THE MEDITERRANEAN TASK FORCE

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The Mediterranean Task Force was established on 28th March 2011 to monitor and assess the impact of the economic crisis on the Mediterranean area and its medium- to long-term effects on the commercial support and promotion for Italian businesses operating in Libya and the Mediterranean south coast in general.

The Task Force works in direct collaboration with representatives of the Italian Ministry of Foreign Affairs (MAE), SIMEST (*Società Italiana per le Imprese all'Estero)*, SACE, the Italian export credit and insurance agency, the Italian Confederation of Industry (*Confindustria*), the Italian Banking Association (ABI), the Italian Chambers of Commerce (*Unioncamere*) and the Italian Chambers of Commerce Abroad (*Assocamerestero*). The Directorate-General for the Internationalisation and Promotion of Trade (*Direzione Generale Internazionalizzazione e Promozione Scambi*) has set up a 24 hour help line (06 59932800-06 59647471) and dedicated email address to enable firms to voice their concerns and illustrate their problems. This essential fact-finding process is essential if effective solutions are to be found.

So far the Steering Committee has met three times:

- the first meeting identified the main problems present in trading relations with MED countries affected by the crisis. Discussion focused in particular on Libya, above all on the enforceability of credits owed to Italian entrepreneurs in the light of the freeze of Libyan assets, both public and private, contained in Council Regulation (EU) 204 and 296/2011, as well as on the question of the safeguard of investments and workers and the non homogenous approach adopted by Italian banks. Confindustria

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and the Italian Ministry for Economic Development (MISE) prepared a document containing all communications received from entrepreneurs regarding their total credit exposure, whilst ABI (Italian Banks Association) was asked to distribute a circular raising awareness amongst its members about the need for a uniform approach to Libyan-related issues. As regards the interpretation of articles 5, 6 and 12 of Council Regulation (EU) 204/2011 and subsequent modifications and integrations, it was decided to form an *ad hoc* Work Group dedicated to the financial problems facing Italian businesses. The Director General of the Italian Finance and Economy Ministry, who heads the Financial Security Committee (CSF), was invited to take part. Subsequently, the Director General presented a document outlining the suggested interpretations of the articles in question (i.e. credit enforceability and collection);

- during the second meeting, it was stressed that, despite encouraging signs that the transit mechanism through the CSF conduit was beginning to work, the problem remained as to which body should decide the steps to enforce the guarantees; ABI was pressed therefore to provide clarifications from the banking system as to the problems raised;
- the third meeting was held after Franco Frattini's (the then Italian Foreign Minister) visit to Tripoli. As a result, it was possible to survey the current state of Italian business presence in Libya following the country's requests for help particularly in the areas of healthcare (medical supplies, hospital equipment, rehabilitation and prostheses), construction and education. In response to Libyan requests, a set of operational proposals were drawn up for the agro-food industry, manufacturing, and education, with intervention in the latter ranging from university teaching, managerial training, technical courses and teaching training.

The principal objectives of the Mediterranean Task Force are:

- to maintain Italy's primacy as trading partner in the face of an inevitable increase in foreign competition, so helping Libya to diversify its economy away from its current energy dependance, to encourage the development of Libyan SMEs, to transfer know-how and provide assistance and support;
- to focus in particular on those SMEs to whom Italy's contribution in terms of expertise is unrivalled. Training courses involving SIMEST, PROMOS and trade associations are envisaged;

- to restart talks for the creation of an industrial area in Misurata, where 500 hectares had previously been designated for Italian businesses, which now could be destined to SMEs.

Moves are currently underway to encourage the return of Italian business activities in Libya through the recognition on the part of the new Libyan authorities of outstanding contracts and related credits and the use of Libyan assets frozen in Italian banks for their payment.

The Libyan President Jalil has given assurances that all contracts will be honoured subject to an assessment of the congruousness of the works carried out. The work of the Joint Coordination Committee foreseen by the Friendship Treaty (*Trattato Amicizia*) or a similar body will have an important role to play in this area. Undoubtedly, Italian enterprises will face stiffer competition than in the past. As a result, it is likely that they will have to create synergies and operating alliances with firms from other countries.

In this situation, it is essential to develop a strategic presence able to provide new institutions with the support they will need both at bilateral and multilateral levels.