



20 + 10

30 Proposals to Develop a Genuine Social Dimension in the Euro-Mediterranean Partnership

Iván Martín

Larabi Jaidi | Abdallah Khattab | Erwan Lannon
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Foreword

Since the Barcelona Process was launched in 1995, the Friedrich Ebert Foundation (FES) has accompanied the Euro-Mediterranean Partnership within the Foundation's programs. The 2009 initiated Regional Program, "FES Mediterranean Dialogue", seeks to intensify cooperation and synergy between its various partners on the southern and the northern shores of the Mediterranean. All FES offices in the MENA region are part of this process, as well as those in the European Union (EU) – specifically in Spain, France and Brussels – and in countries which have recently joined the Euro-Mediterranean Partnership such as Croatia.

Labour market and social policy issues are among the areas in which the FES has developed a longstanding experience over decades. They are considered as priority working areas for the FES, as they are a core concern for social democratic politics, to which the FES is committed. By developing social democratic positions, particularly in the fields of social and employment policies, the FES is promoting alternative political strategies both on the national and regional level.

The FES has longstanding relations with its partners in the North as well as in the South: with governmental decision makers in the employment and social affairs sector, the civil society as well as with trade unions. Besides partnerships on the national level within the different partner countries, the FES is supporting regional networks and institutions.

The "FES Mediterranean Dialogue" is pursuing the objective of ensuring political backing to the Euromed project, shared by all above-mentioned actors. The approach used to achieve this objective is, on the one hand, to propose dialogue platforms allowing a constant exchange between the political, trade unionist and civil society communities on the national, regional, and Euro-Mediterranean levels, while considering the South-to-South dimension as well. On the other hand, the FES provides competent inputs to these debates, and contributes to the elaboration of proposals for future policy strategies. In this respect, the FES sees its function as a link between academic experts and institutes, and the political and social decision makers.

The present Policy Brief follows the same logic. It gathers six contributions, from the North and from the South, aiming to bring forward the debate on the

Euro-Mediterranean Partnership's social dimension through tangible political proposals. These proposals were already debated and enhanced in a regional expert workshop and a regional conference of the Euro-Mediterranean civil society, organized within the Euromed Non-Governmental Platform.

The proposals cover the impact of the global financial crisis, the social impact of the Euro-Mediterranean Free Trade Area, female employment in Arab Mediterranean Countries. Moreover, they highlight a possible Euro-Mediterranean Strategy for Employment and Mobility and propose a Euro-Mediterranean Monitoring System in the field of social policy.

This publication is a component of the « FES Mediterranean Dialogue » and will be used as a reference for future debates organized by the FES and its political and social partners in the Mediterranean region.

Our special thanks go to the authors of the papers, and particularly to the scientific coordinator Iván Martín, for their continuous effort to bring this project to a successful end.

Ulrich Storck
Friedrich-Ebert-Stiftung
Morocco

Prologue

Collaboration between the Euromed Non-Governmental Platform, the voice of a plural and diverse civil society, and Friedrich Ebert Foundation, has brought an added value to the institutional partnership in the Mediterranean region. The willingness of this Foundation, known for its credibility and efficiency in following up social and political transitions in the Mediterranean, and its approach of opening new perspectives through practical proposals, has found an echo in the determination of civil society, as expressed through the Euromed Platform, to make its voice and contribution heard amidst the preoccupying social and economic situation in the Region.

Participants at the 2008 Civil Forum in Marseille decided that the Platform should not restrict its activities to Civil Forums only. Instead, the conclusions of the Civil Forum's workshops should constitute a basis for deepening dialogue and involving researchers, civil actors and journalists in order to generate clear, practical and responsible proposals which will enable civil society to elaborate and promote genuine initiatives.

The Seminar on social and economic issues, organized with the European Commission's support and in close partnership with Friedrich Ebert, was indeed the first of this series of meetings. This Seminar was of great importance considering its subject and because it succeeded to show that social and economic issues could be a key to understanding the dynamics of social change and their impact on unemployment and labour, development, democracy, peace and equality in the Mediterranean area.

This important Seminar took place following Marseille's Civil Forum, the Euromed Conference of Employment and Labour Ministers, the attack against Gaza, and the beginning of the global economic and financial crisis and its negative impact on Mediterranean societies, especially in the South, which badly affected development and free trade. This Seminar was characterized by a positive working methodology involving many researchers and actors, as well as 6 specialists in order to guarantee the quality of knowledge and professionalism, and facilitate multiple approaches. These specialists met during a preparatory meeting in Rabat before meeting in Cairo. The Seminar provided

an opportunity for genuine and responsible dialogue which resulted in the elaboration of 31 measures and a number of specific recommendations which will be promoted and advocated by the organizers, mainly Ebert Foundation and the Euromed Platform, among all concerned institutions.

The main conclusion of this Seminar was that the Euro-Mediterranean Partnership now requires a genuine social dimension that will help increase and develop employment opportunities in the region, generalize social security, and promote the role of development as a key element for stability and prosperity. It will as well contribute to regional solidarity and make the economic and social councils act as a powerful body generating proposals and taking action together with the productive forces. This social dimension will eventually lead to real peace in the Mediterranean to help it achieve progress and prosperity in conditions of stability and continuous development.

I would like to extend special thanks to the participants and to Friedrich Ebert Foundation which has proved its deep conviction in joint action with civil society through the Euromed Non-Governmental Platform. We look forward to deepening this collaboration.

I am grateful as well to all the researchers and specialists and to our Egyptian friends for their efforts to ensure success to this meeting. I hope this publication will motivate you to contribute with us to establishing together a genuine social dimension in the Euro-Mediterranean Partnership.

Abdelmaksoud Rachdi
President of the Euromed
Non-Governmental Platform

Introduction: What Social Dimension for What Euro-Mediterranean Partnership?

Iván Martín *

The commitment of the Euro-Mediterranean Ministerial Conference held in Marseille in November 2008 (1) to develop “a genuine social dimension”, “based on an integrated approach combining economic growth, employment and social cohesion” acknowledged that social development and employment had not, up to the moment, been a real dimension of the Euro-Mediterranean Partnership (EMP) established in 1995 and focused, so far, on macro-economic adjustment and the establishment of Euro-Mediterranean Free Trade Areas. Indeed, the Euro-Mediterranean Conference on Employment and Social Dialogue convened under the German Presidency of the EU in Berlin in March 2007 came to the same conclusion, and designed a process which culminated with the First Euro-Mediterranean Ministerial Conference on Employment and Labour, held in Marrakesh on 9 and 10 November 2008. Until then, the social and employment dimension of the Euro-Mediterranean Partnership had been “subsidiary” (2) and largely “declaratory” (3). After the adoption at that Conference of the regional “Framework for Actions” on employment, the challenge is to render it operational by implementing concrete initiatives and proposals and to do this in liaison with other Euro-Mediterranean initiatives in the fields of migration, trade, economy, and finance, etc.

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(1) Barcelona Process: Union for the Mediterranean, Ministerial Conference, Final Statement, Marseilles, November 3-4 2008, http://ue2008.fr/webdav/site/PFUE/shared/import/1103_ministerielle_Euromed/Final_Statement_Mediterranea_n_Union_EN.pdf.

(2) See Barreñada, I. and I. Martín (2005): “Employment and Social Protection in the Euro-Mediterranean Partnership, Status, Perspectives and Proposals for Action” in Barcelona + 10 Civil Event. Civil Society Proposals for Relaunching the Euro-Mediterranean Partnership, pp. 29-33, <http://www.eco.uc3m.es/immartin/EmpleolargaEnglishrevisada.doc>.

(3) See an exhaustive account of the social dimension of the Euro-Mediterranean Partnership in Lannon, Erwan (2009): *Vadémécum de la dimension sociale des relations euro-méditerranéennes. 1995-2009*, Friedrich Ebert Stiftung, Rabat.

2010: Year of the Social Dimension?

The turning point in the consideration of employment within the Euro-Mediterranean Partnership can be set in 2005 (4). Indeed, from the contributions to this policy brief, it is possible to draw the interesting conclusion that the Barcelona Euro-Mediterranean Summit held on November 28, 2005, despite being considered a political failure at the time (mainly due to the absence of most Arab Mediterranean Heads of State and Government and the failure to agree on the final conclusions), set the foundations for a series of significant advances in the way some issues are tackled within the Euro-Mediterranean Partnership (employment, promotion of female employment, education, environment...). In fact, the analysis preceding the formulation of concrete proposals in each of the contributions in this book shows some degree of progress in all these fields in the last five years, as well as in the awareness of the need to integrate impact assessment studies in all free trade deals and in the formalization of a monitoring system to assess progress in each field and each country in achieving the goals of the EMP and the ENP.

The Five Year Work Programme adopted at the Barcelona Summit in 2005 committed the Euro-Mediterranean Partnership, for the first time, to the following objectives:

“7. To work towards creating more job opportunities for the increasing numbers of young people across the region, reducing regional poverty rates and closing the prosperity gap and raising GDP growth rates, Euro-Mediterranean partners will undertake measures to achieve:

[...]

(e) Strengthened social protection systems to ensure a basic standard of living for the most vulnerable;

[...]

(g) Better socio-economic inclusion, in particular in order to face social consequences of sectoral restructuring;

(h) A significant increase in the percentage of women in employment in all Euro-Mediterranean partner countries;

(i) Increased labour force productivity through greater access to vocational and technical training and measures to encourage technology transfer from European partners. An increased role for the private sector in financing and training within the workplace;

[...]

(k) An increase in the percentage of the labour force working in the private sector”.

(4) For an overview of the developments and initiatives in the framework of the Euro-Mediterranean Partnership since 2005, see Lannon, E. and I. Martín (2009): Report on the Euro-Mediterranean Partnership. Status and Progress 2009, Documents IEMed 3, <http://www.eco.uc3m.es/immartin/Document3.pdf>.

However, no concrete measures were adopted to achieve these goals, nor was a monitoring system to assess and ensure progress established. Action remained scattered and, indeed, insufficient, and monitoring inadequate, inconsistent, un-institutionalized, and often simply inexistent. Only in late 2008, in the aftermath of the creation of the Union for the Mediterranean, did the First Euro-Mediterranean Ministerial Conference on Employment and Labour, held in Marrakesh on 9 and 10 November 2008 (5), address ‘concrete initiatives and proposals to promote employment creation, the modernisation of labour markets, and decent work,’ adopting a ‘Framework of Actions which would contribute to developing a genuine social dimension within the Euro-Med agenda.’ So even if it can be argued that the Union for the Mediterranean established in Paris in July 2008 has not added anything at all to the social dimension of the Partnership as such, it must also be acknowledged that it has produced a new dynamic in this field, in particular since the Marseilles Declaration by the Euro-Mediterranean Ministers of Foreign Affairs, which adopted the following statement and agenda on “Developing a genuine social dimension”:

“The 2007 workshop on employment policy helped to enhance the understanding of the challenges facing labour markets and employment policies in the context of globalization, technological evolution and demographic change. The first Conference of Employment and Labour Ministers (Marrakesh, 9-10 November 2008) will provide a unique opportunity to develop a genuine social dimension in the partnership, based on an integrated approach combining economic growth, employment and social cohesion. Ministers will review socio-economic developments in the region and examine concrete initiatives and proposals to promote employment creation, modernization of labour markets and decent work. Ministers should approve a framework of action setting out key objectives in the fields of employment policy, employability and decent employment opportunities. This framework will also address important cross-cutting issues such as strengthening the participation of women in the labour market, non-discrimination, the integration of young people within the labour market, the transformation of informal into formal employment and labour migration. Employment and Labour Ministers should also approve an effective follow-up mechanism, with reporting on national progress and exchange of practices.

