblog.com)
- «*UK biotech adds value for Israeli innovative start-up*», www.ukinvest.gov.uk/Investor-case-studies/4031135/en-GB.pdf
- Office of the Chief Scientist (OCS) at the Ministry of Industry, Trade and Labor (www.moit.gov.il)

Targeted business: R&D labs (antibiotics & vaccine for commercial fish culture, aviculture, etc.), drugs manufacturing, rural distribution, veterinary equipments

## Context and market

*The subsector today*

- Booming animal health market since 2000: global sales volumes went up 7.2% in 2008 while they increased by 2.8% in value to reach a total USD 19.2 bn (vs. respectively +11.4% and +4.7% in 2007, Vetnosis).
- Huge growth potential in emerging markets: an increasing purchasing power is boosting meat consumption & enlarging the pet care market.

*Current Med positioning*

- Veterinary R&D and pharmaceutical production are relatively little developed in the Med region, especially for complex products, with a few exceptions: ABIC Biological Laboratories in Israel, Algerian Animal Health Product (AAHP), Pfizer Egypt, CEVA Santé Animale in Rabat, etc. The entry ticket is far more modest than in the human health business, and Med development and production costs can be competitive. Local outlets are important and potential export demand is strong.
- Med authorities, such as the Algerian government, strongly support the development of local manufacturing capacities (which only cover 30% of local needs), by offering tax and custom duties exemptions for chemicals and organic inputs, etc.
- Weaknesses & obstacles: non-tariff trade barriers for exports, traceability, harmonisation of industrial standards, etc.

***Potential markets***: public procurements, animal husbandry & agricultural cooperatives, agribusiness business, pet doctors, etc.

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*The Mediterranean, a growing market ready to become a production platform*

- According to the OIE (World Organisation for Animal Health), the Maghreb region counts a sheep population of more than 43 million while the cow livestock reaches 5 million. Aviculture represents approximately 600 million chickens annually. The animal health market weighed EUR 91 million in 2006, and have grown steadily since then.
- Med liberal vets (self-employed physicians) are multiplying as medicalisation progresses in cities and in the countryside (growth in the numbers of rural vets, greater demand for frequent veterinary checks from stock breeders, updated veterinary mandatory standards).
- Urgent need to address specific regional pathologies (West Nile fever, Rift Valley fever, blue tongue disease, sheep & goat rot, etc.), which should attract private R&D capabilities, in partnership with public labs.
- Getting closer to promising markets though JVs or greenfield projects: existing production capacities (Afrimed in Tunisia, Jordan's Acdima & its subsidiaries in Syria, Egypt, Algeria, etc.) are ready to gear up, in the respect of intellectual property rights (most Med countries are now part of the WTO, cf. TRIPS agreement), through local partnerships (production under licence such as the JV formed early in 2009 in Mohammedia by local MCI Santé Animale and French Mérial for the production of bacterial vaccines).
- Gradual liberalisation of distribution activities (and imports sometimes). Tunisia thus committed to phase out in 2010-2011 the import monopoly granted to the Pharmacie Centrale, the local Pasteur Institute and the Institute for Veterinary Research.

They did it: pioneer stories

## Jordanian animal health companies looking for foreign partners

The Arab Pesticides & Veterinary Drugs Mfg. Co (www.mobedco.com), which formulates and manufactures agricultural pesticides and veterinary products (injectables, disinfectants, etc.) announced in 2005, through the UNIDO Exchange online platform, its project to create in Jordan a new USD 4.2 mln production facility of injectable beta–lactam products destined for export mostly (Arabian Gulf countries, Taiwan & Pakistan), through a JV with a foreign partner capable to provide know-how and technology.

JOVET (www.jovet.com.jo), another veterinary pharmaceutical producer (antibiotics, anticoccidia, antifungus, antitoxins and premixes), also launched since 2005 its project to forge a new alliance with foreign partners aimed at new markets penetration (20 Arab countries, Ukraine, Russia, Ethiopia, and Pakistan) and technology transfer in order to enlarge its offer to injectable products. [Read + on UNIDO Exchange]

## Jerusalem-based lab coveted by American giant

In October 2008, Teva Pharmaceutical Industries, a generic drugs world champion, sold ABIC Biological Laboratories to Phibro Animal Health Corporation, a US specialist in veterinary additives for large farms. Based in Jerusalem, ABIC develops, produces and markets animal health products mainly to the poultry sector. Its vaccines, anti-infectives and disinfectants are distributed in 22 countries worldwide, covering South East Asia, Africa, Latin America and Eastern Europa.

Phibro already had a productive subsidiary in Israel, Koffolk Fine Chemicals, specialised in specialty chemical industrials inputs.

## CEVA Santé Animale choses direct production in Maghreb

Back in 2003 French lab CEVA Santé Animale (www.ceva.com) made its first foray into Morocco, through is subsidiary CEVA Sophavet. The group set up two production facilities (near Casablanca and in Rabat), and opened warehouses in Casablanca.

It quickly became one of the top Moroccan veterinary products manufacturers, and of the largest employers in the sector Today CEVA counts on 3 national manufacturing facilities in Rabat, Algiers and Tunis.

These 3 Med production facilities (out of a total 7 worldwide) are complemented by 4 R&D sites in France, Brazil, in the USA and in Hungary. CEVA also counts on a network of commercial offices which include Cairo, Amman and Istanbul.

## **Going further into details**... (resources, contacts, links)

- Some Med veterinary labs: Algerian Animal Health Product (www.aahp-dz.com), Multi Chemical Industry (MCI) Santé animale in Morocco (www.mci-santeanimale.com), Afrimed in Tunisia (www.afrimed.net), Koffolk & ABIC, subsidiaries of US Phibro in Israel (www.koffolkfc.com), Acdima in Jordan (www.acdima.com) and its affiliates in Syria, Egypt, Algeria, etc.
- World Animal Health Organisation (www.oie.int)
- Project 'Harmonisation and regionalisation of surveillance networks for animal diseases in the Maghreb region' (epireg-maghreb.cirad.fr)

Programme cofinancé par l'UE
EU co-funded programme

Date: 02/12/2009 - Production: S.ABDELKRIM and P.HENRY, Validation: P.HENRY, ANIMA

# Subsectors being developed today in the *Mediterranean*

## Services to businesses_*Facility management*

Targeted business: Facility & property management, multi-technical services, industrial maintenance, corporate rental management

## Context and market

*The subsector today*

- Great diversity of contracts, ranging from the outsourcing of specific services (air conditioning, electric power, plumbing and lighting systems; cleaning; groundskeeping & security), to the general management of most corporate services. Industrial maintenance sometimes comprises engineering and technical audits, and can also be bundled with procurement, construction and installation of equipments.
- Property managers are somewhere between real estate agents (commercial management) and facility managers (technical management).

*Current Med positioning*

- Most services to businesses exist but lack of an integrated offer.
- Competition might come from maintenance spin-offs from Med state-owned conglomerates (in Algeria: Somik and Somiz, 2 subsidiaries of Sonatrach, or Etterkib, part of Sonelgaz).

***Potential markets***: Property managers: high-end tertiary & residential projects, commercial projects (retail, shopping malls) + new Assisted Living Facilities (ageing residents, luxury hotel-villas, long term residence with para-hotel services for expats, etc.).
Facility managers: modern logistics hubs, foreign industrial investors used to concentrate on core business & local conglomerates following the move.

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*Investment funds rushing into Med business and industrial estates foster the expansion of property management*

- The shortage of products up to international standards on Med commercial real estate markets attracted a lot of foreign investment over recent years (Gulf and Europe). Those investors sometimes encourage their usual service providers to follow the move and settle down in these new markets. Otherwise, they encourage local vocations. This was the case for Morocco's Ténor Group, which was enticed to set up Property Solutions, a property management subsidiary, due to Société Générale Asset Management's ambitions in commercial real estate and long term residences with para-hotel services for expats in Casablanca.
- Untouched market: the outsourcing of the management of public buildings.

*Foreign investment and modernisation of local industries broaden the industrial maintenance market*

- The modernisation of public conglomerates multiplies the JV opportunities for facility management/ maintenance contracts. A partnership with Algeria's Somiz is for instance recommended for foreign companies trying to win Sonatrach maintenance tenders, as Somiz' mother company grants it a a systematic 15% bonus over competitors'' prices.
- The Turkish industrial take-off enticed ISS, a global leader in facility management, to acquire over the past few years many local service providers to quickly increase its marker share.

They did it: pioneer stories

### Making things easier for hydrocarbon companies operating in Med countries

Stirling Facilities Management Limited, based in England, formed two Mediterranean JV in 2007, in Libya and in Algeria.

In Libya, the Stirling group teamed up with Naft Libya to offer to local and foreign oil & gas companies the operational support necessary to their installation/expansion into the country. Services provided cover local staff assistance (visas, transport, facilities), human resources including recruitment and training, and also corporate services (registration procedures, consulting and accounting, go-between with banks and governments, translation, etc.).

In Algeria, the international security and infrastructure management specialist set up a JV with local RedMed Services. The new entity called AFMC targets international hydrocarbon groups looking for hygienic facilities, logistics and security services on production and exploration sites.

### France-based Auxigene Maintenance takes advantage of a booming industrial manitenance market in Morocco

Auxigene Maintenance, a specialist in industrial maintenance, established in 2007 a Moroccan subsidiary in which it invested MAD 5 million, creating 200 jobs.

The company, based in Casablanca, is expected to expand progressively in Tangiers, Fes, Marrakech and Agadir.

### Amman: a Jordanian-Australian JV to serve the local market

Darat Jordan Holdings, a Jordanian group headquartered in Amman, together with Globe Williams International, established in Australia, formed in December 2008 a joint-venture in order to address the Jordanian facility management market. Darat Jordan Holdings will hold 40% of its capital.

Globe Williams Jordan, since its commercial launch in May 2008, offers numerous services: energy efficiency, technical maintenance, cleaning & groundskeeping, waste management, security and collective catering. Demand is growing (real estate and hospitality boom fuelled by Gulf investments).

**Going further into details...** (resources, contacts, links)

- Stirling Group (www.stirling-group.com); Auxigene Maintenance (www.auxigene.net); Darat Jordan Holdings (www.darat.jo)
- The industrial manitenance market in Algeria, Ubifrance, July 2007 (FR)
- Moroccan Association for the Development of Maintenance (AMDM): www.amdm.ma
- International fair for industrial maintenance and security «Expo Maintenance», 9-12 June 2010, Casablanca
- Agenda Med, the Mediterranean business events calendar (agendamed.biz)

Targeted business: automobile fleet management and long term rental/leasing

## Context and market

*The subsector today*

- So as to optimise the cost of maintaining their automobile fleets, enterprises increasingly entrust the management of their vehicles to an external services provider: vehicle maintenance; assistance and insurance; fuel consumption control, etc.
- Another booming complementary activity: the financing of the purchase of vehicles by means of long term rental contracts (LTR or leasing). The service provider is the owner of the vehicles and proposes "comprehensive mobility packs" against a monthly rental contract

*Current Med positioning*

- *Fleet management* is gradually extending to the Maghreb but remains relatively poorly developed in the Machreck region. Need for financing solutions.

*Weaknesses & obstacles*

- Legal difficulties in certain countries for leasing or car loans (Algeria), preference of managers for full ownership and internalisation, lack of fiscal incentives to boost the use of company cars as an income supplement.

***Potential markets*** : Large local and foreign companies and publicly-owned conglomerates with large fleets (upwards of 50 vehicles the service is interesting, according to French statistics)

**Local opportunities** → **Export**

## The Mediterranean: why, how?

*A market to be developed*

- The ongoing democratisation of the motorcar and the need to renew automobile fleets, including those of the professionals, make the MED countries a market of the future for the automotive industry.
- The gradual conversion of the directors of large public conglomerates to a new management style increasingly focused on their core business, and the development of a dynamic private sector is creating new opportunities for global mobility solutions for companies. For the large enterprises, recourse to a fleet manager may provide savings of up to 20%.
- Financing: the emerging countries in the Mediterranean such as Turkey have experienced strong economic growth in recent years but the financial infrastructure is badly adapted or non-existent, hence the expansion of leasing in these countries.

*Partners upstream and downstream who are themselves setting up in the Mediterranean*

- Often backed by banks or automobile constructors, automobile fleet managers also need to integrate cutting edge services in terms of insurance-assistance and maintenance.
- As the financial sector modernises, the large automobile constructors arrive, modern banners of garages and service stations multiply and this business exercise becomes possible.

### They did it: pioneer stories

### Long-term rental (*leasing*): already a Mediterranean success

*Fleet management* is often accompanied by proposals of financing and rental services. ALD Automotive, a subsidiary of the Société Générale group, specialises in the management of automobile fleets as well as long term rental (leasing). The company has decided to extend its geographical coverage of the Mediterranean. Initially present in Morocco through a subsidiary set up in Marrakesh in the year 2000, it chose to locate in Turkey and in Egypt in 2005. More recently, the group invested in the Algerian market, thus confirming its development perspectives in the region.

Arval is another specialist in fleet management and leasing. Installed in Morocco since October 2002, this subsidiary of the BNP Paribas group works in association with the BMCI (Banque Marocaine pour le Commerce et l'Industrie), which is also affiliated to the French bank. Today, its activity represents around 15% of the Moroccan market (that is more than 2,300 vehicles).

### Mitsubishi is investing 3 billion dollars in Turkey

The leasing branch of the Japanese conglomerate Mitsubishi (Mitsubishi UFJ Lease & Finance Company Limited) bought 45% of the Turkish group Intercity in 2008. Intercity is leader on the national market for fleet management and automobile leasing. Mitsubishi is anticipating a strong demand in Turkey, an emerging market which has important needs in financial services. The Japanese giant is planning to invest USD 3 billion over 4 years in that business. For the General Manager of the leasing subsidiary, "*Turkey is a country with great potential*".

### Local enterprises in pursuit of this new market

In Tunisia, the businessman Ahmed Abdelkefi started Tunisie LLD, a company specialising in leasing and the management of company vehicles, in 2005. In Lebanon, Advanced Car Rental, based in Beirut, is a vehicle rental company which offers *leasing* solutions for certain of its products.

### Tools for measuring the market: the case of Morocco

In 2007, the first Observatory of company vehicles in Morocco was started by Arval Maroc, with the backing of the BMCI. The Observatory analyses the overall trends of the automobile mobility market so as to give a better view to companies and the different players in the subsector. On the other hand, the Expert Automobile offers a tool for controlling automobile fleet maintenance and repair budgets.

