



Minutes

17-18 February 2011

Luxembourg

The Luxembourg Chamber of Deputies hosted the 9th meeting of the Committee on Economic and Financial Affairs, on Social Affairs and on Education of the Parliamentary Assembly of the Union for the Mediterranean (PA-UfM) on 17-18 February 2011. The meeting was attended by delegations from European Parliament, Algeria, Austria, Belgium, Bulgaria, Czech Republic, Hungary, Jordan, Latvia, Luxembourg, Morocco, Palestine, Poland, Spain, Sweden, and Syria.

In the absence of the Egyptian Chair, the meeting was co-chaired by the two Vice-Chairs present, Mr. Xavier Bettel, Luxembourg (17 February) and Ms. Ines Ayala Sender, EP (18 February).

The importance of the meeting was underlined in the context of recent events in Tunisia and Egypt, and stressed that history in the South -Mediterranean is changing and that the cooperation within the Euro-Mediterranean Partnership could greatly support the democratic evolutions in the region.

Due to the exceptional situation (dissolving of the Egyptian Parliament), Members agreed that for the next meeting of the Committee (3 March, Rome), the Chairmanship will be assured by the Vice-Chair representing the European Parliament and the Secretariat will be assured also by the European Parliament.

17 February:

Four topics were discussed during the meeting:

Islamic Finances in the world

UfM Projects: Assessment and Vision for the Future

Establishing a Euro-Mediterranean Development Bank

The Euro-Mediterranean Transport Network



1.) Address by the chairwoman of the Luxembourg Delegation

First, the Chairwoman of the Luxembourg Delegation, Mrs. Claudia Dall'Agnol, welcomed the participants in the meeting. In her introduction, she felicitated the Committee for choosing Luxembourg as location for the meeting. In fact, Luxembourg has established itself as one of the major places for Islamic finances and has already a long track record in this field. She reminded the participants that the first Shariah compliant insurance company in Europe was established in Luxembourg in 1983 and in 2002 Luxembourg was the first European stock exchange to list a sukuk.

2.) Adoption of the agenda

The agenda was adopted.

3.) Adoption of the minutes of the last meeting in Cairo, 22-23 October

The minutes were adopted without any amendments.

4.) Islamic Finance in the World: Rules and Experiences

Four experts in the sector then made a presentation of the Islamic finance in the world and in Luxembourg in particular.

As a matter of fact, Islamic finance represents a growing market. According to the experts, its growth rate is estimated at 25% p.a over the next 10 years. Globally Islamic finance represents 1000bn US\$.

The first sovereign sukuk was established in 2002 in Malaysia. The global Islamic managed assets represent 292 bn US\$ (30% of global Islamic finance market), while the Shariah compliant investment funds count for 36,9 bn US\$ and are distributed among 55 funds.

Luxembourg ranks fourth as domicile of Shariah compliant investment funds and is the only non-Muslim country among the top five in this ranking. The experts explained why Luxembourg as a non-Muslim country is becoming more attractive to Shariah compliant funds. Different reasons were advanced:

- decades of experience in dealing with an international client base and focusing on the cross-border distribution of products and services;
- a legal framework that permits the creation of Shariah compliant products and services (examples: prohibition of haram activities, avoidance of riba (interest) and gharar (uncertainty) in financial transactions)

- clear guidelines from the authorities on the tax treatment of Islamic finance products;
- political stability
- Government support to Islamic finance (a cross-sector working group was set up by the Government in April 2008 to identify potential obstacles to the development of Islamic Finance in Luxembourg and to eliminate them)
- Further, UCITS (undertakings for collective investment in transferable securities) may be structured in a shariah compliant manner. Luxembourg UCITS can be sold throughout the European Union and are also widely accepted for distribution in jurisdictions around the world.

After the presentations, an exchange of views between the members of the Committee took place.

5.) Intervention by Mr. Jeannot Krecké Minister for Economy and Trade

An exchange of views between the Committee Members and the Minister took place on economic exchanges and Trade between the Northern and Southern component of the Union for the Mediterranean

18 February:

A vivid debate took place on the draft recommendation.

At the proposal of Morocco, Members agreed on an introductory paragraph, calling for a higher Euro-Mediterranean support, especially on economic level, towards Tunisia and Egypt, in view of accompanying their transition

Regarding the topic "*Establishing a Euro-Mediterranean Development Bank*", as no proposal of text was received and Tunisia (rapporteur) announced they will not be able to present a draft recommendation until the plenary meeting in Rome, at the proposal of the Vice-Chairs, Members agreed to postpone the topic, so as to leave to the Tunisian parliament the necessary time to reorganise themselves.

In conclusion, only two topics were retained for the recommendation: UfM projects and transportation networks.

- "*UfM Projects - Assessment and Vision for the future*"

Ms. Dominique Vlasto (EPP), rapporteur, could not attend (last minute impediment). She mandated Mr. Bettel to present the main lines of her draft



recommendation: political and economical commitment; technical approach; public-private financing; co-responsibility; integration South - South market etc.

Syria suggested an amendment: a new paragraph calling for lifting the sanctions against Syria. Opinions were expressed against mentioning particular situations (and political stands, which are the resort of the Political Committee), but for supporting the free exchanges.

Jordan asked about the procedure for nomination of the new SG of the UfM Secretariat. Ms. Ayala Sender pointed out that the issue of the SG is expected to be on the agenda of the Bureau in Rome.

- "*The Euro-Mediterranean Transport Network*"

Ms. Ayala Sender (EP) and Ms. Bouaida (Morocco) presented the draft recommendation.

Jordan suggested that a reference to be added with regard to a mechanism for emergency situations.

In **conclusion**, the Vice-Chairs announced that the text of the rapporteurs will be transmitted to the Members by email, on 24 February, having as deadline for sending the amendments 1 March.

They specified that this is an exceptional situation, as the Secretariat of the Committee was assured until now by Egypt and that for the next meeting of the Committee (3 March, Rome), efforts of reorganisation will be made with the support of the Secretariat assured temporarily by the European Parliament.