Successful social and employment policies require the involvement of all relevant stakeholders, namely the social partners. In this connection, the cooperation of social partners across the Euro-Mediterranean region should be further developed.

Ministers underline the commitment to facilitate legal movement of individuals and acknowledge that this has an important impact on the social dimension of the partnership. For this purpose, Ministers mandate Senior Officials to identify ways and means to implement this objective.”

(5) Conclusions:

http://ec.europa.eu/external_relations/euromed/conf/employment_health_conclusions_1108_en.pdf.

After the significant leap forward made in the Euro-Mediterranean Conference of Employment and Labour Ministers in November 2008, the preparatory stage for implementing the Ministers' decisions is, once again, taking too long in relation to the urgency of the social and employment challenges in the region (the Working Group established by the Employment and Labour Ministers has taken more than a year to meet for the first time on November 26-27, 2009, and the Forum for Social Dialogue agreed upon by the Ministers to consult social partners should be convened in the first semester of 2010, more than 18 months after the Ministerial Conference). In this respect, there is an embarrassing contrast between the quick reaction to the global economic crisis in Europe and the slow motion to face the challenge of employment in the Mediterranean.

Thus, it can be argued that 2010 will be a key year for developing the social dimension of the Euro-Mediterranean Partnership. A difference can be made in the way employment is dealt with within the Euro-Mediterranean framework in the coming few months, in the run-up to the II Summit of the Union for the Mediterranean scheduled for June 2010, which should approve the Work Programme for the upcoming two years, and to the II Euro-Mediterranean Conference of Employment and Labour Ministers planned for the second half of 2010. If these two opportunities are missed, there is a risk that, after the momentum created by defining the main features of the social dimension of the Euro-Mediterranean Partnership in 2008, the social dimension will languish and remain largely rhetorical. This is even truer insofar as the six projects selected in the framework of the Union for the Mediterranean could at best, if they are effectively implemented, contribute to improving the physical articulation of the Mediterranean, but will in no way provide a solution to the daunting socio-economic problems in the region. On the other hand, the inter-governmental drift which is evident in the Union for the Mediterranean is clearly detrimental to the social dimension of the Partnership; the direct involvement of European Union institutions in this entire process is fundamental for the social dimension and the involvement of civil society.

The aim of this book is, precisely, to take advantage of the window of opportunity created by the process launched by the Labour and Employment Ministers to come forward with a set of concrete proposals to give substance to these endeavours. To do so, we chose to formulate 20+10, i.e., 30 concrete proposals which could build the civil society blueprint for the social dimension of the Partnership.

Our concept of the social dimension includes:

"a range of areas such as the fight against poverty, employment, labour relations, education, health and social cohesion. It is also inextricably linked to human rights, fundamental freedoms, democracy, security, migration, demographic trends, equality between men and women, good governance, trade and economic

relations, sustainable relations, equal opportunities for all (including those with physical disabilities), the promotion of culture, the fight against corruption and crime (6)."

Despite this comprehensive approach, we had no choice but to narrow the focus to deal mainly with employment issues in order to be able to embrace the issues with the required rigor and detail. This does not imply that other fields of action such as social security, education, or the fight against poverty should be neglected, but it does acknowledge employment as the main social challenge for the Mediterranean region for the coming two decades (7).

A Matter of Principles

But beyond this political opportunity, the development of the social dimension is also a matter of principles. On the one hand, the baseline discussion is the same as for the development of the social dimension within the European Union: the right balance between the establishment of a free trade area such as the Euro-Mediterranean Free Trade Area or a European Single Market based on a corpus of common technical and competition rules (which since the inception of the European Neighbourhood Policy, based on the EU accession model and offering the prospect of "a stake" in the EU Single Market, is supposed to gradually extend to neighbour Eastern European and Mediterranean countries according to the pace of their economic, political and institutional reforms and their subsequent normative convergence with the EU) and the development of a common social area ensuring cohesion within this economic area; or the right balance between economic and monetary integration (for which sophisticated and effective economic policy supervision and coordination mechanisms have been developed in the last twenty years, also within the Euro-Mediterranean Partnership framework) and the often neglected social integration (8).

(6) The definition is taken from the Information Report "The Social Dimension of Relations between the European Union and the Mediterranean Partner Countries", published by the European Economic and Social Committee in 2008 (www.eesc.europa.eu/sections/rex/euromed/events/2008-10-14-Rabat/PDG%20A_CES735-2008_FIN_REV_RI_en.doc).

(7) See the contribution by Iván Martín below, as well as Martín, I. (2009), "Youth Employment in Arab Mediterranean Countries: The Key for the Future", in *Mediterranean Yearbook 2009*, pp. 173-177, Fundació CIDOB and IEMed, Barcelona.

(8) Regarding these tensions between economic and social integration and the EU social dimension, see Erdmenger, Katharina, Stefan Gran, Wolfgang Kowalski and Ursula Polzer (2009): *Die soziale Dimension der EU. Binnenmarkt und faire Arbeitsbedingungen – ein Gegensatz?*, International Policy Analysis, Friedrich Ebert Stiftung. However, this analysis takes a legal approach which is far from relevant under the current model of Euro-Mediterranean integration without a common legal basis.

On the other hand, the development of the social dimension of the Euro-Mediterranean Partnership is also a matter of principles in the sense of the principles of partnership (9). During the process of elaborating this policy brief, it became obvious to all participants that no true Partnership can be claimed and no genuine social dimension developed if certain basic principles are not respected:

– **Co-development** should be the foundation of any action in this field. But genuine co-development is not limited to the contribution of migrants to the development of their societies of origin, as the concept has been widely used in recent years. Rather, co-development is considered to be shared development, entailing at least three elements, each based on a general principle:

– The establishment of a common economic area based on the principle of free movement of production factors, i.e., capitals, goods, services, and workers (see Proposal 8). This should translate into a mobility strategy (Proposal 25).

– A set of mutually beneficial economic and financial flows which are compatible with the development of all partners, i.e., leading to the convergence of income levels among them (principle of cohesion). Indeed, actual convergence is the litmus test of co-development and of the existence of a genuine Partnership.

– The emergence of a genuine economic community embodying the objectives of shared security and prosperity. This, in turn, presupposes the principle of co-responsibility.

– **Co-responsibility.** The principle of shared responsibility implies four elements:

- The joint identification, among all partners, of the issues of common interest, creating the need to act jointly (be it through the open coordination method discussed in Larabi Jaidi's contribution below or otherwise).
- The "right of information" of all partners on action taken and policies implemented by all other partners on any issue of common interest, since they affect all partners.
- The search for common solutions to face common problems, and hence the definition of joint strategies.
- The implementation of these strategies requires the mobilization and pooling of resources.

However abstract these two principles may seem, they can be translated into concrete action and they can be tested to gauge how earnest the EU and

(9) See Commission Interméditerranéenne C.R.P.M. (2008): A Renewed Euro-Mediterranean Partnership for Peace, Jobs and Sustainable Development, Institut de l Méditerranée, CeSPI and IEMed, www.cespi.it/RIM/GB%20-%20A%20renewed%20Euro-mediterranean%20Partnership.pdf.

MPCs are about the Euro-Mediterranean Process, its goals, and its principles. To engage in the creation of a Euro-Mediterranean Free Trade Area, for instance, without taking into account and providing for joint measures to make up for the negative impact this Free Trade Area may have for some of the partners runs counter to the principle of co-responsibility (see Proposal 3 on the development of a Strategic Framework for Reform with a Safety Net). To give another concrete example, the way in which Europe has turned into itself to define and implement its response to the global economic crisis, without integrating MPCs into the responses to the crisis, does not contribute to co-development in the Mediterranean. The same idea applies to the explicit exclusion of the mobility of persons, even as a long-term aim, from the European Neighbourhood Policy (ENP).

– **Cross-sectoral coherence.** The "Global Approach to Migration" adopted by the European Council in December 2005 noted that "the migration and development agenda will be intensified by increasing coherence between the Union's various policies, including their financial instruments, with a view to addressing the root causes of migration (10)." The same call for coherence was made by the Euro-Mediterranean Ministers of Labour and Employment, meeting for the first time in Marrakesh in November 2008, when they called "for an integrated approach where economic, fiscal, employment, social and environmental policies as well as education and training policies go hand in hand," at both the national and the regional levels. The challenge now is to turn these enlightened statements into action, and to develop the institutional settings required to ensure this cross-sectoral policy coherence (see Proposals 6 and 7).

– **Consultation with Stake-Holders and Transparency,** i.e., civil society organizations, social partners, and beneficiaries themselves. A structured consultation process goes well beyond the "public information" exercise set up by the European Commission concerning the concept notes it published for the upcoming 2011-2013 Neighbourhood Action Plans, where it invited all interested parties to submit their opinions. It requires the institutionalization of the consultation procedure (at the level of the bilateral Association Councils, for instance, see Proposal 17) and transparency regarding the content of the consultation process and how the contributions from civil society and social partners have been considered (Proposal 18). This involves substantiating the right to information by making public all documents which, according to the partners, are not confidential. (Currently, the European Commission withholds many legally public documents by not publishing them, although it has to deliver them when asked to do so.)

(10) Presidency Conclusions of the Brussels European Council (14/15 December 2006) "A Comprehensive European Migration Policy." http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/92202.pdf.

On the other hand, the analysis of economic developments in the last two decades in the Arab Mediterranean Countries (AMCs), and the prospects for the next ten to twenty years, in particular in the field of employment, clearly show that maintaining the status quo in terms of economic policies and the economic model is not a feasible option, and it risks causing permanent damage to these countries' development prospects and disrupting their social stability. This requires immediate policy action by the AMCs and the EU, which would suffer from any instability in the region. Employment policies and the social dimension of the Euro-Mediterranean Partnership are key dimensions of this required change of paradigm, to the extent that the development of the social dimension can be said to be a prerequisite for the sustainability of the EMP as an economic transformation and development project, and a deepening of consultation with civil society and social partners can be said to be a prerequisite for its social and political sustainability. This policy brief attempts to define a minimum agenda for achieving this.

Dimensions of the Social Dimension

To feed the debate, the Friedrich Ebert Stiftung (FES) and the Euro-Mediterranean Non-Governmental Platform decided to call for the contributions of six experts from the region, two European contributions and four from Arab Mediterranean Countries, to produce concrete proposals regarding six broad issues. The approach was similar to the one already followed in 2005 concerning the involvement of society in the Euro-Mediterranean Partnership (11).