### **For further details...** (resources, contacts, links)

- ALD Automotive (www.aldautomotive.com)
- Arval Maroc (www.arval.ma)
- Intercity Turquie (www.intercityrentacar.com)
- Tunisie LLD (www.tunisielld.com)
- Advanced Car Rental Liban (www.advanced-car.org)
- L'Expert Automobile Maroc (www.lea-maroc.com)

Programme cofinancé par l'UE
EU co-funded programme

Date : 03/08/2009 - Production A. Joanny et P.Henry Validation P. Henry, ANIMA

Targeted business: initial and continuous training of technicians and managers; training academies, research and training centres

## Context and market

*The subsector today*

- Diversification of vocational training confronted: staff development training or on-the-job (OTJ) and classroom training, academies created by the enterprises (Renault Academy Morocco, Cisco Academy Training Centres in Egypt), *e-learning*, corporate coaching, etc. Internationalisation & upgrading of top technical and executive training paths: multiplication of international student & teacher exchanges, partnerships (double degrees, multi-campus degrees).

*Current Med positioning*

- Economic growth + new needs of enterprises (often poorly adapted basic training for their existing staff). Strong demand for technicians and managers in dynamic sectors: aeronautics, automobile, banking-insurance, telecoms and offshore activities (computing, call centres).
- Corporate market (*training academies* in the technical sectors) and university market (partnerships with renowned European establishments) for local and international students. Competitive advantages: low operating costs and highly qualified human resources.
- Objectives: make up for the lack of competent and well-trained executives, in particular engineers; count on training to develop economic activity. Obstacle: choice of teaching language.

***Potential markets***: Local public and private enterprises. National and international students

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*A network of MED universities often linked to foreign establishments*

- Some reputed Med business schools (non-exhaustive): l'École Supérieure Algérienne des Affaires (Algeria); Ecole Supérieure des Affaires de Beyrouth (Lebanon) ; Institut des Hautes Etudes de Management in Casablanca & Université Al Akhawayn in Ifrane (Morocco) ; Ecole Supérieure de Commerce of Tunis (Tunisia).
- Some highly regarded Med technical institutes (non-exhaustive): Ecole Nationale Supérieure Polytechnique Alger (Algeria); Cairo University (Egypt); Technion Institute of Technology (Israel) ; Jordan University of Science & Technology (Jordan) ; Ecole Supérieure d'Ingénieurs de Beyrouth (Lebanon); Université al Fateh (Libya); Islamic University of Gaza (Palestinian Authority); Istanbul Technical University (Turkey).
- State incentives: in Morocco, the “Emergence” project plans to train 10.000 technical executives and engineers per year between now and 2010; accreditation of universities and adoption of DMD (degree, master, doctorate).

*Professional training and ‘training academies’*

- More and more foreign investors are creating their own training centres (cf. Lafarge training centre in Egypt, etc.). HP, in partnership with UNIDO, is training young professionals and graduates in information technology in Algeria, Egypt and Morocco (programme GET-IT, Graduate Entrepreneurship Training through IT). In 2006, Intel planned to create a Centre of Excellence in information technology in the Gaza Strip .

They did it: pioneer stories

### Pigier: vocational training in Egypt, Algeria and Lebanon

French group Pigier, a specialist in training in the secretarial, accounting, commerce, and medico-social professions, has more than 90 establishments in the world (more than half of which in Morocco) and receives more than 7,000 students a year abroad. A private network of technical schools, Pigier offers a number of training courses validated by State diplomas. After Egypt and Lebanon, it is the turn of Algeria to inaugurate its first establishments.

### Success of corporate training academies in the Med countries

To name a few...

In Maghreb: in Morocco, Renault Academy (automobile), Académie Accor (hospitality), Boeing (aeronautics) and Ubisoft Entertainment (3D animation); in Tunisia, Accor and the Spanish company Telinfor (medico-social secretariat) in Tunis. In Algeria, the Chinese engineering and construction company CSCEC is to open several schools.

In Machreck: in Jordan, in the Mafraq area, a training centre of the Emirates group Aramex PJSC (supply chain solutions); in Egypt, Lafarge training centre (cement), a regional centre of technical assistance and training in Cairo by the Chinese company Huawei (network equipment).

Innovative sectors: the giant American Cisco Systems is multiplying its training centres in Algeria and in Egypt (Cisco Networking Academy). Smart Technologie, a Canadian company specialising in the interactive whiteboard industry envisages extending to Algeria and creating a certified Smart Technologie training centre within the Cyber Park under construction in the town of Sidi Abdellah.

### Morocco, a privileged market for French “Grandes Ecoles”

The historical ties and cultural proximity binding the two countries are pushing French universities and schools to develop in Morocco. The Ecoles Supérieures de Commerce of Toulouse and Lille give Master degrees here and in 2009 Euromed Management (Marseille) opened a new campus (Marrakesh). Moroccan branches of French engineering schools in Casablanca: Ecole des ingénieurs en génie des systèmes industriels (La Rochelle); Ecole supérieure d'informatique, électronique et automatique (Paris-Laval); and Epitech (Paris-Province).

Sciences-Po Paris has chosen to help Morocco to create an Institute of Political Science on its model in Rabat. The French Chamber of Commerce and Industry of Morocco has also contributed to the creation of the Ecole française des affaires, which is training executives for commerce, management and marketing. As for the group Supinfo, it would like to create in Morocco 8 campuses in 5 years with a preparatory cycle, engineer (double diploma), masters, continuous training, etc.

Still more partnerships: the Moroccan Higher School of Commerce and Business with several French schools including Grenoble School of Management (masters in supply chain management) and Cegos (vocational training) ; Sup de Co Marrakesh with the Toulouse and Grenoble Business Schools.

**For further details...** (resources, contacts, links)

- Ecole Pigier (www.pigier.com) ; Cisco Networking Academy (Cisco Systems)
- Réseau Méditerranéen des Ecoles d’Ingénieurs (RMEI) : rmei.info

Programme cofinancé par l'UE
EU co-funded programme

Date : 06/08/2009 - Production A. Joanny, validation P. Henry, ANIMA

# Subsectors being developed today in the *Mediterranean*

## Services to businesses_*Catering & laundry*

Targeted business: industrial laundry; rental and care for professional garments; company catering

### Context and market

*The subsector today*

Strong demand for laundry operations: processing of flat linen for hotels, restaurants and hospitals (sheets/towels, aprons/overalls, etc.). Rise in the rental of work garments for industries of all types (adapted treatment, tailor-made garments).

Growth in the collective restaurants, canteens (industries, administration) and catering (supply of meals). Numerous opportunities in enterprises, public establishments (health, education, army), airports, local authorities.

*Current Med positioning*

This Med sector remains under-dimensioned despite large market potential (boom in hotel capacity, progression in wage-earning class and schooling, foreign industrial investments, modernisation of enterprises and public services, of the health sector). Strong demand for laundry. Work garment rental virtually non-existent. Progressive rise in collective catering (Turkey and Morocco).

*Weaknesses & obstacles*

Marked resilience of collective frameworks (dinner-break agreements, etc.), entrenched habits, reluctance vis-à-vis externalisation.

***Potential markets*** : hotels and restaurants; local enterprises and industries; collectivities and public administrations .

**Local opportunities** → **Export**

### The Mediterranean: why, how ?

*Strong presence of potential clients for this type of activity*

Tourist boom (hotels, restaurants), local industries (agrofoods, mechanical industries, automobiles, pharmaceuticals, etc.), health infrastructure (hospitals, retirement homes, clinics); multitudes of foreign enterprises accustomed to use those services.

*Externalising industrial laundry*

The standards of hygiene imposed on exports plead in favour of externalisation. Existing pool of Med labour force already trained in laundry operations. Objectives: structure and industrialise the sector locally; provide specific upkeep (hospital linen, professional garments).

*Develop the company catering market*

In Turkey, the large employers usually provide a meal or give luncheon vouchers. Local collective catering enterprises, often with foreign knowhow, have multiplied since the 1980s. The value of the institutional food service market reached more than USD 2.6 billion in 2005, that is around 30% of the HRI sector (Hotel, Restaurant & Institutional (HRI) food service).

| Leaders-capacities (2005) |
|---|
| Sofra (U.K.) 165,000 |
| Sodexho (France) 100,000 |
| Sardunya (Denmark) 100,000 |
| Doruk (Turkey) 80,000 |
| Pamuk (Turkey) 50 000 |
| Mis-Keyveni (Turkey) 40,000 |
| USAS (Switzerland-Turkey) 40,000 |
| Seda (Turkey) 25,000 |
| Emin (Turkey) 25,000 |

## They did it: pioneer stories

### An embryonic all-inclusive service offer

Certain local companies, specialising in *facility management,* sometimes include catering and laundry among the usual services they provide (cleaning, caretaking, etc.). In Jordan, Daoud & Partners offers property management services, recruitment, maintenance and security, as well as industrial catering and material for processing linen.

In Egypt, Al Tajamouat is developing complete catering units (preparation of food, cooking and delivery) and integrated industrial estates which include notably business restaurants .

In Turkey, the Danish giant ISS has multiplied its takeovers so as to gain market share rapidly. In 2007, ISS notably bought out Sardunya , the 3rd Turkish collective catering provider.

The Cossa Maroc group, a major player in collective catering in the country, serves more than 2,000 meals a day and nowadays intervenes in other sectors (industrial and hospital cleaning; security, caretaking and gardening; organisation of events).

### CIS: a Marseille success story

CIS (Catering International and Services), based in Marseille, is a leader in catering and caretaking services in areas with difficult access.

Its turnover derives 100% from export (large French and foreign groups in the oil & gas, mining, building & public works sectors).

CIS activities in Algeria are skyrocketing. In 2006, it bought 75% of the local catering company Cieptal which is active in Southern Algeria and Libya.

### Dynamism of Morocco in collective services

The country offers a propitious terrain for catering services: State development plan for tourism, growth of air traffic, all-day working in the public services, exonerations on luncheon vouchers, etc. Sodexo Maroc, a subsidiary which the French Sodexo group set up a number of years ago, proposes vouchers for companies employees which are valid in numerous food chains.

The group Newrest, also present through a local subsidiary, is developing the whole of its business on the Moroccan market: collective restaurants, catering (railway, airport restaurants) and *facility management*. Eurest Maroc, renamed Newrest Maroc, has hence taken over the restaurant activities held by Rahal at Mohammed V airport in Casablanca as well as its catering business.

Anett, a French company specialising in linen rental and based in Thouars (near Nantes), has chosen Morocco for its 1st location outside France In partnership with 2 young Moroccans, Anett bought an industrial laundry in Casablanca so as to develop the washing and ironing of linen and the rental of working garments, sectors of activity which are still under-exploited in Morocco.

**For further details**... (resources, contacts, links)

Daoud & Partners (www.daoudco.com); AL Tajamouat (www.altajamouategypt.com); Cossa Maroc (www.cossamaroc.com); CIS (www.cis-catering.com); Sodexo Maroc (ma.sodexo.com/mafr); Newrest (www.newrest.eu); Anett (www.anett.fr).

Programme cofinancé par l'UE
EU co-funded programme

Date : 10/08/2009 - Production A. Joanny, validation P. Henry, ANIMA

# Subsectors being developed today in the *Mediterranean*

## Textiles_*Organic textiles*

Targeted business: producers of organic cotton, manufacturers of organic fibres and organic fabrics (spinning, weaving, finishing), creators, manufacturers and distributors of organic clothing, specialists in organic certification

## Context and market

*The subsector today*

As with everything concerning the body (food, cosmetics), textiles have not escaped the organic trend. Cotton has received special attention (respect for the environment, workers' conditions, etc.). Organic and fair trade often go together in the eyes of consumers, and the biggest brands and distributors follow the trend.

*Current Med positioning*

According to Organic Exchange, world production of organic fibre reached 146,000 tonnes in 2008 (+152% in one year). Despite certain readjustments in 2009, organic production could rapidly exceed the proportion of 5-10% of the total (against 0.55% in 2008). Syria and Turkey are the 2nd and 3rd largest world producers and Egypt is 9th.

The conversion to organic (fibres, weaving and custom work) of part of the production capacity of the Med textiles and clothing subsector could compensate for the loss of market share caused by the liberalisation of European textile imports (end of quotas).

*Weaknesses & obstacles*

Variable yields depending on meteorological factors: need to build large groupings of producers to satisfy the demands of the dealers (commitment to stable volumes).

***Potential markets*** : Western clientele sensitized to organic issues. Ready-to-wear, children's & baby clothes, linen (household, bath, bed).

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*A potentially immense market*

| Main world buyers | |
|---|---|
| 1. Wal-Mart (USA) | 6. Anvil (USA) |
| 2. C&A (Belgium) | 7. Coop (Switzerland) |
| 3. Nike (USA) | 8. Pottery Barn (USA) |
| 4. H&M (SE) | 9. Greensource (USA) |
| 5. Zara (Spain) | 10. Hess Natur (Germ) |

As the general public brands, including sportswear and *fast fashion*, and not forgetting the retail trade, convert to organic textiles, the whole subsector is on the move.

A market is there for the taking: strong and identified demand from Western consumers. The global organic cotton textile market was worth 3.2 billion dollars in 2008, against a little less than 2 in 2007.

*A region with a strong textile industry, but economically dependent and fragile, environmentally and socially*

Conventional cotton growing is said to generate between a 1/4 and 1/2 of the insecticides-pesticides dispersed over the planet and uses horrific quantities of water. Better valorisation of cotton would enable to invest in high tech modern irrigation technologies.

Its social and environmental sustainability places organic textiles on a mid to high range segment, generating large margins, on condition that there is control over the value chain: cultivation, manufacture of fabric, customisation (bio dyes, etc.), Med brands and design .

The existence of short Med production-distribution circuits for the *fast fashion* trade better suits the "local" organic imperative than imports from Asia even when "ethical".

## They did it: pioneer stories

### The commercialisation of organic textiles in Europe: illustrations

Small boutiques and large chains are taking up organic cotton, whereas upstream the distribution of fabrics and other inputs is becoming organised. In France, certain on-line merchants propose increasingly complete ranges of organic fabrics, much of which come from Turkey, in small or bulk quantities (tissus-ecologiques.fr, biotissus.canalblog.com).

Certain boutiques propose organic ready-to-wear garments made up in the Med region: Surikat at Nantes (Egypt and Tunisia) or even Amana in London (Moroccan Atlas). Monsieur Poulet proposes T-shirts and sweatshirts made up in Morocco in a model workshop, from organic African cotton certified by Max Havelaar. The final decoration is carried out by Imprim'Vert-certified silk-screen printing from the South of France (recycling of waste, non–toxic inks, etc.).

Bayshore Concept supplies equipment and services to create short runs through its French artistic bureau and integrated production centres in Syria (and India).

Certain creators even manage to have their products distributed by the large retail groups (organic strategy of Monoprix supermarkets ).

### Turkey, model of the integrated organic textile subsector

The country is today the only one in the region to control the complete value chain with certification at each stage. Izmir has become the "production capital of organic cotton". It is there that the production and make-up facilities are located. ParKo Textile and the Turkish-Dutch JV Orimpex, for example, market GOTS-certified thread, fabric and garments at competitive prices.

### Towards a Europe-Africa-Mediterranean organic textile cluster?

At the end of 2008, the French Brittany region announced a 3-year partnership with the West African Economic and Monetary Union (UEMOA), the aim of which is to secure regular supplies of fair trade African organic cotton for the regional textile industry (Armor Lux, Dolmen, Ekyog, etc.).

To start, 1.000 tonnes of cotton from Mali and Burkina Faso should thus be harvested in Mali, while the spinning should be shared between a plant of the Caulliez group at Fez in Morocco and the enterprise TDV from Laval. In time, some 3.000t/p.a. should be delivered.

Five thousand African cotton producers have managed to organise themselves into cooperatives, buy tools and acquire the know-how necessary to cultivate organic cotton. The initiative would be worth repeating in the Med region.

### **For further details**... (resources, contacts, links)

- Surikat (surikatcompany.com); Monsieur Poulet (www.monsieurpoulet.com); Bayshore Concept (www.bayshoreconcept.fr), Amana (www.amanalondon.com)
- ParKo Textile (www.parkotex.com/fr); Orimpex (www.orimpex.nl)
- The "Institutional Development of Organic Agriculture in Syria" project (www.organicsyria.com)
- World Congress on Organic Cotton, Interlaken, Switzerland, September 21-25, 2009 (www.fashiontosustainability.org=
- Global Organic Textile Standard (G.O.T.S. )

Programme cofinancé par l'UE
EU co-funded programme

Date : 06/08/2009 - Production A. Joanny et P.Henry, validation P. Henry, ANIMA

# Subsectors being developed today in the *Mediterranean*

## Textile_*Industrial textile*

Targeted business: design & production of textile fibers and fabrics for packaging, mining, transport (auto, aero), agrotextiles (crop protection), construction, etc.

## Context and market

*The subsector today*

⌖ Technical textiles are gradually melting into a wide range of industrial activities. Used in production processes (machines) as well as input incorporated to the final good, technical textiles are in growing demand from the following sectors: agriculture, packaging, civil engineering and construction (including light work), automobile, aeronautics, equipments & machines for the chemical, agribusiness and mining industries, etc.

⌖ Glass, composite or even metallic fibres have become alternatives to traditional natural fibres. As versatile materials, technical textiles offer valuable properties: wear resistance, mechanical performances (resistance to traction of several tons), resistance to chemical or UV aggression, to flame propagation, thermal & electric properties

*Current Med positioning*

⌖ Textile industry: almost 100% turned towards the clothing industry.

*Weaknesses & obstacles*

⌖ Technical textiles saved the European textile industry: technology transfers through offshore production in Med countries seems risky.

***Potential markets***: booming Med infrastructure & housing markets, industrial take-off (aeronautics & automotive clusters moving southward), strong mining & agribusiness industries

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*A growing market, globally and regionally*

⌖ Global demand for technical textile is skyrocketing (EUR 65bn in 1995, 85bn in 2005, 100bn in 2010). According to Clubtex, industrial uses weigh 60% of total demand (including 26% for transport). Construction is the fastest-growing segment (geotextiles for earthworks).

⌖ Local Med demand is bound to follow the global trend due to the gradual introduction of construction or agricultural techniques based on textiles, and also the development of transport equipment industries.

*Industrial textiles as a way out of ready-made-garnment (RMG) addiction, with strong spillover effects for the rest of Med economies*

⌖ Technical textiles could help diversify Med textile outlets, therefore diminishing regional dependency towards European RMG customers and mitigating the ferocious global competition between emerging economies on RMG making. It would also bring more added-value and once local markets are mature, bring closer producers and buyers.

⌖ Spillover effects: in the agribusiness sector for instance, experiments in Tangiers (zucchinis for export grown under unwoven agrotextiles) have shown remarkable results (+326% profit margin).

*New support policies*

⌖ Agadir Agreement: launch of the Association Textile Agadir, preparation of a Clever Fabrics Plan. Strong public support behind the creation of Med clusters: MFCPôle in Monastir (Tunisia), etc.

They did it: pioneer stories

### Textile for the automotive industry in Tangiers

Spanish group Antolin opened in 2005 a factory in Morocco to manufacture seat covers and door trims for the European automotive industry. The new facility established in Tangiers Free Zones represents an investment worth MAD 50 million (about EUR 4,5 million). The plant provides a hundred jobs.

At the same time, in Tangiers also, Portugal-based Sunviauto invested MAD 40 million (EUR 3,6 million) for another car seat covers factory whose production is sent to Portugal and other European markets.

### TexTech Med, fostering the development of technical textile capabilities in the Mediterranean

The TexTech Med initiative, launched in the framework of the Invest in Med programme, aims at developing a truly integrated Euromed technical textile cluster (Med offer, European demand).

The tools used are "Research to Business" meetings (collaborative R&D projects involving resource & research centres, SMEs and start-ups), "Business to Business" meetings (technical and commercial partnerships, customer-supplier matchmaking) and "Business to Investment" meetings (pitch sessions for industrial and financial stakeholders).

To find out more about TexTech Med, contact the European Business & Innovation Centre Network, leader of the initiative.

### Röder and Sofileta choose Turkey

The German producer of movable inmovables (tents and collapsible buildings Röder products used in fairs, gymnasiums, logistics warehouses, restaurants and concert organisations) has recently set up its main tent production unit in the city of Düzce (East of Istanbul). The factory, which involved a EUR 10 million investment, will export 90% of its production, thanks to the geographical proximity of Turkey with dynamic Central European and Middle Eastern markets. Röder also sees the Turkish market itself as an opportunity in times of global crisis.

French Sofileta, specialised in the design and et production of technical and functional innovative textiles, is also present in Turkey.

**Going further into details...** (resources, contacts, links)

- Invest in Med (www.invest-in-med.eu)
- Antolin (www.grupoantolin.com), Sunviauto (www.sunviauto.pt)
- Röder Group / Röder Turquie (www.roder.com.tr)
- Sofileta (www.sofileta.com)
- Euromed Dialogue on Textiles and Clothing: ec.europa.eu/enterprise/textile/euromed.htm
- Monastir/EL Fejja-la Manouba textile cluster (MFC Pole) www.mfcpole.com.tn
- Euromed Textile (www.euromedtextile.com) & Clubtex


Programme cofinancé par l'UE
EU co-funded programme

Date: 3/12/2009 - Production A. Joanny and P.Henry Validation P. Henry, ANIMA

# Subsectors being developed today in the *Mediterranean*

## Technical textiles_*Personal protection*

Targeted business: design and production of fibres and technical fabrics; smart fabrics, manufacture and make-up, design & branding of technical clothing

## Context and market

*The subsector today*

- Technical textiles are penetrating all segments of the clothing and personal protection (medical textiles, etc.) market. Beyond the well known fleece fibres and Gore-tex, the constant invention of new synthetic fibres (heat & flame-resistant, anti-UV, anti-stain, crease-resistant, anti-acarian, anti-bacterial, etc.) is fuelling a discreet revolution of our daily life. Hence, aramid fibres are used for bullet-proof vests as well as for replacing asbestos as an insulating medium.

- Beyond their industrial applications, technical textiles are used to provide better protection (professional garments, fire-fighters, police forces) and care to individuals (bandages, dressings, plasters, disposable wipes, sanitary towels, compression garments) as well as to improve their daily comfort and increase their sporting performances (competition swimsuits, etc.).

*Current Med positioning*

- Little Med innovation and production capacity for technical fabrics and clothing outside Israel. Reticence of patent holders to produce the fibres in the Med region.

***Potential markets*** : developed markets, public sector procurements (military, etc.), industries (protective garments).

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*A market in full growth*

- The consumption of technical textiles in the world has increased dramatically in recent years (€65 billion in 1995, €85 billion in 2005, forecast of €100 billion in 2010).

- According to Clubtex, clothing and protective garments were worth 40% of the world technical fibre market in value terms. The European textile market remains dominated by clothing (34%) and household linen (27%).

*A certain know-how of the clothing industry, a propitious environment for the production of fibres and fabrics*

- The Med region offers a large amount of capacity available for the clothing industry, and can rely on the already well-established supply and distribution circuits to and from Europe. This is the business model chosen by the Israeli Tefron, which manufactures its fibres and fabrics in Israel and Europe, and entrusts the making-up of the garments to plants in Jordan, Egypt, Turkey, etc.

- The formidable boom in petrochemicals in the Med countries which are well endowed with hydrocarbons, combined with the existing Med knowhow in spinning and weaving (Egypt, Syria, etc.) is beginning to attract higher added-value textile manufacturers. In 2008 a Sino-Egyptian non-woven fabric plant was announced at Suez, while the Indian Birla Cellulose invested 130 million euro at Alexandria for a fibranne-viscose plant aimed at Europe.

They did it: pioneer stories

### French medical textiles out to conquer the Med countries

In 2007, the enterprise Thuasne, specialising in medical textiles created a subsidiary in Algeria. This small-sized entity satisfies a specific market: compression garments intended for the severely burned. The subsidiary is charged with cutting and making-up, with the end product being sold on the Algerian market. Furthermore, the enterprise sells orthopaedic equipment to pharmacies and hospitals in Algeria and Morocco, via a network of distributors.

For the French therapeutic shoe manufacturer Delcros, location in the Med region took place ten or so years ago. The choice was Jordan, with the aim of accessing the Middle Eastern markets. The group started serial production of models for children, by installing an office followed by a production workshop which employs a dozen people. The suppliers are local (leather, etc.), and the customers are pharmacies from Saudi Arabia, Qatar, Libya, Lebanon, and the United Arab Emirates.

### The Jordanian SPIC, specialist of non-woven textiles

Specialized Industries Co (SPIC) was the first producer of non-woven textiles in the Middle East (the enterprise was then called Advanced Industries Co).

A member of the Jordanian Nuqul Group, SPIC specialises in the production of diapers for babies, sanitary towels and other medical applications. In total, nearly 85% of the production is exported to the Middle East, Asia and Europe.

### Israel at the heart of textile innovation

Tefron, an Israeli manufacturer of technical fabrics and seamless garments (lingerie, sport), supplies some of the greatest brands (Nike, Victoria's Secret, Calvin Klein, Reebok, etc.). The group has launched Sensil Bodyfresh, a thread containing an anti-bacterial agent to combat odours for sports clothes. Tefron has plants in Israel, Jordan and Egypt, as well as in Asia and the United States. In 2006, the group furthermore formed a JV with a Turkish sock manufacturer. For the MD of Tefron, Yosef Shiran, Turkey represents a privileged location between Europe and Asia, with the advantage of a reduction in transport costs and a greater accessibility to markets.

Nilit is another Israeli success story. The group manufactures technical synthetic fabrics and plastic fibres for lingerie, sportswear, as well as for the automobile, healthcare or fast-moving consumer products.

**For further details...** (resources, contacts, links)

- Tefron (www.tefron.com) & Nilit (www.nilit.com), Thuasne (www.thuasne.com), Delcros (www.delcros.com), SPIC (www.spic-nonwovens.com)
- Association for the Promotion of Technical Textiles (www.clubtex.com)
- Euromed Dialogue on the Textile-Clothing: ec.europa.eu/enterprise/textile/euromed.htm
- Cercle Euroméditerranéen des Dirigeants Textile-Habillement (CEDITH) (www.cedith.com)

# Subsectors being developed today in the *Mediterranean*

## ICT_*3D modelling & animation*

Targeted business: 3D Modelling , BIM (Building Information Modelling), 3D animation, virtual prototyping, geospatial software, etc.

## Context and market

*The subsector today*

- The rapid progress of the digital economy is causing an in-depth shake-up of a number of design and publishing businesses, from the advertising world to that of industrial innovation. 3D is in fact being generalised throughout: video games and cinema, advertising, modelling and prototyping, etc.

*Current Med positioning*

- Great dynamism in the computing services sector, but 3D remains marginal;
- General context of rapid development of offshore hubs taking charge of simple standard tasks (sub-contracting, input, simple development , etc.), mainly turned towards exporting, without much local productive interaction.

*Weaknesses & obstacles*

- Out of business parks, quality of IT infrastructure at times variable;
- Lack of targeted vocational training;
- Insufficient clusterisation (Israel excepted) which undermines Med economies' attractiveness for complex virtual prototyping activities.

***Potential markets*** : Town planners and architects, real estate promoters, engineering companies, CAD, virtual prototyping, advertising, multimedia and video games, cinema, etc.

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*Some specialised training offers (non-exhaustive)*

- NET-INFO at Nabeul in Tunisia (www.netinfonabeul.com), Ubisoft Campus and IHB school in Casablanca (www.campusubisoft.m and www.ihb-art-media.com), the computing department of the Future University of Cairo (www.futureuniversity.edu.eg) and the American University of Cairo (www.aucegypt.edu), Faculty of Information Technology, The Princess Sumaya University for Technology (www.psut.edu.jo) at Amman, American University College of Technology in Beirut (www.aust.edu.lb) or even the Université Saint-Esprit in Kaslik (www.usek.edu.lb), again in Lebanon, etc.

*Public aid for on–the-job training for employees*

- Incentive methods: employment assistance and/or public subsidies for specific training in the ITC sector exist in several Med countries.

*Cutting edge infrastructures for distance working*

- Good quality ICT infrastructure for most of the large MED urban centres and dedicated clusters (Pôle Elgazala des Technologies de la Communication (www.elgazalacom.nat.tn,Tunis), CasaNearshore (www.casanearshore.com). Sidi Abdallah Cyber Park (www.anpt.dz, Alger), Berytech Technology Complex (www.berytech.org, Lebanon), SmartVillage Egypt (www.smart-villages.com).
- Telecom services access costs greatly vary depending on the country but overall bearable.