Of course, many other subjects could have been chosen, but we picked what seemed to us fundamental building blocks of a genuine social dimension for the Euro-Mediterranean Partnership:

– The **Global Financial and Economic Crisis** is hitting Arab Mediterranean Countries through a variety of channels (a 50% reduction of foreign direct investment, decreases in migrant remittances, a contraction in the demand for their exports, a drop in tourism revenues...). And this despite the fact that they had nothing to do with the origin of the crisis and regardless of the soundness of their policies (indeed, the countries which have implemented more orthodox policies and, hence, are more integrated into the world economy, are the ones who are suffering most from the crisis) (12). Even if we can question whether the worst effects of the economic crisis are behind us, there is no doubt that

(11) See Martín, I. (ed.) (2005): Bringing the Euro-Mediterranean Partnership Closer to the People. 35 Proposals to Engage Civil Society in the Barcelona Process. Friedrich Ebert Stiftung, Rabat (www.fes.org.ma/publications_pdf/propositions_35/prop_35%20ang.pdf).

(12) For an analysis of the impact of the global economic crisis on Arab Mediterranean Countries, see the report FEMISE (2009): Mediterranean Partner Countries Facing the Crisis 2008/9, (http://www.femise.org/PDF/Femise_A20089-gb.pdf).

its implications are going to be long-lasting. The current crisis has exposed the limitations of the current economic model for the developed countries and its lack of potential as a development engine for the less developed ones, including Southern Mediterranean countries. A wide debate on the economic model, the role of the State and the markets, and foreign investment and trade liberalization as growth engines and social policies is needed with the participation of all stake-holders and social actors. The European welfare state model (despite its setbacks and shortcomings seen from a European perspective), characterized by a more cohesive and redistributive system and a set of economic and social rights attached to citizenship and considered to be an integral part of democracy, could provide some guidance in this respect. The need to integrate the AMCs in the European response to the crisis and in the new supervision mechanisms which have been created is another imperative, if policy-makers are serious about their commitment to create a "shared area of stability and prosperity" in the Mediterranean (the mantra of the Euro-Mediterranean Partnership); but instead, the EU has dealt with the crisis without consulting its southern neighbours in any substantial way. On the other hand, the AMCs have not consulted each other, either, in their reactions to the crisis, showing an absence of effective Partnership mechanisms. In any case, it seems obvious to the authors of this policy brief that the response to the current global crisis requires more, not less, Partnership in the Euro-Mediterranean space.

Proposal 1

A region-wide debate on the economic model and the model of EU-Arab Mediterranean economic relations

The crisis has highlighted deep dysfunctions in the economic policy model implemented in Arab Mediterranean Countries in the last 20 years. It questions the conventional wisdom on matters such as the role of the State in the economy or foreign trade and foreign direct investments as the main engines of growth. Many see the current crisis not as an accident, but as a systemic breakdown, a symptom of the internal contradictions of the current economic model. Such a model has certainly brought about a generalization of sound macro-economic policies and performance (notably in terms of inflation, public deficit control, and even growth). But the combination of economic liberalization (and hence the imperative of competitiveness) and the anchoring of exchange rates to the euro (preventing devaluations) makes the convergence of wages dependent exclusively on productivity increases, a very difficult path for countries suffering from very inefficient education systems. The low wages, low taxes, low barriers, low added-value, export-oriented economic model implemented in the last twenty years in many Mediterranean countries does not seem to guarantee either long-term income convergence or the level of job creation required by demographic trends in the AMCs. Indeed, we can state that the relationship between economic and

demographic dynamics has not been mastered, and the income gap across the Mediterranean has not been reduced during the 15 years of the Euro-Mediterranean Partnership. So a wide-ranging debate on the development (and employment) implications of this economic model is long overdue.

This debate should also extend to:

- The current model of North-South economic relations across the Mediterranean.
- The current system of labour regulation and social protection in Arab Mediterranean Countries, which imposes a high degree of rigidity and costs but, paradoxically, provides only a low level of protection for the majority of workers, creating a two-tier, highly segmented labour market.

The debate should articulate itself at two levels: at the national level in each Mediterranean Arab Country –thus facilitating the emergence of a social and political consensus about the economic policies and required reforms which, so far, is far from existing in many of these countries- and at the Euro-Mediterranean level, with the aim of dissipating the feeling that economic policies are often imposed by international financial organizations or developed countries. It should involve all relevant social actors in the Euro-Mediterranean area: governments and international organizations, social partners, civil society, and experts, but also think tanks, local and regional governments, etc.

– The **Employment and Social Dimension of the Euro-Mediterranean Free Trade Area.** The social impact assessment has, so far, been a missing link of trade liberalization in the Euro-Mediterranean region, to an extent that would be unthinkable within the EU context, where all policy proposals and initiatives are accompanied by an ex-ante assessment of economic, social, and environmental implications (13). The ongoing negotiations to further liberalize agricultural exchanges and to liberalize trade in services within the Euro-Mediterranean space makes it more necessary than ever, to the extent that the stakes for the AMCs are going to be much higher than for industrial products, to undertake a serious impact assessment (Proposal 9) and eventually to provide compensation measures for loser groups in society (see Proposal 3). Once again, it is revealing to have a look at the way the EU approaches necessary economic adjustments within its borders: a good example is the creation of a European Globalization Adjustment Fund operating since 2006 with a budget of 500 million € a year that aims to provide support every year for up to 35,000 workers made redundant as a consequence of major structural changes in world trade patterns (14). This Fund was designed as a means

(13) See Martin, Iván (2004): "The Social Impact of Euro-Mediterranean Free Trade Areas: A First Approach with Special Reference to the Case of Morocco," in *Mediterranean Politics* Vol. 9.3, Autumn 2004, pp. 422-458; available at: <http://www.eco.uc3m.es/immartin/SocialImpactMediterraneanpolitics.pdf>.

(14) <http://ec.europa.eu/social/main.jsp?catId=326&langId=en>.

to reconcile the overall long-term benefits of open trade in terms of growth and employment with the short-term adverse effects which globalization may have, particularly on the employment of the most vulnerable and least qualified workers. Its aims could hardly be more relevant in the context of establishing the Euro-Mediterranean Free Trade Area; indeed, it can be seen as a precondition for it to be sustainable (see Proposal 10) (15). As stated in the Report of the Economic and Social Council quoted above, "organised civil societies can and must play a major role in managing the social impact of economic reforms. However, they must be able to take part not only in carrying out government programmes, but also in designing them".

– The **Promotion of Female Employment in Arab Mediterranean Countries.** Labour participation rates in the AMCs are the lowest in the world: only one in four of their 180 million inhabitants actually have a job, giving a 3 to 1 dependency ratio. The main explanatory factor for this is the lowest labour participation rate of women in the world: only one in four working-age women are in the labour markets, and an average of 20% of them are unemployed. This means a de facto exclusion from the labour markets of 85% of working age women in the region. The loss of educational investment in women that this entails is enormous, not to mention the constraint it imposes on their right to economic and social emancipation. However, the Euro-Mediterranean Partnership's action in this field has been very weak (although a stronger political will seems to be emerging since the 2006 Istanbul Ministerial Conference), and this requires a full action plan to ensure progress in this area. The current economic crisis has hit working women harder than men, as they often have more precarious jobs.

– The **Social Dimension of the European Neighbourhood Policy.** The ENP has become the main framework for bilateral co-operation between the EU and Arab Mediterranean Countries. As a cooperation framework based on the accession methodology, the ENP nominally brought into EU-AMC cooperation a whole range of new issues in the social field (social policy dialogue, employment policy, economic and social rights, ratification and implementation of international conventions...). But effective consideration of these issues has been unequal across countries and, in any case, very limited so far. As the first generation of Action Plans is about to expire and the Commission is preparing the new National Indicative Programmes for 2011-2013, it is important to take stock of the use of ENP instruments (strategy papers, progress reports...) and how social issues are being effectively tackled within the ENP. The extension to all Arab Mediterranean Countries of best practices in this field (such as the new announced bilateral programme for modernizing the labour market in

(15) It is to be noted that, since 2006, the EU has funded in Egypt a Labour Pool Project for the Textile Industries to support up to 5,000 redundant workers affected by the privatization of public textile companies to reconvert professionally.

Morocco) and the consolidation and formalization of civil society consultation procedures –including drafting the concept notes for future National Indicative Programmes and Action Plans and defining priorities- seem to be a guiding principle in this respect.

– The development of a **Euro-Mediterranean Strategy for Employment and Mobility**. Employment is arguably the single most important social and economic challenge to be faced by Arab Mediterranean Countries in the next 10 to 20 years, and the failure to adopt appropriate policies might affect Europe through increased social and political instability in its near neighbourhood and increased irregular migration pressures. As a region-wide problem, the response should also be pan-regional, and the Euro-Mediterranean Partnership provides the right framework to tackle it, very much along the same lines that the European Union has developed since 1999 with a European Employment Strategy (16). But a Euro-Mediterranean Employment Strategy cannot be delinked from a Euro-Mediterranean Mobility Strategy which is missing today. As the case of the North American Free Trade Area clearly shows, the liberalization of trade and economic exchanges alone, unaccompanied by a mobility strategy, does not bring about development nor does it contribute to reducing migration flows. The EU's and the AMCs' demographic and skills profiles offer opportunities for win-win matching strategies between EU labour demand and AMC labour supply. In the coming two decades, the AMCs will provide a pool of increasingly educated young workers in which the EU labour markets could invest their increasing demand for medium- and high-skilled migrant workers. This matching would be mutually beneficial and would partially dampen the main factor for social instability in the region and, hence, have positive externalities for Europe by preventing spill-over into neighbouring European countries (17). However, this synergy is contingent upon an effective and immediate skills upgrading of labour forces in the AMCs (this should become a priority for EU-AMC economic cooperation) and upon setting up a friendly climate for legal migration in the EU, which is not the case today, despite the adoption of the Global Approach to Migration in 2005. On the horizon, the creation of a Euro-Mediterranean Social Area should be the logical culmination of the Euro-Mediterranean Partnership project and its principles (see Proposal 22).

– The establishment of a **Euro-Mediterranean Monitoring System in the Field of Social Policy**. Both at the bilateral (ENP) and multilateral (EMP) levels, the Euro-Mediterranean Partnership has, up to now, lacked a set of rigorous

(16) See <http://ec.europa.eu/social/main.jsp?catId=101&langId=en>, as well as Larabi Jaidi's contribution below.

(17) See Martín, Iván (2010): Labour Markets and Migration Flows in Arab Mediterranean Countries. A Regional Perspective. Robert Schuman Centre for Advanced Studies, European University Institute, Florence, 2009, <http://www.eui.eu/Documents/RSCAS/Research/LMM/LMM-ExecutiveSummary.pdf>.

progress assessment instruments for benchmarking, positive conditionality, and differentiation principles are deeply entrenched in the ENP methodology. ENP progress reports published by the European Commission each year since 2006 are an important step forward, as they lend transparency to the process. But they are far from standardized. They limit themselves to a partial account of what is being done in each field and do not apply a common set of assessment criteria or indicators to measure progress toward attaining the stated goals in each country and each sector. As a consequence, they do not allow for comparisons nor do they help to measure progress. On the other hand, the current system is unilateral, as it is the European Commission which undertakes assessment. The deepening of the principle of partnership (as expressed in the Paris Declaration establishing the Union for the Mediterranean), at least on an institutional level, requires a more multilateral system of progress assessment.