They did it: pioneer stories

### Ubisoft Entertainment: made in Med video games

At the end of the 1990s, Ubisoft chose to locate one of its 22 production studios in Morocco. The French editor is today about to replicate in Casablanca its Montreal (Quebec) experience where, thanks to the support of the public authorities and local universities, it has developed one of the largest studios in the world. In 2007, the group launched a recruitment programme for 150 new collaborators between now and 2010, with the backing of the Moroccan authorities and thanks to the reservoir provided by the Ubisoft campus located on site.

### ESI Group: virtual world at the service of industrial innovation

Editor of virtual test packages, ESI is to be found among the main world players in the digital simulation of prototypes and industrial manufacturing processes. Its software and associated services are intended to help its industrial clients to respond to the need to innovate more quickly and more effectively and also at a lower cost, through virtual development.

During 2009, ESI announced its installation in Tunisia, where it will be supported by a young team of high level engineers from the best Tunisian institutions, backed by French experts and partnered by the Tunisian company Acoustica. Positioned initially in vibro-acoustics, this consultancy implements noise testing projects and digital simulation activities. According to ESI, the aim of this partnership is to "*facilitate the recruitment of experienced, immediately operational engineers and take advantage of the market knowledge and expertise of a local player and locate in a country from the Mediterranean basin to supply top of the range services at very competitive prices*."

### Local start-ups: Med creativity revealed

Some start-ups are developing in the Mediterranean countries mainly oriented towards a local clientele, the likes of Pixel One Studio, a start-up founded by two thirty year old Tunisians, Anis Mzali and Wassim Makni, at the origin of the personage of Lakhdhar, who has rapidly become an icon of Tunisian advertising. The studio is also working at modelling projects of foreign real estate promoters charged with changing the face of Greater Tunis.

See also the success of SIGMA, a studio located in Casablanca since 1989, which through Sigmatoons, produces the TV series (3D animation ) Adam & Ramzy, a cartoon 100% *made in Morocco,* which is broadcast in Arabic on the channel *Al Jazeera Children* each Ramadan.

It's also the Mediterranean and its talents which encouraged Thomas Méduri to create Medto, a 3D and 2D design and graphics agency (3D versions of prototypes, interior architecture , etc.) in Casablanca.

**For further details...** (resources, contacts, links)

- E-3M: ITC BtoB meetings for French and Maghrib companies, read+ on www.medinnov.com
- ESI group (www.esi-group.com); Ubisoft Entertainment (www.ubisoftgroup.com); Campus Ubisoft de Casablanca (www.campusubisoft.ma)
- Pixel One Studio (www.pixelonestudio.com); Medto (medto.net); SIGMA Technologies (sigmatechno.com)

Targeted business: systems integrators, IT security audit & consulting, hardware production & distribution, on site and online maintenance & data recovery, mobile security solutions

## Context and market

*The subsector today*

- Due to the accelerated migration of professional tools and data to digital environments, information systems security is a vital issue.
- Digital convergence, the progress of personal and professional mobility (smartphones, PDAs, mini-notebooks), the widespread connection to the web of domestic and professional network equipments are fuelling a strong growth in the market for appliances and solutions aimed at insuring the security of both systems and contents.

*Current Med positioning*

- The region remains rather marginal in terms of sales relatively to the global IT security market worth USD13.5 billion in 2008 (Gartner).
- However, Med markets offer a strong growth potential given the fast-improving penetration rates of IT equipment in Med businesses (starting from a low basis), the multiplication of 'wired' companies and therefore their ever increasing exposure to digital risks (including a worryingly virulent local and international IT criminality).
- Med production of IT security solutions and services should increase correlatively to the extension of the local offer of computing services.

***Potential markets:*** offshore (development, remote maintenance), local (data & network security for major companies, embryonic e-commerce & e-government programmes, banks & other financial actors, etc.

**Local opportunities** **Export**

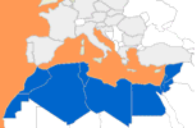
## The Mediterranean: why, how ?

*A dynamic global market, a limited Med offshore offer*

- Global IT security market is to grow by 4% in 2010 (Gartner), in spite of a general contraction affecting IT expenses, due to the crisis. Demand for IT security services is expected to grow stronger (+3%) than demand for security software.
- The offer of security solutions integration, IT security audits and maintenance (remote computer repair, online virus removal, etc.) by Med software and computing services companies (SCSC) for customers in Europe is growing rapidly (especially France-Maghreb).

*A booming local market, enlarged by public initiatives*

- Many public initiatives in favour of SME IT equipment, the generalisation of internet and IT security (cf. CyberSecurity Initiative 2007-9 in Egypt), have greatly contributed to boost local Med markets. E-government programmes can also form large markets *per se* (Jordan, Egypt, Tunisia, Morocco, etc.). In Tunisia, the law N°5-2004 and relative decrees impose to public administrations and 'strategic' private companies a mandatory annual IT security audit by a certified Tunisian IT services provider.
- Major foreign providers of IT security equipments and software providers already count on an extensive network of resellers and integrators in the Mediterranean, and sometimes even set up subsidiaries of their own (Stonesoft in Tunisia). Local service offer (see Star Ware Network Security in Egypt) remains incomplete, justifying the introduction of foreign know-how and players.





They did it: pioneer stories

### Med talents much in demand: an overview

In 2008, SEGULA Technologies acquired French Mapsys, and through this operation, Mapsys' portfolio of French financial services customers and its Tunisian subsidiary, IGM. Run by engineers trained in top French engineering schools, IGM offers, among other services, remote and on site IT security services: Open Source security software integration, certified audit, training and consulting.

Algeria was a rather neglected market until the introduction of new service providers such as UNIDEES, a SCSC based in Paris and Nimes, which set up in Algiers a subsidiary, UNIDEES Algérie, in order to develop various activities including IT security training and certification. In Syria, the spearhead of the sector is the Platinum group, which, with 35 developers and engineers, has developed advanced IT security solutions and services, as well as training sessions, and won major contracts including public ones.

Israel is by far the richest pool of IT security talents in the Med region. Some of its security solutions have become global successes, such as the parental control software PureSight. The government is highly supportive to the cluster, through subsidies granted for instance to the I Safe group of companies, which gathers providers of complementary IT security hardware & software. I Safe Group represents its members to major international IT fairs, and promotes its integrated product offer on the web.

### Med-IT fairs: an occasion to sensitise Maghreb IT professionals to IT security

Marseille-based communication agency XCOM organises on a regular basis business fairs for ICT professionals in the Maghreb, with the support of the Invest in Med programme. The Algiers Med-IT fair (May 2009) covered among other the IT security issue, through the organisation of a 2-day training session, free of charge. The Casablanca (November 2009) and Tunis (December 2009) Med-IT fairs also included conferences and trainings on the subject.

[For more information, visit www.med-it.com]

### Structuring the local IT security offer: a Moroccan case study

In a market still little mature, hardware distributors (servers, etc.) and service providers are multiplying, from the Big 5 consultancies such as Deloitte which strengthen their local affiliates' IT security services, to the home-grown SCSC Axeli established in Temara.

Early in 2004, Mitre Group International (MGI), a NY-based specialist in information systems & security, chose Morocco for its first overseas expansion, and created a subsidiary in Rabat. The objective, according to Rachid Yahya, head of the Moroccan team is '*to address local and regional markets*, with the experienced NY team as a backup.

As for Finnish Stonesoft, a reference in network security and business continuity software solutions, Morocco is addressed through is Tunisian regional office opened in 2003.

Stéphane Gaillard, Regional Manager for North Africa, declared in June 2009 that Symantec's top management (one of the sector's giant), was considering the opening of an office in Casablanca, to get closer to its customers.

### **Going further into details...** (resources, contacts, links)

- Agence Nationale de la Sécurité Informatique (Tunisie) www.ansi.tn
- Official Jordan E-Government portal (www.jordan.gov.jo)
- Dr. Sherif Hashem, Towards an Egyptian Framework for CyberSecurity, communication for the ITU Regional Cybersecurity Forum for Africa and Arab States, Tunis, (June 2009) www.itu.int
- MED-IT fairs (www.med-it.com)

# ICT_Offshore web development

Targeted business: web design & development of web applications, maintenance, referencing/positioning, integration of Open Source solutions

## Context and market

*The subsector today*

- Having one's own showroom on the web is fast becoming indispensible for individuals, associations, public institutions as for enterprises. The market for the creation of internet sites and the development of web applications, from the simple personal page to the most complex merchant site, is exploding in the North whereas the South is following the trend, as penetration and infrastructure progress.
- 90% of all web sites globally suffer from a lack, even a total absence of maintenance, once they are on line.

*Current Med positioning*

- Great dynamism of the IT services sector, rapid development of offshore hubs taking in charge simple, standard tasks (input, simple development , etc.).

*Weaknesses & obstacles*

- Local market still limited, lack of integrated offers (graphics, ergonomics, etc.), need for a commercial presence close to the client for complex projects (refined schedule of requirements).

***Potential markets*** : customisation of standards low cost sites for private individuals and SMEs, sub-contracting for the development of complex web applications, maintenance, European and Gulf markets

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*The personalisation of standard packages, locally promising sector and buoyant in export*

- Many web design agencies suffer from the competition of standardised packages (low cost web design), which may or may not include personalisation services. Free tools have also started to make an appearance (Google Sites), in the same way as open source software (Joomla, Oscommerce, Typo3), which are replacing professionals (for simple projects and inspired users) or may be used as a basis for their involvement. The demand for the customisation of these standard solutions should generate an offer of services which can be carried out in low cost countries [cf Open Source services by Artifex and SODIFRANCE (Tunisia), Elmotaheda and Egy Me (Egypt), kdconcept (Algeria), etc].

*The Mediterranean, a booming nearshore offer*

- The Med governments have decided to invest massively in the ICTs, encouraging the creation of training centres and dedicated science parks, with the advantage of fiscal and other incentives.
- The rapid growth in local demand and the fragmentation of the local offer may provide a growth area and diversification of income for the offshore location of a foreign agency.
- According to the annual classification of the best sites for the externalisation of services undertaken by the firm Tholons, Cairo occupied 7th place in the world in 2008. Other Med sites are progressing rapidly.

## They did it: pioneer stories

### Numerous Made in Med talents

All the Med countries have technically and graphically highly capable web agencies, even in countries still hardly visible on this market.

In Syria, for example, Business Optimization Consultants (www.bocme.com), was created in 1994, and today has an agency in Damascus and another in Aleppo. In Algeria, the agency BSA Développement offers remarkable graphic services. See the anthology (non-exhaustive) of agencies in the box "For further details" opposite.

### Ebiz Production, the Mediterranean as a production base and a market

From the very outset, the French web agency web integrated into its business model the Mediterranean dimension (talents & production costs and also customers). Created in 1998 in Marseille, Ebizproduction immediately used internet to prepare its foray into Lebanon, undertake prospection and recruit locally its co-workers. In 2004, 9 employees out of the 11 that the company had at that time worked in the Ebizproduction web production studio at Berythech (Beirut science park), within the campus of the Ecole Supérieure des Ingénieurs de Beyrouth (ESIB), which carried out 70% of the production.

Today the agency has clients in 7 countries of the Mediterranean basin, served by commercial teams based in Marseille and Beirut and a network of complementary partners in France, the Lebanon, in Tunisia and in Jordan. To become known, Ebizproduction adopted an effective and inexpensive strategy based on the creation of First Mediterranean portals (First Lebanon, Jordan, Morocco, Tunisia, Provence Alpes Côte d'Azur, Egypt, United Arab Emirates and the mother site First Mediterranean). In Lebanon, the creation in 1998 of this local portal in French and English dedicated to business and tourism, and on which a number of local players wanted to be seen, enabled it to make contacts with more than 3.000 enterprises in one year.

### Open Web Lab: there's strength in unity!

Self-proclaimed "open web laboratory", Open Web Lab (OWL) is the meeting of dispersed talents in Beirut, Paris, London and NY. Their specialities: visual branding, web design and internet marketing .

Web hosting and administrative services are in London, development is carried out in Beirut, while design is taken care of in Lebanon, in France, in the United Kingdom and in the United States. Production is multilingual (French, English, and Arabic, Italian, Spanish, Portuguese and German), for the benefit of clients from the Arab world, Europe and America.

Among their references are to be found Vogue Magazine, large Lebanese newspapers, NGOs, artiste's sites, professional federations, etc. [see openweblab.com]

### **For further details**... (resources, contacts, links)

- Some « creative » Med web agencies : Amman (www.dukaneh.com), Beyrouth (www.cre8mania.com), Egypt (www.graphicano.com, www.vadecom.net, www.egyptwebsolutions.com and www.clicknet-eg.com), Maroc (nafcorp-maroc.numericarts.com), Algeria (BSA: www.agence-web-algerie.com and www.agence84.com), etc.
- Integration of Open Source solutions: www.artifexsoft.net (Tunisia), Egypt (www.elmotaheda.com and www.egyme.com), Lebanon (www.ebizproduction.com), Algeria (www.kdconcept.net), etc.
- Free / open source tools: Google sites (sites.google.com), Joomla (www.joomla.org)
- Top 50 Global Emerging Cities, Tholons (www.tholons.com)

Target: eco travel agencies, sport, rural, cultural ecotourism, ecoguides, ecolodges, Bedouin camps, training-consulting-engineering

## Context and market

*The subsector today*

⌖ Ecotourism, defined by the Int'al Ecotourism Society (TIES) as "r*esponsible travel to natural areas that conserves the environment and improves the well-being of local people*", addresses a growing, though still marginal today, demand for authenticity and true discovery.

*Current Med positioning*

⌖ The strong expansion of seaside tourism, cruises and cultural tours (Istanbul, the pyramids, the souks of Marrakech, etc.), turned tourism into a vital source of hard currencies and employment. However, the ambitions long cherished by many competing Med destinations to see mass summer seaside tourism enjoy a never-ending growth (Morocco's Azur plan, Turkish, Egyptian, Tunisian, Jordanian ambitious ITA & ITR targets, added to the new projects of Algeria, Libya or Syria), threaten to saturate the market with low cost and impersonal products, while ruining the region's natural assets (see Red Sea coral).