But beyond a multilateral governmental monitoring system for social policies (see Proposal 28), direct monitoring by civil society and social partners is also needed. The creation of a Follow-up Committee on the Social Dimension of the Euro-Mediterranean Partnership (Proposal 29) would be a key measure to institutionalize this process. Another possibility, as suggested in the Cairo seminar, would be to establish an Observatory of Euro-Mediterranean Social Policies. But in the meantime, having a team of independent experts close to civil society actors draft a yearly monitoring report on the socio-economic situation and social policies in the Euro-Mediterranean area could be a cost-effective measure to start acting immediately in this field (it could be implemented already in 2010).

Proposal 2

Launching a yearly exercise of civil society monitoring of the progress of the social dimension of the Euro-Mediterranean Partnership

The monitoring system of employment and social policies and performance advocated in the framework of this policy brief (see Proposal 28) is, by definition, inter-governmental. However, civil society has to have a say in this process, pinpointing weaknesses, encouraging policy-makers to keep their commitments and take the social dimension seriously, and giving a voice to the interests of the citizens. So beyond the formal Forum for Social Dialogue to be organized (or established) according to the Labour and Employment Ministers, which will focus on traditional issues of social dialogue, an essential element of the social dimension to secure the critical assessment of progress in the field of social development would be the launch of a yearly exercise to monitor the progress of the social dimension of the Euro-Mediterranean Partnership carried out by civil society itself.

This exercise could be based on a yearly report on the social dimension of the Euro-Mediterranean Partnership elaborated by a team of independent experts assessing the development of the socio-economic situation of EU Member States and Mediterranean Partners Countries, the status and progress of the social dimension of the Partnership (implementation of commitments, achievement of goals, etc.), and proposing new avenues to further develop it (maybe with a thematic focus each year).

This report could be discussed and validated at an annual conference of representatives of civil society and social partners before being published and elevated to the EuroMed institutions (Ministers, UfM Secretariat, European Parliament, and Euro-Mediterranean Parliamentary Assembly...). The supervision of the process (selection of the team of experts, the template for analysis, the organisation of the conference, etc.) would be the responsibility of a "monitoring committee for the social dimension of the Euro-Mediterranean Partnership" made up of representatives of organised civil society (Euromed NG Platform and its members), trade unions and business organizations, and economic and social councils and similar institutions (18).

Such a yearly assessment would not be very costly: it could be carried out with a budget that would not exceed 200.000 € a year (for two yearly meetings of the monitoring committee, the production and dissemination of the report, and the organisation of the annual conference), one third of the cost of a regular Ministerial Conference and a fraction of the budget of many of the thematic regional programmes supported by the EU in the framework of the European Neighbourhood and Partnership Instrument.

29+1 Proposals for a Policy Brief

The issues to be addressed in the policy brief were agreed upon by the Friedrich Ebert Stiftung and the Bureau of the Euro-Mediterranean Non-Governmental Platform with the scientific coordinator of the policy brief. To ensure coherence across the six contributions and a first test of the proposals formulated in them, the FES hosted a seminar in Rabat on September 30, 2009 in which the authors, representatives of the FES and the Euro-Mediterranean Non-Governmental Platform, and a selection of experts discussed the six contributions from the experts (19). The resulting second drafts of the

(18) In the Information Report on "The Social Dimension of Relations between the European Union and the Mediterranean Partner Countries" published by the European Economic and Social Committee and a working group of Mediterranean economic and social committees in 2008 (www.eesc.europa.eu/sections/rex/euromed/events/2008-10-14-Rabat/PDG%20A_CES735-2008_FIN_REV_RI_en.doc), a proposal was already put forward concerning "the creation of a network to monitor the social dimension of EU relations with the MPCs, where the relevant institutions, economic and social councils and civil society organizations of the EMP countries and their associations would be represented."

(19) Participants in that meeting were: Ulrich Storck, Abdelmaksoud Rachdi, Ivan Martin, Larabi Jaïdi, Abdellah Shehata Khattab, Souad Triki, Abdelhamid Magdy, Merin Abbass, Abdelkader Azria, Aisha Belarbi, Mohamed Benhammou, Hocine Bensaid, Mourad Errarhib, Julia Galaski, Hssan Iraqui, Riad Al Khouri, Hamid Lamris, Abdellah Saaf, and Abderrahim Sakhi.

contributions were presented and discussed in thematic workshops in the seminar "Towards a Genuine Social Dimension of the EMP: The Contribution of Civil Society," organised in Cairo on October 31 and November 1, 2009 by the Euro-Mediterranean Non-Governmental Platform, with the support of the Friedrich Ebert Foundation and the European Commission. Some 70 participants discussed the proposals submitted by the experts on behalf of the organised Euro-Mediterranean civil society.

The result of that process is this book. It revolves around 30 proposals numbered in consecutive order beginning with Proposals 1 and 2 in this Introduction and highlighted throughout the different contributions in framed boxes. They are addressed mainly to the EU and MPC governments and EU institutions, but also to civil society and social partners themselves (Proposals such as Proposal 2, Social dimension monitoring by civil society, or Proposal 11, Plaidoyer and Campaign for Equality, do not require government action to be implemented) and even to experts, who have an important role to play in this whole process.

The 30 proposals have been ordered, for the sake of visibility, in six levels of intervention: the structural level (proposals related to the framework for action within the Euro-Mediterranean Partnership), the level of Partnership principles (see above), the institutional level (proposals concerning the institutional setting for developing a genuine social dimension), policy interventions (i.e., proposals for direct action to face social challenges in the region), monitoring, and, finally, conjuncture (i.e., proposals aimed at facing transitory problems or compensation for the transitory effects of structural actions). The table below provides an overview of all the proposals put forward in the framework of this project, which are further developed and discussed in the different thematic contributions. Twelve proposals have been highlighted in the Table to underline their importance as stepping stones and corner stones of the social dimension of the EMP.

Together, these 30 proposals put together an ambitious programme for developing the social dimension of the Partnership. Quite obviously, the choice of proposals could be different, and the relevance of one or another of the proposals could be questioned; others may be missing. In any case, each and every one of them would require a deeper technical feasibility analysis before they could be implemented. But the merit of this project consists in drawing a first overview of the components which would be required to develop a genuine social dimension as decided by the Euro-Mediterranean Ministers, and eventually in giving actors and policy-makers some ideas about how to go about it. A first Action Plan for the Development of the social dimension of the Euro-Mediterranean Partnership is thus submitted for public debate and available for civil society actors and social partners for public lobbying (both in EU institutions and in European and MPC governments). A basic grid

for assessing progress in the development of the social dimension of the Partnership is also provided for the future (and the next Euro-Mediterranean Civil Forum to be held in Alicante, Spain, in May 2010 will be a good opportunity to undertake a first round of this assessment).

On purpose, our analysis has avoided emphasizing the question of financial resources: most of our proposals have to do with processes, institutions, and policies, not with additional means. But this should not lead us to ignore that the creation of a shared Euro-Mediterranean area of security and prosperity is not feasible without the gradual establishment of income redistribution mechanisms (such as the one at work within the EU through the EU Regional Policy) and without a “substantial” increase in financial assistance to Arab Mediterranean Countries, to use the term reiterated over and over in the Barcelona Declaration in 1995, in the ENP founding document in 2003, and in the Joint EU-Morocco Document on the Advanced Status in 2008. Current levels of EU financial co-operation with the region, despite their sizable amount in absolute terms (close to 1 billion euros a year plus an additional 2 billion euros of credits from the European Investment Bank), are in fact very modest in per capita terms (around 4 euros per inhabitant and per year), and are certainly not apt to ensure economic cohesion across the Mediterranean. With this level of resources, it is hardly realistic to aim at bringing about structural economic transformation. Within the more developed context of the EU, such wide-ranging structural transformation absorbs resources on the order of 200€ per year and per inhabitant in structural funds allocated by the EU budget to less developed regions within its borders. The debate about the political feasibility of mobilizing that amount of funds in the midst of the economic crisis and precisely when the EU budget tends to contract and not to expand should be put into the context of the “cost of the Non-Euromed,” as in the early 1980s the European Single Market was supported by the Ceccini Report on the “costs of the Non-Europe”; Europe has shown a remarkable ability to mobilize its resources when a fundamental challenge is at stake, and the real question is not whether the resources are available, but whether politicians understand that the future of Europe is tightly linked to the future of the Mediterranean, as is often stated in public discourses.

If you go through the proposals, you will realize that, in fact, we have only formulated 29, not 30. It is not a mistake or a lack of further ideas: it is a call to all those involved, policy-makers themselves, civil society actors, but citizens as well, as those most directly affected by the social dimension of the EMP, to formulate their own proposals. In the Euro-Mediterranean space, there is a recurrent imbalance between the (large) amount of resources devoted to analysis and the (low) number of concrete policy proposals. The main endeavour of this undertaking was to partially make up for this imbalance.

My special thanks to Larabi Jaidi, Abdallah Khattab, Erwan Lannon, Kinda Mohamadieh and Souad Triki, the five experts who have contributed to this policy brief, and to Julia Galaski of the FES in Rabat, for her reporting work in the Rabat and Cairo meetings. The contribution throughout the project of Abdelmaksoud Rachdi, President of the Euro-Mediterranean Non-Governmental Platform, and Ulrich Storck, Resident Representative of the Friedrich Ebert Stiftung in Morocco, should also be highlighted. In working with them over all these months, I have strengthened or developed with them a relation of friendship over borders, cultures, and generations. This is certainly also a way of contributing, at a micro level, to the goals of the Euro-Mediterranean Partnership.

20+10 30 Proposals to Develop a Genuine Social Dimension in the Euro-Mediterranean Partnership						
	Structural	Partnership principles	Institutional	Policy interventions	Monitoring	Conjuncture
Governments	3. Strategic Framework for Reform with Safety Net	23. Euromed Employment Strategy	6. Cross-Sectoral Inter-Ministerial Committee on Trade and Employment	19. Upgrading of National Employment Policies	28. Euromed System of Monitoring on Employment	
EU institutions	1. Debate on the economic model	25. Euromed Mobility Strategy	17. Civil Society Sub-committees in the framework of AA	24. Euromed Programme Job Access for Youth	7. Coherence of Trade Agenda with Agriculture Sustainability	26. Compensation Scheme for Brain Drain
Civil society/ Social Partners	27. Social consultation at Euromed level	8. Added-Value in Mode 4 Liberalization	16. Standardized Country Reports and Concept Notes	13. Strategy Against Wage Discrimination	9. Ex-ante and Ex-post Impact Assessment of FTA	10. Mitigation Fund for Job Losses From FTAs
Experts	11. Plaidoyer and Campaign for Equality	22. Euromed Social Area Road Map	18. Transparent Consultation Process of NIP and Action Plans	12. Action Plan for Female Employment	15. Gender Budgeting	5. Anti-Crisis Fund
			29. Follow-up Committee on the Social Dimension	14. Child Caring Services	2. SD Monitoring by Civil Society	
				20. EuroMed Programme Social Standards	4. Early Warning System for Economic Crisis	
				21. EuroMed Programme Employment and Migration		

The Impact of the Global Economic Crisis on Euro-Mediterranean Economic Relations: Proposals for Action

Abdallah Khattab *

Introduction

In 2008 (20), the global economy experienced a financial and economic crisis that was extraordinary in both scope and magnitude. Although the current crisis was triggered by events in the United States and European housing markets, it has spread to all regions of the world accompanied by direct consequences for global trade, investment and growth. Both developed and developing countries are suffering a considerable economic slowdown. Global growth has been projected to slow from 3.4% in 2008 to 0.5% in 2009, down from the robust 5% pace sustained over the four previous years. Industrial production has fallen precipitously across the global economy, declining by some 15-20% in the last quarter of 2008 and, similarly, merchandise exports have fallen by some 30-40% (21).