⌖ The solution is to diversify into new segments and niches allowing for a better distribution of the added-value through fair local partnerships, while a imposing more integrated tourism development model (better insertion into the natural, social & economic local environment).

*Weaknesses & obstacles*

⌖ Lack of awareness of governments (national tourism strategies), lack of capabilities of local communities, eco certification, financing, land titles.

***Potential markets:*** eco-responsible Western clientele

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*A niche market with strong local spill-over benefits*

⌖ Ecotourism weighs between 3 and 7% of the world tourism market (20% *lato sensu*, cf. WTO definition), and has been the fastest-growing market segment over 2003-2008. "*Sustainable tourism could grow to 25% of the world's travel market*" between 2005 and 2011 (TIES).

⌖ Challenge = make room for ecotourism in national tourism strategies, instead of considering it as an appendix of environmental policies (cf. Egypt). In Morocco for ex., rural tourism projects are part of the Vision 2010 priorities (visit the Vision 2010 portal, in French).

*The Mediterranean, a shared heritage*

⌖ Ecotourism aims at preserving and sharing natural and cultural heritages rather than turning them upside town to accommodate mass tourism. Protected zones and other nature reserves are multiplying in the region: Egypt alone counts 23 protected zones covering 100.000 km2, i.e. 9% of the country.

⌖ These natural zones are under the permanent threat of being sacrificed on the altar of economic development: many projects are self-proclaimed as sustainable, such as the EUR22 bn tourism project unveiled by Preatoni in North-Western Tunisian, a protected area part of the WWF list of the 13 most remarkable natural Med sites.

⌖ Ecotourism, a strategic development tool for rural, mountain and desert areas: rural ecolodges, Berber villages, Bedouin camps in Egypt and Jordan (Petra, Wadi Rum). Lack of local ecoguides and financing solutions for rural micro-projects: the international development assistance and micro-credit are often the only recourse.

They did it: pioneer stories

## The cedars of Lebanon and the joys of hiking

Joseph Karam is at the origin of the creation of the Lebanese Mountain Trail (LMT); a project inspired by the Appalachian Trail in the USA, connecting Maine to Georgia. The LMT, equipped between 2006 and 2008 with the support of USAID and local municipalities, totals 400 km split into 26 circuits going through 75 villages. Mountain refuges are provided by restored traditional houses, while local guides were trained. The Lebanon Mountain Trail Association maintains the trail. The LMT goes through many remarkable sites, including the Chouf reserve, listed as biosphere reserve by the UNESCO, whose thousand-year-old cedar trees attract between 20 and 30 000 visitors every year (mostly Lebanese).

## The Fayoum Ecotourism project in Egypt

The Fayoum geological depression, 90 km southwest of Cairo, remained unknown to tourists until a 2000 study identified great potential for the development of ecotourism projects around its lakes, birds and unique geological formations. The Fayoum Ecotourism Project now provides hiking guides, ecoguides for birdwatching and introduction to traditional potteries handicraft in Nazla.

## Ecolodges construction: extra-region examples

The success of ecoconstruction in New Caledonia triggered the creation of Ecolodge, a company specialised in the design and production of eco-compatible modular structures (bungalows), delivered in kits. This concept could also be a huge success in the Med region, which possesses some award-winning indigenous ecolodge models: National Geographic listed in 2009 the Feynan Eco Lodge in Jordan as part of the world top 10 in the desert, jungle, mountain and Savannah category.

## Ecotourism in Morocco and Tunisia

The "*Maroc pour un Tourisme Responsable*" programme aims at introducing a sustainable dimension into all tourism-related activities, "*by ensuring the preservation of Morocco's differentiating features: its nature, its populations and their values, its culture and traditions*". The Moroccan trophies for Responsible Tourism distinguish every year exemplary projects. The Ouednoujoum project was among the 2008 laureates. Morocco enjoys today one the most extensive and visible Med offers for ecotourism products. For instance, the French website Voyagespourlaplanete.com, an online ecotourism travel guide, lists 10 Moroccan packages, but only one for Egypt and Tunisia. Marrakech-based Terres Nomades travel agency organises treks in the Anergui valley (Atlas), providing financing for rural development projects.

As for Tunisia, a new national strategy foresees the equipment and promotion of 6 principal eco-circuits, including the water trail from Zaghouan to Carthage (work started in 2007).

## **Going further into details**... (resources, contacts, links)

- "Eco-Tourism with Social Dimension. An overview of the Egyptian context: Presentation of Ecotourism Fayoum project", North South Consultants Exchange, G. Rizza, 2007
- Association Marocaine pour l'Ecotourisme et la Protection de la Nature www.amepn.fr.gd
- European Tourism Association: sustainable tourism web ressources
- Tunisie: Etude stratégique sur le développement de l'écotourisme, June 2009
- International Ecotourism Society: www.ecotourism.org

# Subsectors being developed today in the *Mediterranean*

## Tourism_*Off season private events*

Targeted business: agencies and professional intermediaries specialising in the organisation of private and professional events

## Context and market

*The subsector today*

- The use of professionals for the organisation of private events (weddings, anniversaries, receptions, religious festivals, etc.) is a practice which is tending to become more widespread. With a recognised tourist knowhow, a competitive cost structure and infrastructures available out-of-season, the Mediterranean region represents a new opportunity for the organisation of private as well as professional events, (conferences, seminars, team building, etc.).

*Current Med positioning*

- The exponential growth of coastal tourism represents for the Med countries a vital source of foreign currency and employment. These activities are, however, marked by a high degree of seasonality, the off-season tourism performances remaining well-below their potential;
- A private event organisation offer on coastal and seaside sites would help increase the profitability of existing infrastructure and retain qualified personnel (permanent employment).

*Weaknesses & obstacles*

- Limited appeal of seaside resorts divorced from urban/cultural life during the off-peak period; infrastructure poorly adapted to this type of tourism; mobilisation of associated services (catering, entertainment).

***Potential markets*** : Private & business foreign clientele

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*Infrastructure available in low season*

- Large reception capacity: future Moroccan coastal resorts, Tunisian seaside sites, Egyptian resorts (Mediterranean and Red Sea), Aqaba in Jordan, Eilat in Israel, and the Turkish Mediterranean resorts;
- Competitive prices; clement weather conditions all-year-round; great geographical, linguistic and cultural proximity, combined with good servicing from Europe.

*Double stage trigger*

- A loss leader with important spin-offs: creation of customer loyalty (participants in a company seminar who return to the same hotel with their family), extended use of connected activities (catering, entertainment, leisure activities, shops);
- A potentially immense market: by way of example, the wedding market in France in 2004 represented nearly 265,000 weddings, that is 25 million guests, and a turnover of more than 5 billion euro (wedding list and organisation of the reception, Xerfi study, January 2005), that is around 19,000 euro per wedding.

*Diversification of the tourism offer backed by the authorities*

- Faced with the reduction of the average stay of tourists and the drop in the occupancy rate, the strategy of the Tunisian government is, for example, looking at ways of diversifying the offer. Private and business events are considered as promising options.

## They did it: pioneer stories

### Private celebrations: destination Tunisia with Insolita Agency

From France, the Insolita Agency, installed in Paris, organises in Tunisia a whole range of private events (weddings, wedding anniversaries, barmitzvahs, private parties...).

Its aim is both to offer a quality, personalised service, and to have people discover Tunisia differently. With the help of partners in Tunisia, the agency, for example, will organise a customised wedding (in a villa, on the beach, in the desert, etc.).

The next stage could be to industrialise the subsector by proposing standard packages at a low cost in partnership with transport companies (charter flights for the guests), and the local hotels, restaurants and entertainers.

### A local offer for private and professional events

The offer also exists on the local level.

The enterprises Egypt Event and Eventers, both based in Cairo, specialise in the management and organisation of professional and private events in Egypt: business meetings, conferences, ceremonies, exhibitions as well as weddings, concerts and anniversaries.

In Tunisia, the company Voyages Aventures, based at Nabeul offers to organise seminars, special events, meetings or even team-building, as for example treasure hunts by team at Sidi Bou Saïd, or in the medina of Tunis, Hammamet, Djerba or Tozeur.

### Wedding planner in Marrakesh

Certain entrepreneurs have set up in the host country where the events take place. Marrakech-Bubbles is an agency of wedding planners founded by Séverine de Freycinet in Marrakesh. The aim of the agency is to facilitate the conception and the organisation of weddings in Morocco (preparing the wedding, contacting the providers, advising the future married couple, organising the reception, etc.).

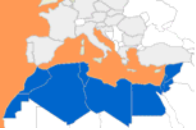
Another company also based in Marrakesh, Instants Magiques, proposes the same type of service.

**For further details**... (resources, contacts, links)

- Overview of tourism sector in MEDA, ANIMA study n°17 : free download on www.anima.coop
- Meditour, Mediterranean Tourism forum organised by the Mediterranean chambers of commerce (www.ascame.org)
- Insolita Agency (www.perfectdays.fr)
- Marrakech-Bubbles (www.marrakech-bubbles.com)
- Instants magiques (www.instantsmagiques-marrakech.com)
- Egypt Event (www.egyptevent.com)
- Eventers (www.eventers-eg.com)

Programme cofinancé par l'UE
EU co-funded programme

Date : 10/08/2009 - Production A. Joanny and P.Henry, validation P. Henry, ANIMA



# Subsectors being developed today in the *Mediterranean*

## Tourism_*Organisation of medical stays*

Targeted business: travel agencies and professionals responsible for the organisation of medical stays (reception of foreign patients, care provision, logistical organisation).

## Context and market

*The subsector today*

The Mediterranean is situated close to 2 complementary sources of clientele: Europe and its saturated systems of public health insurance (waiting lists), which are disengaging themselves from certain costly operations (even overtly pushing clients towards medical tourism as certain occupational health insurances in the United States) and respond badly to the increasing demand for comfort care; Africa and the Arab world, and their quest for vital care which is not available at home and deprived as they are of access to European hospitals.

*Current Med positioning*

Subsector undergoing restructuring, following their Jordanian, Turkish and Tunisian peers. Outline of specialisation: fertility treatment (IVF, etc.), cardiology, orthopaedic surgery and arthroplasty, oncology, eye surgery (Jordan, Turkey, Israel); spa/sea water therapy in Tunisia, Turkey and Jordan-Israel (Dead Sea), dental care in Turkey and in Israel, aesthetic surgery everywhere.

*Weaknesses & obstacles*

Lack of intermediaries worthy of confidence capable of acting as interface between foreign clients and qualified local providers.

Quality control (international accreditation), responsibility of the foreign provider and his insurance company for post-operative complications not covered by the health insurance of the country of origin.

**Potential markets**: Westerners (comfort care / urgent / costly: 750,000 American patients in 2007, 6m in 2010 and 10m by 2012, Deloitte 2007), Algeria-Libya-Gulf States & Africa (heavy surgery).

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*Cutting edge infrastructure and qualified personnel*

Competitive services (30-50% less expensive than in Europe, up to 1/4 only of the costs practiced in the United States); highly qualified labour (practitioners trained in Western universities); recent infrastructure and equipment; geographical and linguistic proximity.

*Some reputable establishments (non-exhaustive), which would gain from organising the offer themselves*

In Jordan, the King Hussein Cancer Centre public hospital; in Tunisia, project of a healthcare complex at Gabès, and clinics situated in the region of Tunis (El Amen, La Marsa, La Soukra, Saint-Augustin, Taoufik, El Menzah, Avicenne, El Manar and Alyssa); in Morocco, the oncolgy centres of Casablanca (Le Littoral) and Rabat (Al Azhar); in Lebanon, at Beirut (l'Hôtel-Dieu de France, Trad hospital & Medical Center, Sahel General Hospital), etc.

More and more Med establishments, certified to international standards, are to be found in the shortlist of prescribers. In July 2009, the American group Healthbase added certain Jordanian establishments to its partner base, up until then made up of Asian or Latin American clinics.

*State measures to develop the subsector*

*Ad hoc* kiosks for medical visas, simplified entry formalities to the country (cf special queue at Amman airport), public financing of foreign promotional campaign, etc.

The governments are counting on the fact that an improvement in the local health care offer should in time benefit local patients, despite the short-term risks of eviction. In 2009, even Libya revealed its intention to follow this route.

They did it: pioneer stories

### Ypsée: French-style medical tourism

Founded by Sébastien Valverde and Moezz Sedkaoui in 2007, the company Ypsée plays the role of support, intermediary between French patients and the care providers in the Maghreb (essentially aesthetic surgery).

Facilitation consists in selecting the clinics and surgeons, organising the introductions (possibility of preparing quotations from different care providers), as well as managing reception and logistics on site (transport, accommodation).

### Lebanon dreams of becoming the "hospital of the Middle East"

Medical tourism in Lebanon is considered as one of the pillars of the country's economy.

Image Concept, based in Dubai, is today making a play for this segment of the market

The company which specialises in aesthetic tourism in Lebanon works closely with the HIMC hospital, itself a specialist in aesthetic surgery operations and with the Lebanese travel agency Nakhal Tours.

For Zeina El Haj, founder of Image Concept "*it really is a novel concept and the first of its kind in the region. It combines two well-recognised and renowned sectors of the Lebanese economy, the medical sector and the tourism industry, which have both acquired a solid reputation throughout the world. By combing these two aspects, we are helping tourists who seek medical care in Lebanon to satisfy their needs in complete confidentiality*".

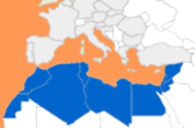
### Some Tunisian pioneers

Several agencies based in Tunisia address each segment of the market. Cosmetica Travel, the medical tourism branch of the agency Siroko Travel, just as Estetika Tour, propose all inclusive packages for aesthetic surgery which include stay, operation and convalescence, in luxurious accommodation at competitive rates.

Apollo HCA and the SMEDI for their part target patients from Sub-Saharan Africa for heavy surgery. Apollo HCA has concluded agreements with health insurance administrations and complementary health insurance companies in Mali, Benin, Senegal, the Ivory Coast and in Mauritania. The SMEDI has opened an office at N'Djamena, in Chad.