The fall in global demand has led to a collapse in commodity prices. Oil prices have declined by over 60% since their peak in July 2008, although they remain higher in real terms than during the 1990s. The IMF's baseline petroleum price projection has been revised down to \$50 a barrel for 2009 and \$60 a barrel for 2010 (22). Similarly, food and metals prices have declined by 35% and 50%, respectively, below their peaks in March 2008.

Arguably, the impact of falling external demand has been larger in Europe than across the Atlantic, and policy stimulus has been slower and more moderate. The Euro Area expected to contract by 2% in 2009 and to grow slightly positive in 2010 (23).

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The author would like to thank Ms. Esraa Ahmad and Mr. Amgad Hegazy, for their valuable assistance.

(20) The financial crisis appeared in 2007 and worsened dramatically in the autumn of 2008.

(21) World Economic Outlook 2009.

(22) These projections are revised regularly.

(23) The European Commission, (2009). "The Impact of the Global Crisis on Neighbouring Countries of the EU", Occasional Papers 48, Directorate-General for Economic and Financial Affairs.

The slowdown in the global economy and particularly in the Euro Area affects the Arab Mediterranean Partner Countries (AMPCs) of the European Union (EU). As the crisis goes on, the Euro-Mediterranean Partnership (EMP) is under a true test to face the negative impacts of the crisis together. This paper aims to assess the impact of the current crisis on the Euro-Mediterranean Partnership process and to propose a set of actions that work as part of the mitigation policy to reduce the negative impact of this crisis. The paper is structured in three sections. Section one assesses the impact of the crisis on the Arab Mediterranean Countries and their response to the crisis. In section two, the paper provides a critical review of the Partnership process and its instruments in the framework of Euro-Mediterranean relations. Finally, section three makes a set of proposals of mechanisms to help Mediterranean partners jointly cope with the effects of the economic crisis.

1. Global Crisis and the Arab Mediterranean

Recently, just like most emerging markets, the EU neighbouring countries, both in the Southern Mediterranean and to the East, have benefited from a general strategy of low risk aversion and increased integration into and interdependence with the global economy, coupled with booming trade and foreign investment and enhanced financial integration, however unevenly they have been spread across regions. Throughout the past few years, the EU partners experienced robust growth, partly brought about by inflows of capital. However, in 2007 and the first half of 2008, soaring food and commodity prices led to substantial terms-of-trade losses for commodity-importing countries, including most neighbouring countries (24). By autumn 2008, the financial and economic crisis struck the advanced countries and has since spread to all regions including the EU Arab Mediterranean Partner Countries (25).

This global crisis represented a significant challenge for EU neighboring countries. Nonetheless, the impact of the crisis on the EU's neighbours is not uniform in the sense that the extent and timing of the effects differ depending on structural characteristics and policy responses. As argued, the Eastern European neighbours have felt the impact of the crisis more directly than the Mediterranean neighbours. This is due to the fact that Eastern European countries are heavily dependent on foreign inflows (mainly from Western Europe), and have stronger financial linkages with the western part of Europe. For the Mediterranean neighbours, the impact appears to be more muted,

(24) Ibid.

(25) United Nations, Economic and Social Council, Economic Commission for Africa, (2009). «The Global Financial Crisis: Impact, Responses and the Way Forward», Cairo meeting, Cairo.

as it reflects a more closed economic structure and a relatively conservative financial system, basically the banking system (26).

The impact of the crisis on the EU neighbouring countries was channeled through both direct and indirect means. The EU's neighbours were affected basically through the dramatic decline in world trade, falling remittances, rising financing costs, heightened uncertainty, falling credit and capital inflows, balance of payments, etc. Arguably, the impact on the EU neighbours can be tracked through three key channels: the trade channel, commodity prices, and financial transmission channels. The trade of EU neighbours has been negatively affected, as the crisis has weakened world demand and hence their exports. The fall of commodity prices has not only reduced many Mediterranean countries' export revenues, but has also, when compounded by underlying vulnerabilities, caused serious downward corrections in stock markets and exchange rates. Finally, the EU Mediterranean partners have been influenced negatively by a set of financial transmission channels, basically the reduction of capital inflows and stock market price corrections (27).

Nevertheless, the relatively weak integration of the EU Mediterranean economies into the global economy and their fewer links to the global financial system have somehow protected the EU Arab Mediterranean Partner Countries from being hit hard by the crisis. They are likely to suffer secondary effects resulting from decreased capital flows, slumping further into poverty and higher unemployment. EU neighbouring countries that are net oil importers (including Morocco, Tunisia, Egypt, Jordan, Syria, and Lebanon) have witnessed a delayed impact from the downturn. Economists predict that pressure will increase throughout 2009, as major industries in these countries suffer the effects of decreased remittances, which are a significant source of national income (28). As argued, these countries will also suffer an overall decline in foreign direct investment and lower tourism revenues notably Jordan and Morocco, where international tourism made up 10 and 9 percent, respectively, of the GDP in 2008. Remittances totaled \$33.7 billion across the Middle East's oil-importing economies in 2008, constituting 8 percent of the GDP in Morocco, 14 percent in Jordan, and a remarkable 20 percent in Lebanon. Such amounts are expected to fall from a total of \$33.7 billion in 2008 to \$29 billion in 2009. Despite the marginal drop in remittances, the effects of such

(26) Ibid. footnote 23.

(27) ODI, (2008). «The Global Financial Crisis and Developing Countries», Background note, Overseas Development Institute.

(28) Saif, I., and Choucair, F. (2009). «Arab Countries Stumble in the Face of Growing Economic Crisis», Carnegie Endowment for International Peace, Middle East Program, Lebanon.

a drop, when coupled with an anticipated \$11 billion decline in foreign direct investment across these economies from 2008 to 2009, are likely to be painful for households (29).

As for macroeconomic figures, gross domestic product (GDP) growth for the entire Middle East is expected to fall to 3.1 percent in 2009, from 6 percent in 2008. This has been a radical departure from the earlier IMF forecasts of 5.9 percent growth for 2009, although it still compares favorably to other emerging economies, such as Latin America's, where GDP growth fell from 4.2 percent in 2008 to -2.2 percent in 2009 (30). Unemployment rates are expected to jump from 9.5 percent in 2008 to 10.3 percent in Morocco in 2009, and they already increased from 8.4 percent in 2008 to 9.4 percent in 2009 in Egypt. Table 1 shows that the projected growth of the EU partners' GDP has contracted to less than 4% in most countries in 2009, down from an average of about 6% in 2007/08. The decline in the volume of trade, remittances, and capital inflows is expected to strike the balance of payments hard, as reflected in the current account deficit in most EU Mediterranean partners.

(29) Ibid. footnote 28.

(30) Ibid. footnote 28.

Table 1

Crisis Impacts on the Arab Mediterranean Partners (selected indicators)

Country/ Indicator	1995-2005	2006	2007	2008	2009*	2010**	2011**
Egypt							
GDP at Market Prices (2000\$)/ annual percent change	4.4	6.844	7.088	7.171	4.7	4.498	5.008
Current Account bal / GDP (%)	0.4	1.632	1.907	0.546	-2.354	-2.636	-2.72
Jordan							
GDP at Market Prices (2000\$)/ annual percent change	4.7	8.0	8.9	7.9	3.0	4.0	4.5
Current Account bal / GDP (%)	0	-10.8	-17.2	-11.3	-10.0	-8.8	-8.1
Lebanon							
GDP at Market Prices (2000\$)/ annual percent change	3.3	0.58	7.5	8.5	7	4	4
Current Account bal / GDP (%)	-19.5	-5.3	-6.8	-11.6	-11.3	-10.5	-9.8
Syria							
GDP at Market Prices (2000\$)/ annual percent change	3.2	5.1	4.2	5.2	3	4.2	4.5
Current Account bal / GDP (%)	3	-2.8	-3.3	-4	-3.2	-4.3	-3.8
Morocco							
GDP at Market Prices (2000\$)/ annual percent change	4.4	7.8	2.7	5.6	5.0	3.3	4.5
Current Account bal / GDP (%)	0.7	2.15	-0.09	-5.5	-5.47	-4.74	-4.07
Tunisia							
GDP at Market Prices (2000\$)/ annual percent change	5	5.35	6.35	4.65	3	4	5
Current Account bal / GDP (%)	-3	-1.99	-2.54	-4.21	-3.8	-2.9	-3.43
Algeria							
GDP at Market Prices (2000\$)/ annual percent change	4	2	3	3	2.12	3.73	3.94
Current Account bal / GDP (%)	8.2	24.8	22.6	23.23	2.7	7.3	7.9

Sources: World Economic Outlook (2009), *preliminary figures. **Shaded part are projected figures.

The preliminary data indicates signs of economic slowdown in most EU partners. **Egypt's** real GDP growth declined to 4.1% in 2QFY2008/09 (Oct.-Dec 2008), from 7.7% in 2QFY2007/08 and 5.8% in 1QFY2008/09, and ended with a 4.7% full year growth rate (31). In **Jordan**, preliminary figures indicate a slowdown to 4 percent (y-o-y) in the fourth quarter in 2008, mainly due to weaker activity in the construction, finance, and trade sectors. In 2009, real GDP growth is projected to slow to 3 percent, in line with the weaker global and regional outlook.

Lebanon achieved record growth in 2008. With a pick-up in activity in the second half of the year driven by construction and tourism, the real GDP achieved a growth of more than 8 percent for the year. In line with international prices, inflation declined to 4 percent in January 2009. However, the worsening international macroeconomic situation due to the crisis will affect Lebanon in 2009. The authorities were expecting lower global liquidity and the world economic downturn, particularly in the Gulf, to affect remittances, tourism, and foreign direct and portfolio investment, as well as deposit inflows and thus, growth is likely to slow to 3 percent in 2009. However, preliminary figures indicate that the growth record is about 7% in 2009, down from 8%. The boom in the tourism sector has been a key factor mitigating the negative impact of the crisis.

Tunisia has so far weathered the difficult international environment relatively well. The impact of the ongoing global financial market turmoil on Tunisia has been limited so far, given its relatively strong macroeconomic position and the inexistence of direct exposure to the U.S. subprime market. As argued, despite the challenging international environment, the global financial upheavals have thus far had only a limited impact on the Tunisian economy but could still affect it, mainly through the trade channel. Growth was projected at above 6 percent, sustained by strong FDI.³² Yet, in 2008/09, real GDP growth is likely to slow to 3 percent in 2009 as indicated in Table 1.

Both **Morocco** and Tunisia, as argued, face the risk of a growing external deficit in the face of a sluggish international recovery as the crisis continues. In 2008, the current account deficit stood at 5.5% and 4.2% of the GDP in Morocco and Tunisia respectively, and both were expected to worsen significantly by the end of 2009. Morocco is facing a higher risk given its large existing trade deficit in addition to the fact that oil prices are rising (Achy 2009). Table 1 indicates that both countries are still suffering a current account deficit that remains relatively constant in Morocco and has undergone a minor improvement in Tunisia.