**Further details**... (resources, contacts, links)

- Paris-based Centre of European and International Liaisons for Social Security: www.cleiss.fr
- The mentioned medical tourism agencies: Ypsée (www.ypsee.com), Cosmetica Travel :(www.cosmeticatravel.com), Estetika Tour :(www.estetikatour.com)
- World Bank study (2005, available on-line): *Does Health Insurance Impede Trade in Health Care Services ?*, by Aaditya Mattoo and Randeep Rathindran, WPS3667
- Deloitte, July 2008 (en anglais): *Medical Tourism: Consumers in Search of Value*
- The Joint Commission International (international certification)





Targeted business: travel agencies; hotels and restaurants; film production and related services

## Context and market

*The subsector today*

- The sites and the studios where the great world box offices hits or the popular regional series are shot and made as well as the cinema-related theme parks which are multiplying throughout the world, are becoming favourite destinations for international tourists. The film production sites as well as the towns and regions honoured on the cinema screen attract numerous national and foreign visitors.

*Current Med positioning*

- An alternative to the American cities and the different European capitals, it is now the turn of the Med countries to multiply the film production sites with the added advantage of increased turnover for the local service providers and free publicity for the country (international arrivals).
- In the Med countries, the wealth of the natural landscapes combines with production costs which are more competitive than in Europe.

*Weaknesses & obstacles*

- In a very competitive market, the need to promote the Med sites among producers and directors in the form of guides presenting the economic and fiscal advantages, etc.

***Potential markets*** : Essentially foreign clientele, fans of great international box office successes or popular regional series.

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*The Med countries in the foreground*

- Henceforth famous landscapes: in Tunisia, Matmata and Oung Jemel (*Star Wars*), Chott el Jerid and El Mahdia (*The English Patient*); in Jordan, Petra (*Indiana Jones and the Last Crusade*), Wadi Rum (*Lawrence of Arabia*); in Egypt, Karnak and Abou Simbel (*Death on the Nile*).
- Production sites: the Atlas studios of Ouarzazate (*Astérix et Obélix: Mission Cléopâtre*; *Romancing the Stone*; *Gladiator*, among others); the Misr studios in Cairo.

*A diversity of the cultural offer supported by the authorities*

- Assets: use local labour and diversify the tourist sector, essentially coastal. In Tunisia, trips are proposed on the theme of *Star Wars* and *Indiana Jones (The Adventures of the Lost Ark)*.
- Attracting film-makers to the Med countries: during 2008, Morocco received twenty or so foreign cinema productions for an investment of 845 million Dirhams (strong growth of the sector: 563 million foreign investment in 2007; 472 million in 2006; 293 million in 2005).
- However, the cinema subsector in the Med countries suffers from a lack of regulation and coordination. A better structured sector and adapted infrastructure would appear necessary in the face of the new market opportunities, both to promote the sites and improve production.

They did it: pioneer stories

## The Med countries in the spotlight

In Turkey, the popularity of certain televised series, for example "Noor", has led to an increase in the patronage of the city of Istanbul, in particular by Arab tourists. The travel agency Barakuda Turizm, specialising in Arab clientele, has seen the number of its clients double in one year. Henceforth local travel agencies include in the guided visits of the city the sites which appear in the televised series. While the total number of foreign tourists in Turkey dropped in 2009, the number of Arab tourists has increased by 20% to 50% depending on nationality.

The new Eldorado of the African cinema, the Moroccan town of Ouarzazate, nick-named the Moroccan Hollywood, plays host to a number to audiovisual productions. Natural sets, relatively cheap labour, constant sunshine and luminosity are different factors which contribute to the success of the town among directors of telefilms, documentaries, publicity spots and video clips. A direct consequence of these activities, tourist visits are on the rise.

## *Star Wars*: the "made in Tunisia" film shooting sites

On the left, Matmata, South Tunisia (near Gabès)

On the right, Oung Jemel, Tunisian desert (near Tozeur)

## Initiatives at the service of a film-tourism subsector

In the context of the project MovieMed, financed by the Invest in Med-programme, the Marseille-Provence CCI and its partners are to carry out a study on the Mediterranean cinematographic subsector and organise workshops and B2B meetings.

The objective is to enhance audiovisual production in the Mediterranean: to identify the sites for production and shoots, increase the number of productions carried out in the Mediterranean, bring together the different players of the subsector and finally develop a film-tourism subsector in the region (cinema circuits, movie maps).

Another example, the Moroccan Cinematographic Centre (CCM) which conducts more especially media operations to promote audiovisual production in Morocco during important international events (Cannes, Marrakesh).

**For further details...** (resources, contacts, links)

- Overview of tourism sector in MEDA, ANIMA study n°17 : free download on www.anima.coop
- MovieMed initiative - Marketing the Med cinema industry, find out more on Invest in Med website: www.invest-in-med.eu
- Marrakech International Film Festival (annual, next edition December 2009) : www.festivalmarrakech.info

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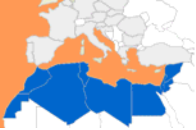


# Subsectors being developed today in the *Mediterranean*

## Tourism_*Domestic tourism*

Targeted business: hotels and catering, transport, travel agencies and cultural activities targeting a national clientele

## Context and market

*The subsector today*

- Domestic tourism (interior or national), long time neglected in the Med countries, is no longer only in demand in the low season or during crises, but henceforth represents a market segment in its own right. Traditionally nourished by religious trips (pilgrimage), family or business events, this market should develop an adapted offer of coastal, sporting or cultural vacations.

*Current Med positioning*

- Internal tourism in fact represents a non-negligible part of overall Med tourism arrivals: 20% in Morocco, 12% in Egypt, 8% in Tunisia. Promising market in Jordan (evolution in life styles).
- An adapted offer would provide a sizeable increase in the profitability of the existing infrastructure (short breaks and week-ends, low season), and create loyalty among local clientele, at times with high purchasing power.

*Weaknesses & obstacles*

- Reticence of operators to drop their prices for local customers. Products poorly adapted to the tastes and purchasing power of national tourists.

***Potential markets*** : National as well as regional clientele (Med countries, Gulf States) for the middle classes (2* and 3* accommodation) and higher (resorts, luxury tourism).

**Local opportunities** **Export**

## The Mediterranean: why, how ?

*Coastal infrastructure available all year round*

- The boom in coastal tourism offers good opportunities for national tourists: services, infrastructure and knowhow; geographical proximity.
- A packaged offer at interesting prices; an identified local demand (rise in the level of incomes of the inhabitants of the Med countries) and an immense potential market: 25% of the tourism income in Syria, 10% in Morocco.

*Adapt the offer to local needs*

- Need to offer infrastructure (villas, averagely priced hotels, campsites, etc..) and adapted transport services (regional transport). Seasonality problem (school and summer vacations) and cultural factors (difficulty in booking in advance/using the services of an agency; bed and breakfast facilities).

*A form of tourism backed by the authorities*

- Publicity campaigns; subsidised holiday vouchers (cf. French '*chèques vacances*' scheme) , promotion of low season leisure trips and packages; state-sponsored agreements with professionals (hoteliers, travel agencies, transporters).
- In Tunisia, creation of a central hotel booking service aimed at Tunisians (2006). In Morocco, Kounouz Biladi campaign (treasures of my country): special prices on accommodation and transport for Moroccans. Construction of adapted tourist resorts (Biladi plan) and upgrading of campsites for local tourists.

## They did it: pioneer stories

### Express Voyage: "Make Moroccans travel throughout Morocco"

The Spanish tourism group SERHS carried off a call for tenders put out by the Moroccan government within the context of its national tourism promotion plan (Biladi plan). The concession covers the creation of a new tour operator in the Kingdom.

Associated with the Moroccan group Rahal, a catering specialist, SERHS has created Express Voyage. The new tour operator commercialises its products under the Bladi Voyage banner. The objective is to "*make Moroccans travel through Morocco as well as abroad*".

In a first phase, the partners plan to invest 1.4 million euro to set up a network of travel agencies in Casablanca, Rabat, Tangiers, Marrakesh and Agadir.

Still in Morocco, in 2005, the Tunisian group Cyber Tour&Travel (today Splendid Tour SA) signed a partnership with the local travel company Ulysse Voyages so as to commercialise the group's e-tourism brands in the country.

### Make Aqaba also a privileged destination for Jordanians

The Authority of the Special Economic Zone of Aqaba (ASEZA) launched a call in 2006 to tour operators to help promote the site of Aqaba among local tourists.

The objective was to create trips specific to Jordanians, with destinations like Aqaba, Wadi Rum and Petra (nick-named the "golden triangle" of Jordanian tourism) and thus develop a sustainable local tourist industry.

### Beyond domestic tourism, regional Arab tourism

Investing in the creation of a specific offer adapted to national tourism may be justified by the size and the similarity of the demand for Arab tourism (middle class tourism from neighbouring Med countries, Gulf States) which is developing at a rapid pace, well beyond the wealthy clientele originating from the Gulf States alone. This regional tourism may provide a counter cyclical supplement to the enormous exposure the sector runs from the arrival of Western tourists: geopolitical crises (9/11, conflicts in the Near and Middle East), economic crisis.

The number of Algerian tourists in Tunisia is constantly rising : 800.000 in 2003; 900.000 in 2004 and 2005; 1 million today (1.2 then 1.4 million in 2008 and 2009). The Libyans also go there in their masses. In Lebanon, the tourists from the Gulf States and the Machreck abound: Saudi Arabia (20% of the total attendance), UAE and Kuwaït (12%), Egypt (8%) and Jordan (7%). In Jordan, Arab tourists represented 25% of the total number of visitors in 2009.

### **For further details**... (resources, contacts, links)

- Overview of tourism sector in MEDA, ANIMA study n°17: free download on www.anima.coop
- Serhs: www.serhs.com, Groupe Rahal: www.grouperahal.com, Splendid Tour SA : www.splendidtour.com
- Moroccan strategy for the development of internal tourism: www.kounouzbiladi.com, www.tourinvest.ma
- ASEZA: www.aqabazone.com

Programme cofinancé par l'UE
EU co-funded programme

Targeted business: equipment production (masts & blades, turbines), development, operation & maintenance of wind farms

## Context and market

*The subsector today*

- Wind power technologies are rapidly maturing, due to the massive investment they get from Europe and the USA. It is clearly the most promising clean energy source (no water consumption, little greenhouse gas emissions), next to solar power for Med countries.

*Current Med positioning*

- Strong local energy consumption growth + favourable meteorological conditions reinforce Med attractiveness for wind projects. Development and operation costs are attractive. Egypt enjoys one of the highest consistent wind speeds in the world at 10m/s. Operation hours can reach up to 3 900 per year, vs 1 900 in Spain and Greece. The Egyptian wind plan opens the door for the private sector to play an active role.
- While the first wind farms were often based on Kyoto Clean Development Mechanisms (CDM) (cf. Lafarge Tetouan cement factory), autonomous wind farms have blossomed up recently. Even Med countries counting on large hydrocarbon resources have launched sustainability policies aiming at diversifying their policy mix.
- Weaknesses & obstacles: land issues, quality of local grid, insufficient public incentives (feed-in tariffs, e.g. Turkey, Israel). Ongoing mapping of wind resources (wind atlas, following the example of Turkey, Egypt, etc.)

***Potential markets:*** local power grids, foreign industrial investors (CDM carbon credits), local industrialists, European and Gulf investors

**Local opportunities** **Export**

## The Mediterranean: why, how ?

*A proven potential for wind power: an overview*

- In Morocco, installed capacity reached 125 MW in 2008, with 975 MW under construction. The country's strong potential remains largely untapped: 6 000 MW along 3 500 km of coasts and an average wind speed at 8 m/s.
- Egypt counted on installed capacities totalling just under 400 MW in 2008, with massive developments in the pipeline.
- Wind power is growing at a tremendous pace in Turkey: installed capacity jumped from 20 MW in 2005 up to 147 MW en 2007, to reach 490 MW in 2009. The target for 2010 is 1500 MW, while Turkish regulator EMRA has licensed 78 projects totalling 2900 MW of future capacity.

*Incentives needed to boost wind power production*

- According to Morocco's Office National de l'Electricité, EUR 2.1 billion need to be invested in renewables by 2012 in order to achieve the objective set by the government to bring to 10% (up from 4% today) the share of renewables in total energy production. A national programme aims at increasing wind installed capacity to 1000 MW by then.
- In Egypt, the government eyes a 20% contribution of renewables in its energy mix by 2020, including 12% for wind power (i.e. 7 000 MW). Special incentive packages for the private sector (financial and administrative guarantees) are being designed.
- Tunisia nurses the ambition of producing 200 MW of wind power by 2011, 1 100 MW by 2020 and 1 800 MW by 2030. The Tunisian Solar Plan foresees 100 MW of wind-based energy production for export.

They did it: pioneer stories

### European players blowing hot and cold in Maghreb

A new wind farm is under construction near Tangiers, a region of Morocco where average wind speeds are high (10m/s in Koudia El Baida). Spanish group Gamesa-Eolica won the construction tender put out by Morocco's Office National de l'Electricité (ONE). Investments of EUR 240 mln are required to deliver a total production of 140 MW. The European Investment Bank, German KfW bank and Spanish financing provided most of the financing.

In 2008, Gamesa had sold 91 turbines to the Société Tunisienne d'Electricité et de Gaz (STEG) for EUR 200 million, for the Metline and Kchabta farms near Bizerte.

For the renewables division of Iberdrola, the Spanish electricity giant, Morocco also shows great promise in wind power, way before in Spain. The group plans to reinforce its local presence to take advantage of a global energy demand which grows 10% annually. Théolia, a French specialist in wind power, heavily invested in Morocco, and forged in 2008 a local alliance with Abu Dhabi National Energy Company (Taqa).

The Med subsidiary of UK-based Renewable Energy Systems (RES), RES Méditerranée, prepares the creation of many renewable power plants around the Mediterranean. Its first project is being implemented in Turkey through RES Anatolia, which is developing photovoltaic and wind farms. More Med countries will follow: Morocco, Tunisia and Egypt.

### Med know-how for wind power equipments

El Sewedy Cables, an Egyptian producer of metallic cables, recently set up a wind power division, SWEG (Sewedy Wind Energy Group). In 2008, in order to control the latest technologies, it acquired for EUR 40 million a 30% stake in the wind power equipment division of Spanish conglomerate M Torres Olvega.

The group also signed a JV agreement with German SIAG, in order to manufacture masts. Finally, the Egyptian group recently bought PSP, a local electrical engineering company, in order to cover the whole wind power value chain.

Turkish Soytes Clean Energy and Electrotechnics Industry Co. was the first local industrialist to unveil a 250 kW wind turbine prototype in Turkey. In spite of the economic crisis, wind power is booming in a country were energy shortages are frequent and where Kyoto constraints apply. German Enercon and local Model Enerji also play an important part in the local production of wind turbines.

In Morocco, Delattre Levivier Maroc (DLM) opened in April 2008 in Tit Mellil (Greater Casablanca) a new factory which can produce up to 300 masts annually (65 to 100m in height, more than 60 tons each).

**Going further into details...** (resources, contacts, links)

Gamesa Eolica (www.gamesacorp.com); Renewable Energy Systems (www.res-group.com); El Sewedy Cables (www.elsewedycables.com)

Programme cofinancé par l'UE
EU co-funded programme

Date: 04/12/2009 - Production A. Joanny, validation P. Henry, ANIMA

Targeted business: consultancies, environmental risk management, waste recycling professionals, laboratories, etc.

## Context and market

*Building site waste, medical and industrial waste*

⌖ The Building and Public Works industry which is booming in the MED region produces several millions of tonnes of waste each year, the management of which has long been neglected: adhesives, paints, solvents, insulation materials etc. – often toxic – very often end up in in simple public tips. The toughening of environmental regulations (creation of the ANGEP in Tunisia) is forcing a number of professionals to introduce a selective sorting procedure for waste (inert, industrial, non-hazardous and hazardous waste), so as better to control their elimination costs.

⌖ Medical waste is the result of care activities dispensed in the various medicalised structures. According to the WHO, "*waste linked to healthcare is a reservoir of potentially dangerous micro-organisms likely to infect the hospitalised sick, agents of the health services and the general public*". It should be known that Algeria alone produces 80,000 tonnes of medical waste each year according to the daily paper *El Watan*.

⌖ Industrial waste is produced by industry, commerce, craft industries and transport (wood, glass, cardboard and packaging, rubber, metals, plastic, textiles, oils, etc.). In Algeria, as almost everywhere, the special waste market (several million tonnes of non-hazardous industrial waste—but also hazardous, the likes of asbestos, insecticides, etc. - pile up year after year) remains largely underexploited, whereas Tunisia has decided to react by creating the first industrial waste processing plant in the region.

***Potential markets*** : Local collectivities and national agencies, local industrial groups, etc.

**Local opportunities** **Export**

## The Mediterranean: why, how ?

*Med: a market unaware of the stakes but very promising!*

⌖ Undeniable start of ecological awareness: development of eco-tourism, adherence to Basle convention type international standards on waste, progressive strengthening of anti-pollution legislation even if a large effort in its application remains to be made, etc.

⌖ More ambitious public policies. In the Maghreb for example, Morocco has created an industrial de-pollution fund (FODEP) of 92 million Dirhams with the help of German state bank KFW, the aim of which to incite local industries to better manage their waste. In Tunisia a centre to process hazardous waste has been inaugurated at Jradou, programmed to process up to 90,000 tonnes of hazardous waste per annum. Algeria has introduced the National Special Waste Management Plan (PNAGDES).

*The region needs foreign competence*

⌖ Vocational training: need for customised training for the region's large industrial enterprises (Sonatrach type) to manage/recycle their special inert (wood, stone, tiles, concrete, etc.) and hazardous waste (lead paint, radio-active medical materials, asbestos, oils, insulation materials, etc.);

⌖ Need for expertise: impact studies, creation of authorised toxicology laboratories to manage chemical waste, creation of technical land burial zones (level 1,2,3);

⌖ Development of public-private partnerships (PPP): the delegated management of special waste to foreign groups is progressing (Veolia is to manage the special waste at Alexandria; in Syria the launch of a call for tender for the management of solid and medical waste in the regions which receive a large number of Iraqi refugees, etc.).

## They did it: pioneer stories

### Cement: Holcim Maroc leads by example in the exploitation of industrial waste

The Swiss cement giant Holcim has a total production capacity in Morocco of 4.5 million tonnes. The group has also created Ecoval there, a processing unit situated some 30 km from Casablanca and wholly dedicated to the exploitation of industrial waste. The site employs twenty of so people. Firstly, the cement works waste is identified in the laboratory and then processed. One part, which is exploitable is sent to the cement works ovens whereas the other part (non-recyclable final waste for disposal) is oriented towards professional recycling subsectors.

### Jordan is preparing itself to process dangerous and medical waste

In January 2009, Amman started the construction of the country's very first centre for processing and exploiting medical, industrial and hazardous waste. The processing centre, the fruit of a public-private partnership, will be able to process up to 23,000 tonnes of special waste per annum by 2013. The Kingdom of Jordan, which each year produces 3,000 tonnes of medical waste and 15,000 tonnes of industrial and hazardous waste, will henceforth be able to reprocess and bury (according to international standards) almost all its special solid waste. A first in the Med region, where everything is still to be done.

Opportunities to be grasped: the Jordan Investment Board just as the General Authority for Investment in Egypt is seeking foreign investors for the creation of incinerators for medical waste products.

### US chemicals giant counts on Israeli ingenuity

Dow Chemical announced in September 2009 a worldwide commercial agreement under which it will have the exclusivity to market and distribute across large segments of the oil drilling and refining industries an innovative anti-pollution technology developed in Israel.

BioPetroClean, a Texas-based cleantech company with R&D development facilities in Tel Aviv, has indeed developed a simple but effective solution for cleaning up industrial wastewater using certain bacteria. BPC's automated chemostat treatment (ACT) can "address a vast range of problem areas including oil refineries, storage farms, drilling sites, diesel-powered electricity generator stations, marine ports, and reservoirs". The Tel-Aviv R&D facility staff will quickly grow from 20 biotechnologists and engineers to 100. *"We have the brainpower we need; we only need to multiply it a few times"*, says David Amir, CEO of BioPetroClean, quoted by Israel21c webzine.

**For further details**... (resources, contacts, links)

- Tunisian agency for wastes management (www.anged.nat.tn)
- Algeria's Ministère de l'Aménagement, de l'Environnement et du Tourisme (www.matet.dz)
- JIB, Medical Waste Incinerator Project: www.jordanecb.org/pdf/investment/pvtsec_medwaste.pdf
- Holcim Morocco (www.holcim.com/ma)
- *Gobbling up the dirt in water*, Israel21c, 17/09/2009

# Subsectors being developed today in the *Mediterranean*

## Urban & Environment_*Public lighting*

Targeted business: manufacturers, installers, public lighting maintenance providers (street, architectural, sports, industrial, etc.)

## Context and market

*The subsector today*

⌖ All large Med towns have or will have to rethink their public lighting, which often represents nearly half their electricity consumption and which, as it participates in the peak power demand, contributes to greenhouse effect gases. Improving the public lighting service, while controlling the expenses and the nuisances, that's what's at stake.

*Current Med positioning*

⌖ Exponential growth in public lighting for 20 years and strong demand from the large and medium-sized cities for expertise (diagnostics, creation of new towns, renovation of existing installations, opening up to the "green business", etc.). The existing public lighting installations are often dilapidated and rarely renewed. Lack of maintenance. Need for safe electric networks (vandalism, illicit electrical connections, etc.)

⌖ Strong potential demand for industrial and infrastructure lighting: creation of special economic areas in Egypt, Tanger Med I and II in Morocco, highway lighting (new motorways in Algeria, etc.).

*Weaknesses & obstacles*

⌖ Legal environment (PPP regulation) & lack of incentives (subsidised power)

***Potential markets*** : Territorial collectivities, economic and industrial zones, transport infrastructure, etc.

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*Sizeable opportunities for new installations and rehabilitation work*

⌖ Regular public calls for tender (C.F.T.) for road building operations including street lighting: see, for example, those issued in March 2009 by the Algerian agency for the promotion and development of science parks to equip the Sidi Abdallah Cyberpark, by the Moroccans to strengthen the public lighting network of the town of Ksar-el-Kébir, the market to equip several million square metres of the new industrial estate at Enfidha in Tunisia, etc.

⌖ According to the Enterprise for the Installation & Maintenance of Public Lighting in Algiers (ERMA), "*more than 50% of the public lighting network of the Wilaya d'Alger is dilapidated and requires rehabilitating and modernising* ".

*Call upon foreign knowhow to combine a drop in costs and sustainable development*

⌖ Make the installations losing current or badly controlled cost-effective (needs for urban and rural diagnostics). Foster innovation / regional partnerships towards innovative processes, especially in the perspective of an increase in energy costs, (cf Lebanon) : the Israeli Power Electronics designed for instance a solution called LEC (Lighting Efficient Controller) which allows up to 30% of energy savings.

⌖ Development of PPPs between street lamp manufacturers and the Med municipalities (contracting out public services, sub-contracting, turnkey contracts, etc. See some success stories on the back.

They did it: pioneer stories

## Citelum revolutionises urban lighting at constant cost

The subsidy of Dalkia (Véolia) specialising in urban lighting (2,160 employees) sees in the Mediterranean a major market. It has created Citelum Maghreb (200 employees), a 51/49 JV with the Moroccan CDG, located at Rabat, in Morocco,

The lack of qualified tradesmen among the personnel of the administrations responsible for urban lighting in fact provides a superb opportunity for private companies to take in hand the renewal and extension or urban lighting (as externalised public service contractors).

The Citelum business model is an attractive option for the impecunious collectivities: at constant cost, Citelum takes in charge the renovation of the urban lighting installations, being remunerated with the energy savings made.

## The French company, Schréder, dominates the Egyptian street-lamp market

Created in 1977 in Alexandria, Schréder Egypt, a local subsidiary of the French manufacturer of urban lighting fittings, has rapidly become indispensable as it has been developing products specific to the local market: highly heat-resistant outside lighting products (desert environment) also resistant to the risks of corrosion (intended in particular for coastal installations).

To satisfy a large local and regional demand, Schréder Egypt develops and manufactures a large part of its products on site (urban, industrial, road, tunnel lighting, etc.). All the mechanical elements are made in Egypt (reflectors and aluminium structures).

**For further details**... (resources, contacts, links)

- Schréder (www.schreder.com) & Citelum (www.citelum.fr)
- Algerian portal for Renewables Energies (portail.cder.dz/spip.php?rubrique15)
- Moroccan Portal for Public Procurements (www.marchespublics.gov.ma/wps/portal)
- Association Française de l'Eclairage (www.afe-eclairage.com.fr)
- Professional Lighting Designers' Association (PLDA) www.pld-a.org
- «US companies & municipalities save energy with Israeli ingenuity», Israel21c, Karin Kloosterman, 30/09/2009

Targeted business: consultancy and energy efficiency engineering; project management; certification and labelling

## Context and market

*The subsector today*

A considerable challenge to economic development, research into energy efficiency appears as an answer to environmental preoccupations while also increasing economic yields. A strong demand for counselling and engineering consultancy is expressed by enterprises (improving the production line, processes and tools), the building sector (designing or renovating buildings to comply with ecological standards) and individuals (reducing energy consumption).

*Current Med positioning*

Immense potential of the Med countries in the reduction of the energy bill. The Middle East and Africa represent nearly 10% of world primary energy demand (against 19% for Europe and 23% for North America). Transforming a constraint into a source of industrial development; optimising industrial installations and the habitat (insulation, heating).

*Green building* has immense outlets in the Mediterranean: numerous construction projects (real estate, tourism) and new opportunities in renovation and maintenance. Other than the environmental performance, the improvement in energy efficiency could lead to a drop in petroleum imports for the non-producing countries.

***Potential markets*** : Local industries and enterprises; Building Public Works companies and materials manufacturers and suppliers; property managers, municipalities, public and private property owners, etc.

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*The immense and under-exploited market of emerging countries*

Opportunities: engineering, consultancy, equipment (insulation materials, heating etc.). Different domains of activity concerned: building, industry, transport, commerce and especially the residential sector which presents a significant technical and economic potential for energy control and use of renewable energy.

According to a McKinsey study, emerging countries could reduce their annual increase in energy consumption by half by using all the energy efficiency techniques developed to date (going from 3.4% per annum to 1.4% per annum). Today emerging countries represent 51% of world energy consumption (21% of which for China and India) and if current trends continue, their demand for energy will increase by 65% between now and 2020.

*Foreign knowhow and local pioneers*

Risk capital, often a good opportunity detection tool, is interested in energy efficiency: Jordan Dubaï Capital, through its energy branch, as early as 2006, purchased 55% of the Jordanian company Energy Management Services (EMS International), an energy efficiency consultancy located throughout the Gulf.

In Tunisia, the CRA2E consultancy has since 1987 proposed energy audits and optimisation of technical installations in the industrial, tertiary and transport sectors. The boom in the local market has incited the French company Strategeco Eneovia to sign an exclusive partnership with BSB, the Tunisian industrial group, to develop the local market for bioclimatic buildings.

They did it: pioneer stories

## Environmental certification applied to the Med building industry

In the building industry, respect for the environment is gradually becoming the core preoccupation of the stakeholders, architects, investors, and public authorities. Diverse certifications have been created, the world over, to attest the environmental or energetic quality of the new generations of buildings: Breeam in Great Briton, Passivhaus in Germany, Minergie in Switzerland, Building America in the USA, NF Démarche HQE® in France, LEED in the Anglo-Saxon world (Leader in Energy and Environmental Design) - each with different modes of calculation and evaluation depending on the country. In 2008 the SB Alliance network was created so as to harmonise them all.

In Egypt, a project for a *Green Code for construction industry*, in compliance with the LEED certification, was presented at the beginning of 2009. In Morocco, the port Tanger Med was built in this ecological perspective. Launched in 2005 the French certification 'NF Bâtiments Tertiaires - Démarche HQE®' is covering an office operation in Algeria (BNP Paribas El Djazaïr) and will concern other operations in Tunisia and in Morocco.

## Develop eco-constructions in the Med countries

Interco Acquitaine, an international cooperation agency from the Conseil Régional d'Acquitaine, has launched a programme in Syria aimed at promoting sustainable building materials and renewable energy (solar, geo-thermal) in social housing.

Lebanon and Tunisia are also concerned by this initiative, in the context of the rise in the price of oil and the degradation of the environment.

## Batimed, a bridge between Europe and the Med countries

The Batimed initiative, carried out within the context of the Invest in Med programme, has the objective of increasing exchanges between European countries and the Med region in the building sector. The Polish Chamber of Commerce and its partners will thus organise workshops in Morocco and Poland, company visits and business meetings.