(31) Ministry of Economic Development, Egypt, Follow up Report, Available at: www.moed.gov.eg.

(32) The IMF, IMF Article IV Consultation Reports.

2. Policy Responses to the Financial Crisis

Most governments in the Mediterranean region have taken countervailing fiscal and monetary measures, attempting to enhance the resilience of their economies and to address the vulnerabilities identified since the crisis struck. In the Mediterranean region, **Egypt** launched a fiscal stimulus package at the end of 2008 with the intended purpose of stimulating economic activity through higher public investment expenditure, with a view to supporting industrial productivity and to boosting exports. The first package allocated LE 15bn (US\$2.5bn) in the budget for the 2008/09 fiscal year. The expenditure is directed mainly at labor-intensive infrastructure programs that include water treatment and sanitation plants, roads, railways, sea ports, and airports, in addition to funds allocated for the construction of schools and hospitals. Moreover, the 2009/10 budget includes a second stimulus package of about L.E 6 to 8 billion (33).

In **Jordan**, guarantees were provided on deposits in domestic banks and a fiscal stimulus package was announced. **Tunisia** took measures to support domestic SMEs and to raise employment. Some governments – like Tunisia, Jordan, Egypt and Morocco - have taken measures to ease monetary pressures by decreasing interest rates. Nonetheless, policy measures, as argued, have been largely inadequate due to limited resources (34). IMF stresses the need for these countries to pursue better-coordinated measures including structured fiscal reforms, improved financial supervision, and long-term planning. Table 2 shows the measures undertaken by the EU partners to increase the immunity of their economies to the ongoing crisis.

Table 2

A Sample of Policy Responses to the Crisis by the EU Arab Mediterranean Partners

Mediterranean Country	Monetary Easing	Liquidity Prudential	Fiscal Stimulus
Egypt	✓	✓	✓
Jordan	✓	✓	
Lebanon		✓	
Syria		✓	✓
Morocco	✓	✓	✓
Tunisia	✓	✓	✓

Source: The MOF (Egypt), IMF Article IV Consultation Reports, and Saif, I. and Choucair, F. (2009). "Arab Countries Stumble in the Face of Growing Economic Crisis", Carnegie Endowment for International Peace, Middle East Program, Lebanon.

(33) The MOF (Egypt).

(34) Ibid. footnote 28.

The preliminary results indicate that these measures taken by the EU Arab Mediterranean Partners have enabled these countries to weather the crisis better than others in the short term. Nonetheless, in the long term, a recessionary impact is likely to create the potential for social and political instability. This raises the question of whether the tools and mechanisms provided by the Euro-Mediterranean Partnership provide an option that can help these countries to mitigate the impacts of the crisis. In the next section, the paper will review the EMP framework to assess this possibility.

3. Euro-Mediterranean Partnership: Does It Help?

Despite the fact that current forms of cooperation between the EU and their Arab Mediterranean Partner Countries, i.e. the Euro-Mediterranean Partnership and the European Neighbourhood Policy (ENP), offer the latter a chance to develop their economic, political, and social systems, the effectiveness of the partnership mechanisms is questionable. In this respect, the analysis of the partnership process indicates that:

- **First**, the structure of the ENP clearly reflects the economic and political reality of unequal bargaining power between the EU and neighbouring countries (35). The ENP and its Action Plans contain requirements for liberalization and reform that often go beyond the policies adopted within the EU itself, while the AMPCs themselves (36) believe that the Partnership with the EU is a means for strong trade and economic relations that would further enhance relations between both sides. Therefore, they seek to establish a more favorable environment in which they will be able to increase exports to EU markets and to work toward attracting more investments from the North to the South.

- **Second**, the extent to which the Euro-Mediterranean process is developed is highly linked to political factors (37). As a result, the development of cooperation between both sides may experience significant instability because the regimes of the Mediterranean partners that carry out the economic policies are described by the EU as undemocratic.

- **Third**, in terms of funding mechanisms, the magnitude of funds allocated for bilateral cooperation is marginal, as Mediterranean countries must still undergo a long process to restructure their economy so that they can cope with the standards of the EU policies and economic fabric. Precisely, the extent

(35) Hall, D. (2009), «EU Neighbourhood Policy: Implications for Public Services and Trade Unions», a report commissioned by the European Federation of Public Service Unions (EPSU), available at: www.epsu.org.

(36) Egyptian Cabinet, «Euro - Med Partnership: Egyptian Perspective», available at: www.cabinet.gov.eg.

(37) Ibid. footnote 35.

of the fund schemes allocated to support the reform process in the EU partners, including the economic structure and the social and political environment, are not comparable to those initiated by the EU to support the less developed countries within the EU itself (the EU countries in Eastern Europe).

- **Last** but not least, there is not a well established anti-crisis mechanism among the kinds of funds and support within the ENP and its action plans, despite the economic vulnerability of the Mediterranean partners. Furthermore, the ongoing financial and economic crisis has shown that there is no collective mechanism for policy coordination between both sides during the crises. The EU reaction to the crisis has been isolated from any feedback from their partners. Thus, the absence of such collective action seems to be an obstacle to promoting cooperation.

4. Crisis and Proposals for Action

In spite of the limitations of the ENP and its action plans, it still represents a framework of work that can be developed to better benefit from the options it has. In this section, the paper outlines a set of proposals for action by which both sides can cooperate to manage the current challenges imposed by the global financial crisis and establish a stable framework for partnership.

As mentioned earlier, the Mediterranean partners have been affected by the dramatic change in global economic conditions as the crisis has struck. Specifically, these countries are now suffering the drying-up of international capital inflows (in the form of FDI and remittances) which have been a key source of growth. For several countries in the region, the financial meltdown is compounded by the dramatic drop in the prices of the export commodities on which several countries in the region rely heavily, such as energy, raw materials, and agricultural products. In addition, the social impact is likely to unfold with risks of increased vulnerabilities and poverty, making the need to reform and support more urgent and challenging (38).

Meanwhile, for the EU, the deepening global financial and economic crisis emphasizes the need for partner countries to keep up the pace of economic reforms and refrain from trade-distorting measures. In this respect, the EU vision for mitigating the negative impacts of the crisis (39) is to ensure an intensive dialogue with their partners about the response to the financial crisis and its economic and social consequences. Specifically, the EU is keen to observe the ways to mitigate the impact on the most vulnerable sections of society, in order to promote decent work conditions and secure sustainable economic and social development. Furthermore, the EU is willing to contribute

(38) Ibid. footnote 28.

(39) Ibid. footnote 23.

to addressing the short term liquidity problems stemming from the financial crisis by further mobilizing community macro-financial assistance loans provided in cooperation with the IMF and in coherence with its program conditions. Also, it urges member states to consider providing bilateral macro-economic assistance to ENP countries, in coordination with the IMF. Finally, the EU supports strengthening the financial sector regulatory environment, as well as institutions that can ensure appropriate supervision of financial markets (central banks, banking and financial sector supervisory authorities, security exchange commissions, etc) by means of technical assistance and, where appropriate, with twinning programs over the next two years. In this regard, the European Central Bank and the national central banks of the Euro system offer further extended technical assistance programs to partner countries' central banks.

In this respect, the EU can help the Mediterranean to mitigate the negative impact of the crisis by means of trade and investment facilities. Precisely, in the short term, the Euro-Mediterranean Facility for Investment and Partnership (FEMIP) and/or the Neighborhood Investment Facility (NIF) may provide valuable support (40). This is in line with the perspective of the Arab-Mediterranean Countries, which call for tangible financial support. The EU can participate to effectively trim down the crisis' impact on the Mediterranean partners via providing significant financial support with soft conditions as countries in the Mediterranean suffer tight budget constraint, particularly as they adopt stimulus packages.

Yet, such action to mitigate the negative effects of the financial crisis does not target the channels by which the crisis affects the Arab-Mediterranean countries. It is just a simple and temporary framework for cooperation and partnership. Furthermore, there is a desperate need for a long-term framework from which both sides can benefit the most, despite the wide range of financial and non-financial assistance programs available in the ENP framework. A framework such as the one proposed has to capitalize on the actions undertaken by the EU and under ENP agreements.

In this context, the long term framework proposed by this paper is based upon three key pillars:

1. Sustainability: Sustainability implies establishing sustainable economic ties between the EU and Mediterranean partners which are less dominated by political factors and are based on mutual interest and equality. This may encourage both sides to tackle crises and support the continuity of cooperation and integration process.

(40) Beside the facilities offered by the ENP tools, they are also subject to activities of other multilateral institutions promoting economic liberalization such as those of the World Bank, the Program on Private Participation in Mediterranean Infrastructure (PPMI) (joined by WB/EC), and UN agencies, including UNECE, UNEP, and UNDP.

2. Comprehensiveness: Comprehensiveness means that the framework of support for reform and cooperation should be equipped to tackle all aspects of reform in the Arab Mediterranean Partner Countries, as focusing on certain aspects will lead to detrimental results.

3. Gradualism: Gradualism implies that the call for Mediterranean countries to cope with EU standards and policies requires a gradual approach for reform, as accelerating the process of reform might increase the resistance due to possible negative impacts. The policies and mechanisms proposed have to consider the characteristics of the Arab Mediterranean Partner Countries in order to encourage them to cope easily with the requirements of the necessary reform.

Based upon these pillars, this paper suggests three key tools by which this framework can be developed as a long-term basis for cooperation that will enable both sides to counteract any future economic downturn challenges in the region.

Proposal 3

Developing a Strategic Framework for Reform Including an EU-Mediterranean Safety Net

Despite the fact that the ENP action plans list the set of reforms required from the Arab Mediterranean Partner Countries, a strategic framework to shape this reform is lacking. Therefore, there is a need for a strategic framework that outlines the path of reform in terms of policies, timing, tools, etc. Such a framework will help Mediterranean partners to cope with EU standards and to develop their economic and social fabric. For such a framework to be successful, it must:

1. adopt a gradual approach in implementing reforms;
2. consider all outcomes of the necessary restructuring process and support;
3. develop a set of mechanisms and tools which target the negative social consequences of reform process.

The establishment of an EU-Mediterranean Safety Net is a prerequisite for social support to the reform process in the region. This mechanism will enable the Mediterranean partners to mitigate the negative social impacts that accompany restructuring the economic fabric of the Mediterranean partners. Establishing an unemployment insurance system seems to be the crucial tool in this respect, as the crisis has shown the severity of social impacts on households due to the absence of such a system in the Mediterranean partners.

Proposal 4

Initiating an Economic Early Warning System in the Region

The objective of this system would be to provide signals that reflect the likelihood that the regional economy will face financial and economic crises over a given time horizon. This system would help to identify the weaknesses of the current economic fabric in the EU and Mediterranean partners and to predict the effects of these weaknesses on the future path of the economy of the region. The establishment of such a system requires a process of collective action on both sides and concrete mutual cooperation. EU experience in this respect will help to develop this required system.

Proposal 5

Establishing an Anti-Crisis Fund

This Fund should be designed to work as the mechanism by which the Mediterranean partners can mitigate a crisis when it strikes. This will help to counteract crises of the exchange rate, the balance of payment, food, energy, etc. Also, it can target the likelihood of future crises as reform continues. This Fund would be consistent with the early warning system that should be created. In terms of financing, both sides have to contribute. Nonetheless, the EU share should be at least 80 percent and for the Mediterranean partners, the amount received would depend upon the shares that each partner has.