The initiative is concentrated in Algeria and Morocco, which are implementing large development programmes. In Algeria, the East-West and the Hauts Plateaux motorways, the road network and the electrification of the railway, as well as the construction of new towns, hospitals, seawater desalination plants, etc. In Morocco: the port of Tanger Med, the improvements to the motorway network, the new investment zones, the tourist infrastructure, etc. The delivery of the majority of these installations is programmed between 2009 and 2012.

With the growth of the building sector being bolstered by real estate, tourist and large public works projects, the aim of the initiative is to transmit to Algerian and Moroccan companies knowledge of the European Union experiences: energy efficiency in the building industry and the use of effective building materials, (new technologies); the rise in social accommodation; the protection of the environment; and the management of water and collective services.

**For further details...** (resources, contacts, links)

- Green Pages, an international directory for « green » techs and services, country listings: www.eco-web.com

Programme cofinancé par l'UE
EU co-funded programme

Date : 06/08/2009 - Production A. Joanny, validation P. Henry, ANIMA

# Subsectors being developed today in the *Mediterranean*

## Urban & Environment_Environmental studies

Targeted business: sustainable development audits, carbon consultancy, certification, environmental impact studies, industrial engineering, landscaping, etc.

## Context and market

*The subsector today*

- At the very moment that a start is being made to measure the ecological footprint of an increasing number of activities; with the aim of reducing it, the market for environmental studies is exploding.

*Current Med positioning*

- Market for the evaluation of the environmental impact of the Med investment programmes in large infrastructure projects (tourism, Building Public Works, industrial estates, etc.). Multiplication of compensated industrial projects (Clean Development Mechanisms-CDM, etc.). New socio-economic context (badly supervised industrial take-off, fishing industry and intensive agriculture) and change in modes of consumption pose real threats to the environmental heritage of the region: anarchic urbanisation to the detriment of agricultural land, desertification, pollution of water and the atmosphere, etc
- Environmental and industrial improvement programmes (notably boosted by the local governments). The local project managers call increasingly on external service providers, especially in the evaluation phase (technical assistance, shared diagnostics and experience, etc.). External expertise of this sort also interests the enterprises.

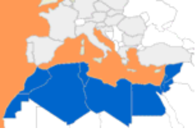
***Potential markets*** : public authorities, industrial and property groups, international financiers, local consultants (market access)

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*Exploding demand, and a local offer developing well but still incomplete: a few illustrations*

- Morocco, which aims at attracting 10 million tourists a year between now and 2010, modernising its agriculture and becoming a focal point for industrial and offshore services, is confronted with a large number of environmental challenges. Its dynamism has led to the creation of Phenixia, a 50/50 JV between the French company Burgeap and the German engineering consultancy IGIP, which specialises in impact studies (waste management, drinking water supply studies, air quality, rural studies, etc.) and which has already evaluated several projects concerning tourism (Marrakesh) and highways (opening up of rural areas), etc.
- Out of the 20.000 Egyptian industrial enterprises, around 1,000 are responsible for 80% of the total industrial pollution. The country is likely to become a choice market for the eco-business.
- Public intervention is expanding the market: integration of green objectives in the schedule of requirements of public calls for tender (Algerian Code version 2009), environmental conditionality on development aid and international project financing, diversification of the energy mix (Algerian objective to cover 10% of energy needs with renewable energies between now and 2030).
- In creating the "Green Pages", Tunisia has equipped itself with a web portal listing the offer of services (local and foreign directory of environment professionals in Tunisia) and needs (local markets, clearing house of opportunities, resource centres, etc.).





They did it: pioneer stories

## The eco-business in Algeria: the point of view of a local expert

The industrial consultancy Halfaoui of Tlemcen is a precursor in the field of environmental studies in Algeria. Lotfi Halfaoui, who also chairs the sustainable development commission of the Tafna CCI, considers that the sector, which is still in its infancy, remains under-invested. The market is little structured and there is not enough local competence to satisfy a potentially large demand. For the Halfaoui firm, the signing of North-South partnerships could make a large contribution to the development of the subsector in Algeria: efforts in the training and personal development of local executives, adaptation to European regulations and standards (notably for exports), targeted information sessions (forums, conferences, etc.), constitution of specialised clusters.

## Foreign knowhow and local talent faced with strong demand

Numerous Med consultancies have managed to grasp the opportunities offered by the boom in environmental studies, while certain cutting edge requests (knowledge of foreign standards, etc.) have encouraged foreign providers to locate in the region. ASCONIT Consultants, French specialist in land planning and environmental studies, with a particular interest in the aquatic environment, has thus created an office in Tunis.

In Egypt, the grouping Green Environment Consultants has developed a very complete integrated offer, in the same way as the cabinet Active Brains. Envirotech has rapidly extended to Egypt and Syria, after the 1st contracts obtained in Lebanon. The Jordan Climate Change Consultancy specialises in CDM project support.

## The Mediterranean is being integrated to the carbon market

According to the World Bank, the world carbon credits market should pass the threshold of USD 200 billion before 2012. In the south of the Mediterranean, the CDM (Clean Development Mechanism) projects are gradually becoming more attractive (c.f. “For further details”). Hence in 2008, the Moroccan CDG launched the first Maghreb carbon finance fund (26 million euro) intended to finance CDM projects over the period 2008-2017. The fund managed by the Moroccan company Accès Capital Atlantique, has received the support of the EIB and the French CDC. It will be mainly involved in renewable energies (wind turbine and solar), energy efficiency and waste management.

The carbon market is also a godsend for the European diagnostic specialists such as the British Ecosecurities, which supports the Lebanese textile company AbboudCo Uniforms in the reduction of its emissions of CO2. EcoSecurities is also involved in Egypt, with the Emirates gas group, Dana Gas. In Jordan, it’s the Australian Carbon Planet which has allied itself to the local New Energy Company to support emission reduction projects in the region.

### **For further details**... (resources, contacts, links)

- Industrial consultancy Halfaoui: www.cei-halfaoui.com
- Tunisia’s Green Pages (in French): www.pagesvertestunisie.com
- Wupertal Institute for Climate, Environment, Energy: country-profile for CDM opportunities in Egypt, Tunisia and Morocco, summer 2006 (FR) / Preliminary Inventory
- Potential CDM Opportunities In the MENA region, S. Amous & A.O Abdel-Aziz, MENA Carbon Forum, Cairo May 2009



Date : 03/08/2009 - Production : Samir Abdelkrim, Validation : Pierre Henry, ANIMA

Targeted business: real estate promoter, architect, building companies, etc…

## Context and market

*The subsector today*

- Med real estate markets have been booming in recent years. Local and foreign promoters multiplied the high-end commercial and residential projects targeting the upper classes and foreign investors (petro-dollars, second homes for Europeans, foreign companies settling down, etc.). The economic crisis in Europe and the ongoing real estate shock in Gulf markets now threatens many of these often pharaonic projects, enticing real estate promoters to turn towards the long-neglected housing needs of the middle and lower classes (see Business Monthly Egyptian case study in the resource box overleaf).

*Current Med positioning*

- Faced with the obsolescence and quantitative insufficiencies of their existing social housing stock, Med governments launched ambitious construction and renovation programmes.
- A few scattered experiments excepted (Morocco, Turkey, see box overleaf), the bulk of those programmes is state-financed, while the contracted building companies are often far from best-practice international standards in terms of sustainability (defects, energy efficiency).
- Threats & opportunities: mortgage finance, speculation on land & building materials, PPP vulgarisation, urban & demographic growth, state of public finances & incentives packages.

***Potential markets:*** new cities, low cost promotion, urban regeneration (medinas, slum upgrading programs, overhaul of existing stocks)

**Local opportunities** → **Export**

## The Mediterranean: why, how ?

*A multi-million units market*

| Top Med construction programmes |
|---|
| Algeria 2010-14: DZD 300 bn in renovating & building 1 million unit (1/4 for rentals) |
| Morocco 2008-12: 130 000 planned units, incl. 35% by private promoters |
| Egypt National Housing Project 2005-11: 500 000 units, incl. 20% by private promoters |
| Jordan 2008-13: 100 000 units |

- In the 1970s, informal settlements, slums and squats mushroomed. According to the Plan Bleu, 30 to 70% of total Med population is forced to turn to informal housing solutions.
- Clearing the slums and adjusting the supply of decent affordable housing to an ever-rising demand (demographic/urban growth) can not rely exclusively on public initiatives (Algerian social rented housing is 100% state-financed).
- Toufik Jhira, Moroccan minister for Housing, says one million social housing units are needed in his country, to be compared to the 130 000 units programmed by public initiatives. In Jordan, the *Decent Housing for All programme* requires investment totalling JOD 7 bn, for an annual state-budget deficit of JOD 1 billion.

*Private initiative is necessary and encouraged*

- Social housing development might seem less profitable and riskier. By providing large volumes and adequate guarantees, Med governments can however lure private promoters into participating to social housing programmes: in Egypt for instance, the government offers private promoters lands under market prices, with favourable terms of payment (interest-free instalments). The State also guarantees mortgages granted to the poorest by commercial banks.

They did it: pioneer stories

### Public-private partnership for affordable and quality social housing in Morocco

65% of the Moroccan social housing construction programme over the 2008-2012 period is to be implemented directly by state-owned Holding d'Aménagement Al Omrane, while the remaining 35% will be entrusted to private promoters under a specific tax-free scheme, in partnership with the regional branches of Al Omrane.

Al Omrane launched with the Housing, Urbanism and Land planning Ministry a call for proposals aimed at identifying innovative construction solutions compliant with Morocco's new stringent schedule of requirements for social housing in terms of architecture, sustainability and costs.

### Foreign direct investments in Med social housing

Kuwait sovereign wealth fund (KIA) inked in 2008 a MoU with the Turkish Housing Agency (TOKÏ) providing for the construction of 66.000 apartments in Kayabasi, Istanbul. This promising partnership could be replicated with the help of more Gulf sovereign and private real estate investors lured away from their usual luxury projects.

Switzerland-based Orascom Development (OD) also signed in Mars 2009 with TOKÏ for middle and low income projects totalling 7.5 million sqm in Ankara, and 5.5 million in Istanbul. Samih Sawiris, the Egyptian owner of OD, told Reuters in May 2008 that "*budget housing would account for 10 % of the company's revenue by 2011, up from almost nothing in 2008*". The Turkish projects alone might bring revenues in the vicinity of USD 800-900 million.

Mixta Africa, affiliated to Spanish promoter Renta, is building 4.300 budget apartments in Morocco and Egypt over 2009, for investments totalling EUR 164 million. Mixta Africa has become the ideal investment vehicle into North African social housing projects for the IFC (9%), Morgan Stanley (16%), and Saudi prince Alwaleed Bin Talal Bin Abdulaziz Alsaud (21%).

### Measures to support the rehabilitation of existing stocks: the Algerian case

In Algeria, the Caisse Nationale du Logement (CNL) is statutorily in charge of "*State contributions in favour of housing, especially concerning rented housing, informal housing upgrading, rehabilitation and maintenance of existing stocks and promotion of social housing*". The severe obsolescence of Algeria's existing social housing stock, calling for ambitious rehabilitation programmes, is an opportunity for many businesses (insulation, masonry works, heating, lifts, etc.). Disbursements by the Caisse Nationale du Logement over the 1999-2008 period reached 880 billion dinars, of which slightly less than half went to rental housing.

In Tunisia, the Agence de Réhabilitation et de Rénovation urbaine (ARRU) is responsible for implementing the State's policy in urban rehabilitation and renovation. ARRU brought as co-financing about TND 110 million over 2002-06, as the State contribution to the local public authorities responsible for the projects.

### **Going further into details...** (resources, contacts, links)

- Egypt: National Housing Project, Ministry of Housing: www.housing-utility.gov.eg / Call for tenders for the construction of social projects: www.amcham.org.eg / "Developers eye low income market", Erin Cunningham, Business Monthly Egypt 23-04-2009
- Morocco: official website for the 140 000 social housing units initiatives (www.logement140000.ma), "Construction Coopérative", Oxford Business Group Latest Briefings, 25-04-2009
- Jordan: Projet Decent Home for Decent Living
- "Affordable Housing: Markets & Governments", Turkish Real Estate Summit, Istanbul, April 2007 Affordable Housing Institute, David A. Smith.
- Turkey: Ministry of Housing (TOKI) www.toki.gov.tr


Programme cofinancé par l'UE
EU co-funded programme

Date: 04/12/2009 - Production J. Lapujade and P. Henry, validation P. Henry, ANIMA

# Med opportunities: 25 niche markets in need of investment

**Investors looking at the Mediterranean markets with fresh eyes often need direction signs to identify opportunities. This pack provides a first list of 25 sub-sectors and niche markets both invested by pioneers and qualified as attractive and sustainable by the ANIMA Intelligence team. Next to the mainstream investment projects in real estate, mass tourism or banking, those niche prefigure tomorrow's Med economic landscape. They cover both traditional sectors (textile, tourism, etc.) and new activities (facility management, integrated logistics, vocational & educational training, etc.).**

ANIMA team has selected sub-sectors by considering the needs and strengths of the region and its economic positioning, e.g.:

- add value or differentiating features to sub-sectors facing a fierce international competition (technical textiles, tourist diversification, agro-transformation, etc.);

- develop entirely new activities, thanks to new technologies or opportunities offered by the economic globalisation (3D modeling, offshore web design, health tourism, etc.);

- create new green markets in the Mediterranean, addressing the needs of a rapid urban growth and accompanying the ongoing industrial takeoff (energy efficiency, social housing, waste management, environmental studies, etc.)

# The Invest in Med programme

**aims at developing sustainable trade relationships, investments and enterprise partnerships between the two rims of the Mediterranean.**

Funded at 75% by the **European Union** over the 2008-2011 period, and supported by the Provence-Alpes-Côte d'Azur Regional Council, the City of Marseille and Euroméditerranée, it is implemented by **the MedAlliance consortium**, which associates economic development organisations (ANIMA, leader of the programme), CCIs (ASCAME, EUROCHAMBRES), and business federations (BUSINESSMED). The members of these networks, as well as their special partners (UNIDO, GTZ, EPA Euroméditerranée, World Bank, etc.), gather **a thousand of economic actors** - mobilised through pilot initiatives centered **on key Mediterranean promising niches**. Each year, a hundred operations associate the **27 countries of the European Union and 9 Mediterranean partner countries:** Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Syria and Tunisia.

Co-funded by :