Conclusion

This paper has examined the impact of the global financial crisis on EU-Mediterranean economic relations in order to outline a preliminary set of tools that capitalizes the effort undertaken within the Partnership framework. It argues that, for the EU, the deepening global financial and economic crisis emphasizes the need for partner countries to keep up the pace of economic reforms and abolish trade-distorting measures, while the EU Mediterranean partners call for significant financial support.

The analysis indicates that the EU can participate to effectively mitigate the crisis' impact on the Mediterranean partners via a set of measures in the short- and long-term. In the short-run, the EU should provide significant financial and institutional support for the Mediterranean. Financial support seems crucial for those partner countries which are suffering tight budget constraints.

The paper also suggests a long-term framework of cooperation that is based upon three key pillars: sustainability, comprehensiveness, and gradualism. Specifically, the establishment of a long-run cooperation framework to avoid future crises starts with an initiative to create an early warning system that helps to predict and anticipate future crises in the region and, simultaneously, by setting up anti-crisis mechanisms accompanied by a social safety net. This framework of cooperation is outlined by a strategic framework for reform and development.

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Euro-Mediterranean Free Trade Area 2010: Stakes, Challenges and Proposals Regarding Employment in the Southern Mediterranean Countries

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I. Introduction

The European Union (EU) and the Mediterranean Partner Countries (MPCs) met in 2005 at the **10th Anniversary Euro-Mediterranean Summit of the Barcelona Declaration** (1995). At this Summit, the MPCs and the EU developed a **Five Year Work Programme** (41), in which they put employment and job creation at the centre of the objectives to be tackled in the field of 'Sustainable Socio-Economic Development and Reform'.

One objective of the Five Year Work Programme is to work "towards creating more job opportunities for the increasing numbers of young people across the region, reducing regional poverty rates, closing the prosperity gap and raising GDP growth rates." This objective is associated in the programme with measures for enhancing a road map for creating a **Euro-Med Free Trade Area (EMFTA) by 2010**, including the progressive liberalization of trade in agriculture (42). This also includes the progressive liberalization of trade in services, taking into account the non-binding Framework Protocol adopted in Istanbul in 2004 (43).

This programme is considered by the partner countries as a step towards operationalizing the policy approaches adopted by the **Euro-Mediterranean Partnership (EMP)** that was launched through the Barcelona Process in 1995. The EMP seeks a comprehensive approach through integrating three main tracks:

* Arab NGO Network for Development (ANND).

Thanks to Bihter Moschini and Omar Seoud from ANND for help in collecting data and developing the graphs.

(41) http://ec.europa.eu/external_relations/euromed/summit1105/five_years_en.pdf.

(42) The programme addresses rural development and agricultural productivity and quality, as well as sustainable development. This includes processed agricultural products and fishery products, with a possible select number of exceptions and timetables for gradual and asymmetrical implementation in agriculture, taking into account the differences and individual characteristics of the agricultural sectors in different countries and dealing with the non-tariff aspects of agricultural trade liberalization.

(43) Taken from the text of the Five Year Work Programme; please refer to the document for more details of the other issues underlined in this section.

political dialogue and security, economic relations, and cooperation in social, cultural, and human matters (44). The EMP had associated these objectives with achieving a common free trade area (what came to be known as the EMFTA), in addition to economic cooperation and financial assistance, as the main tools.

Within this context, eight Arab countries have entered into association agreements (AAs) with the EU, including Algeria, Egypt, Jordan, Lebanon, Morocco, the Palestinian Authority, Tunisia, and Syria (more details on the kinds of agreements and dates are included in Table 1). The plan is to establish a free trade area among all the members of the EMP (15 EU member-countries originally in the agreement, 12 new EU member-countries after its latest enlargements in 2004 and 2007, and 10 Southern Mediterranean countries) by 2010. These agreements, so far, include the liberalization of the movement of goods and an increase in aid cooperation funds. The liberalization of goods through the AAs has been concentrated on the Southern partners, since the EU had already granted the latter preferential access to its markets based on previous agreements signed in the 1970s. On the other hand, negotiations on the liberalization of services are currently being undertaken at the bilateral level. The AAs have only included partial liberalization in the agricultural sector, but no free movement of people so far.

Table 1

EU- MPC Association Agreements under EMFTA

Countries	Kind of agreement	Date of signature	Entry into force
Algeria	Association Agreement	Signed on 04.22.02	September 2005
Egypt	Association Agreement	Signed on 06.25.01	June 2004
Jordan	Association Agreement	Signed on 11.24.97	May 2002
Lebanon	Association Agreement	Signed on 06.17.02	Interim Agreement March 2003
Morocco	Association Agreement	Signed on 02.26.96	March 2000
Palestinian Authority	Interim Association Agreement	Signed on 02.24.97	Interim Agreement July 1997
Syria		Initiated in December 2008 (47)	
Tunisia	Association Agreement	Signed on 07.17.95	March 1998

Source: http://ec.europa.eu/trade/issues/bilateral/regions/euromed/aa_en.htm (situation as of June 2009; website last visited on October 13, 2009).

(44) Under its economic and financial objectives, the EMP focuses on sustainable socio-economic development, the improvement of living conditions, the increase of employment, and the reduction of the development gap in the Euro-Mediterranean region.

(45) The EU-Syria Association Agreement was initialled on 14 December 2008, with negotiations covering the goods and services trade between Syria and the EU.

Source: http://ec.europa.eu/trade/issues/bilateral/countries/syria/index_en.htm.

While the trade agenda within the EMP has been an active one and its processes effective in terms of negotiating and ratifying association agreements, the employment policies have not received as much attention at the regional level. Indeed, it was not until 2008 that the Employment and Labour Ministers of the Euro-Med countries met in Morocco for the first time since the Barcelona process was launched. Their work reiterated the content of the Euro-Med Five-Year Work Programme.

In their conclusions, the Employment Ministers called once, shyly, for consideration of the social and employment impact of a possible Euro-Mediterranean Free Trade Area (46) and asked "for an integrated approach where economic, fiscal, employment, social and environmental policies as well as education and training policies go hand in hand." One core objective for the Euro-Med Framework of Action that the Ministers included was "the creation of a huge number of jobs" that they saw as "necessary to reduce unemployment," in addition to enhancing employability, as well as "investment in human capital" and "promoting decent work (47)."

This paper will address the interface between the trade and employment agenda in the Euro-Med region. It will start by highlighting the employment challenges in the Arab MPCs and the importance of taking the impact of trade agreements on employment and labour markets into consideration. The paper will then focus on discussing the stakes and challenges that liberalization of the agricultural and service sectors hold for employment in the Arab MPCs. The paper will end with five propositions that could help foster employment considerations in EMFTA negotiations, assessments, and revisions.

II. An Overview of Employment Challenges in the Arab Mediterranean Partner Countries

In the Arab Mediterranean Partner Countries (AMPCs), the challenge of unemployment has been persistent. A deteriorating trend can be traced back to the period of structural adjustment reforms, through the 1990s, and, more recently, the period of the global economic crisis. Unemployment in the Arab region averages around 14%; it tends to be strongly biased towards those under 25 and is generally higher for women than for men (48). This chronic problem has become exacerbated as a consequence of the current

(46) P.2 of the Declaration available at:

http://www.eib.org/attachments/general/events/luxembourg_18112008_processus_barcelone_en.pdf

(47) Barcelona Process: Union for the Mediterranean; Conclusions of the First Euro-Mediterranean Employment and Labour Ministers Conference, Marrakesh, November 9-10 2008.

(48) From Sustainability Impact Assessment (p. 9), in reference to the situation in the ten southern and eastern Mediterranean Partner Countries (MPC), not only the AMPCs.

crisis; a recent report by the ILO shows scenarios for unemployment in 2009 ranging from relatively static at the already high 2008 rate (about 9.4%) to an increase from six million officially unemployed in West Asia (excluding Egypt) to around eight million in the region by the end of the year (49).

Overall in the Arab region, even during years of consistent growth, unemployment has been high and rising. This tends to indicate that there has been a lack of re-distribution of economic gains into productive job-generating economic activity. Accordingly, it can be inferred that economic growth and the policy tools behind it (including trade liberalization) have failed to address the region's limitations in employment generation, thus increasing economic and social instabilities. Moreover, countries of the region have failed to build effective intra-regional cooperation structures, which can contribute to addressing poverty and unemployment (50). Several factors make the increasing unemployment rates one of the major concerns in light of the global crisis, including: (1) the high birth rates and relatively young populations of the region, which means that many new graduates and school-leavers enter the labour force with diminishing prospects for work and (2) the concentration of economic activity in sectors with low job creation capacities, such as the real estate and financial sectors (51).

III. The Significance of the Impact of Trade Agreements on the Employment and Labour Markets

As noted before, eight Arab countries have entered into AAs with the EU. Overall, it can be noted that Arab governments, specifically in non-oil-producing countries, have increasingly given weight to trade liberalization in

(49) ILO Global Employment Trend Brief (2007). The report indicates very high labour force growth in the Arab region, averaging 3.7% annually between 2000 and 2005. In 2005-2007, unemployment exceeded 13%, while youth unemployment in the Middle East and North African countries rates highest on the globe and was estimated by the ILO at 25.7 percent in 2003 (ranging between 46% in Algeria and 6.3% in the United Arab Emirates). It is worth noting that these official aggregate data are likely both to underestimate the rate of unemployment in general across the region and also to mask the higher rates in poorer countries such as Egypt, where a rate of 20 per cent would mean well over 10 million citizens unemployed and looking for work. Employment in the MPC has increased at a rate of slightly less than 1% annually between 1994 and 2004, a rate which, combined with demographic dynamics, is set to create 1.5 million new unemployed people each year. Reference: Ivan Martin, "In Search of Development along the Southern Border: The Economic Models Underlying the Euro-Mediterranean Partnership and the European Neighbourhood Policy."

(50) According to Hoekman and Sekkat (ERF paper; "Deeper integration of goods, services, capital, and labour markets"), the region is characterized by a limited integration of product markets, but capital and labour flows are significant and may have greater potential than traditional trade in (manufactured) products to equalize factor prices.

(51) Kinda Mohamadih and Oliver Pearce; "Facing Challenges of Poverty, Unemployment, and Inequalities in the Arab Region. Do Policy Choices of Arab Governments Still Hold after the Crisis?"; a paper by the Arab NGO Network for Development and Christian Aid (June 2009).

undertaking policy choices, along with aid flows, foreign direct investment, and remittances (52). Yet employment concerns have lacked integration in trade policy made by Arab countries and in the Euro-Med region overall. The two communities of trade and labour policy makers do not often mix or engage in dialogue; there has been no such interaction at the Euro-Med level so far. Furthermore, on one hand trade policy in the Euro-Med region has been fairly well developed, given the progress in signing the Euro-Mediterranean AAs, while on the other hand, labour policies have not been effectively discussed and developed at the regional level. The Employment Ministers' Framework of Action (part of the Employment Ministers' declaration resulting from the Employment and Labour Ministers Summit in November 2008) could be a step in this direction. In addition, while labour policy in the EU is fairly well developed in the member-states as well as at Community levels, the Arab Mediterranean Partner Countries have not adequately discussed common labour policies, despite significant labour mobility within the region.

At the global level, trade and employment issues have been increasingly debated as trade unions have become more and more engaged with following trade issues and progress in the global trade system. Since the Seattle demonstrations about the World Trade Organization (WTO) in 1999, more such engagements have been undertaken covering the impact of the WTO agreements as well as bilateral and regional trade agreements. In 2007, the WTO and the ILO produced the first report in common entitled "Trade and Employment: Challenges for Policy Research."⁵³ The report covered various aspects of the multi-dimensional discussion, including the impact of trade on income levels and wage inequalities, trade impact on the creation and destruction of jobs, trade and demand for different types of jobs, the impact on labour demand, on the bargaining power of workers, and on the role of unions, and trade reform and the informal sector.

The discussion on trade and labour policies at the global level has not lacked complications; while developed countries have accused developing countries of exploiting limited labour standards and workers' rights in their production processes to gain a competitive edge, the latter have accused developed countries of using labour rights as a protectionist measure to deny them market access. Moreover, the linkages between international trade law and international labour law have been a contentious issue as well. Overall, critics of trade liberalization have blamed it for rising unemployment and wage inequality in the advanced countries, increased exploitation of workers in developing countries, and a "race to the bottom" with respect to employment

(52) The World Bank has indicated in several of its reports that GDP growth in resource-poor and labour-abundant Arab countries has witnessed a pickup driven by strong flows of tourism revenues, remittances, and increasing FDI.

(53) Available at: www.ilo.org/publns or <http://onlinebookshop.wto.org>.

conditions and labour standards (54). Within this context, there have been voices calling for the inclusion of labour rights provisions in free trade agreements, as a means to protect workers and to enforce the ILO conventions. This issue is particularly important and often criticized because of developed countries' tendency to use labor standards in a protectionist manner. Indeed, this call has been criticized by many who argue that the medium for enforcing labour rights should not be trade agreements, but rather the United Nations conventions and bodies that need to be strengthened to enforce them.

In principle, there are several factors that reflect the importance of taking employment and labour policies into consideration when developing trade policies and agreements, including the following:

- Trade agreements play a role in re-structuring the production markets at the national and regional levels; they thus change the employment market and the kinds of jobs available.
- Trade agreements impact the policy space and policy tools available for governments to develop policies addressing the productive sectors and job generation. They also impact the level of investment in these sectors and the area of government procurement. These are directly related to the employment policies that a government can institute.
- Given that most AMPCs currently lack comprehensive policies in the industrial, agricultural, and service sectors, agreeing to further liberalization of these sectors would mean giving up policy space and opening the sectors up to uncalculated risk factors. Trade agreements threaten to lock the productive capacities of countries at the level of development they had when the agreements went into force. They can, further, have a limiting effect on the job creation capacities of the national economies.
- Under such conditions, the progressive realization of the right to work, enshrined in the Convention on Economic, Social, and Cultural Rights, would be highly jeopardized. Indeed, governments lack mechanisms to ensure that the right to work is protected in the face of trade liberalization, especially when the effects of liberalization have not been predicted or predictable through ex-ante assessments.

– Information remains limited; ex-post assessments, which could help inform governments about the creation of new jobs and the extent to which real underemployment rates have been reduced or raised as a result of trade agreements, are not a common practice (55).

– Trade liberalization processes are rarely associated with the necessary employment and labour policy reforms that could help capture the benefits

(54) Trade Liberalization and Employment (DESA Working Paper No. 5 October 2005) by Eddy Lee.

(55) See report of the UN Committee on Economic and Social Rights; El Salvador List of Issues 2005.

of trade, including capturing the added-value of the possible increase in the inflow of foreign direct investment.

A Sustainability Impact Assessment of EMFTA highlighting the impact on employment

The only existing sustainability impact assessment (SIA) of the EMFTA was commissioned by the EU and released in 2007 (56). The SIA notes that, unless parallel measures are taken and implemented by the Southern MPCs, the EMFTA will result in a negative effect on employment, poverty, and development (57).

The study identifies, among the potential social impacts, a significant rise in unemployment, particularly following the liberalization of trade in industrial products and agriculture, and a fall in wage rates associated with increased unemployment, as well as a significant loss in government revenues, with resulting social impacts through reduced expenditure on health, education, and social support programs. It also indicates that poor households will be more vulnerable to fluctuations in world market prices for basic foods, as well as indicating adverse effects on the status, living standards, and health of rural women.

The SIA notes that unemployment is likely to remain high in MPCs throughout the adjustment period, as starting levels of unemployment are already high. Additional pressures will arise as employment shifts between sectors with the structural changes brought about by opening markets. Indeed, this has been witnessed in various MPCs throughout the adjustment periods.

For agriculture, there are significant positive and negative short-term local effects expected in MPCs. The SIA notes that new jobs are expected to be created in MPCs in the production of fruit, vegetables, olive oil, fish, and some other products with the incentives to increase productivity. But the SIA expects this to be partly countered by a loss of jobs in products such as cereals, livestock, and dairy products.

(56) For SIA see: <http://www.sia-trade.org/>.

(57) SIA 2007. "Sustainability Impact Assessment of the Euro-Mediterranean Free Trade Area," Final Report of the SIA-EMFTA Project Consultation. The broad conclusion from the modelling undertaken by the SIA notes a generally positive but small impact on welfare; for example, the expected welfare changes in Southern MPCs lie in the range of minus 1% to plus 2% of the GDP for industrial products and between 0% and 0.5% for agriculture. Similar outcomes are expected in the service sectors as well. Yet at the same time, the EMFTA is expected to have a significant adverse impact on tariff revenues. This is expected to be the strongest in Lebanon and the Palestinian Territories (which start out from a very fragile fiscal position), and less strong in Syria and Egypt. For industrial products, quantitative estimates indicate a decrease in total government revenue of around 5% of the GDP in Lebanon, 2.4% in Tunisia and 2% in Morocco. For agriculture, the effect is expected to be significant in all the MPCs except Israel, Tunisia, and Turkey, but only between a third and a half of that expected from the liberalization of industrial products.

Labour rights in the US Free Trade Agreements

Interestingly and paradoxically, when taking into account that the European Union has adopted the social model of the Welfare State as one of its cornerstones, the Free Trade Agreements signed by some countries in the region, in particular by Jordan and Morocco, with the United States, do regulate labour rights and workers rights issues in a much more detailed way than the Euro-Mediterranean Association Agreements. Since 1993, the United States has included labour provisions in all the bilateral and regional free trade agreements it has negotiated. Most existing labour provisions in trade agreements provide coverage, as a minimum, of the following basic labour rights: freedom of association, the right to form unions and bargain collectively, limitations on child labour, and a ban on forced labour.¹ They also exclude exemptions to national labour law granted by partner countries in order to attract foreign direct investments.

Outside the trade sphere, the FTA includes, for the first time ever in the context of a Jordanian trade agreement, provisions that reconfirm the relationship between free trade and the protection of workers' rights. The US-Jordan FTA agreement, while restating the existing commitment of both countries to the ILO's core labor standards, neither imposes new ones nor bars change or reform of national laws as each country sees fit. It does, however, enable each partner to request consultations and, if necessary, impartial dispute settlement in the event that one FTA partner believes another is avoiding the enforcement of existing national laws, with the intent of gaining a trade or investment advantage.

The experts, however, harbour serious doubts about the effectiveness of such trade agreements as a means to protect labour rights, mainly due to the enforcement mechanisms provided for in these agreements. They are based on supranational review and penalize parties who fail to carry out their commitments. The agreements that are most rigorous in this respect, such as the U.S.-Jordan FTA, deal with labour provisions as fully enforceable labour obligations that enjoy the same status as the commercial and other obligations of the relevant trade agreement. They create a right for a country that is party to the agreement to challenge an alleged failure by another party to protect its citizens' labour rights. Such challenges are resolved by referring the matter to a neutral, international dispute settlement panel, which determines whether the alleged failure did occur. If the panel finds a failure, the charging party may withdraw trade benefits from the delinquent party or take other appropriate measures until the delinquent party comes into compliance with its labour commitments, normally by improving the enforcement of its labor laws. But one of the partner governments has to claim application of these provisions; the workers or unions do not have the right to file a complaint.²

In any case, the fact is that US Free Trade Agreements do include provisions meant to protect labour right in the partner countries.

(1) See POLASKI, Sandra (2004), "Protecting Labour Rights Through Trade Agreements: An Analytical Guide", *Journal of International Law and Policy*, Vol. 10:13, pp. 13-25.

(2) See CHARNOVITZ, Steve (2005), "The Labor Dimension of the Emerging Free Trade Area of the Americas", in Alston, Philip (ed.), *Labour Rights as Human Rights*, p. 143-176.

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IV. EMFTA and Employment in the Productive Sectors. Reflections on Stakes and Challenges in the Agricultural and Service Sectors

The AAs with the EU cover the liberalization of industrial goods and a partial liberalization in agriculture (58). The Agreements include reference to and cooperation in trade in services (59) and economic cooperation in a wide range of service sectors such as financial services, energy, information technology and telecommunications, transport, and tourism. The Agreements with Algeria and Jordan go further to include reference to national treatment clauses (60). Few of the agreements, including the ones with Jordan, Morocco, and Tunisia, contain requirements for reassessing the scope and speed of the liberalization (61).

Over the last ten to fifteen years, coinciding with the years since the Barcelona process was launched, the industrial sector in the Arab region, aside from the oil production and export sector, have seen a very shaky negative-oriented growth track (please see **Graph 1** below on manufacturing in Arab countries). The contribution of the industrial sector to the GDP in the Arab region (62) has been mainly attributed to the increased value of the extractive (mining) industries and revenues from oil, which is not a heavy employment-generating sector (please see Table 2 below on the industrial sector's contribution to the GDP between 1998 and 2006). At the same time, the Arab countries lost the margins of preferences in the textile and clothing industry as a consequence of the expiration of the Multi-Fiber Agreement in 2005. The textile and clothing sector used to be the main industrial employer, particularly of women, in several of the Arab countries (63). The lost market

(58) Included mainly under Chapter III of the Agreements, Title II.

(59) Agreements include articles that read "The Parties agree to widen the scope of the Agreement to cover the right of establishment of one Party's firms on the territory of the other and liberalization of the provision of services by one Party's firms to consumers of services in the other."

(60) The EU-Jordan agreement grants rights of commercial presence and national treatment for international maritime transport (Art. 31.2) and allows key personnel from each party to work in subsidiaries located in the other party's territory (Art. 34); in the EU-Algeria agreement, limited national treatment is granted in commercial presence (Art. 32.2) and international maritime transport (Art. 34.2).

(61) This information is based on a presentation by Murray Gibbs at the regional conference on FTAs in the Arab region; organized by ANND, TWN, and UNDP (Cairo 2006) in addition to the Agreements' texts.

(62) Contribution estimated at about 25-35% of the total GDP of the region according to statistics from the end of the 1990s.

(63) The textile and clothing industries are major employers and export earners in many Arab countries. The T&C sector accounts for 50% of industrial employment in Tunisia, 40% in Morocco, and 25% in Egypt. To a large extent, at least in the Maghreb countries, this employment is largely female, providing income and financial independence to women. Jordan has become an important exporter and Gulf countries such as Bahrain, Oman, and UAE have developed clothing exports (Gibbs and Mehalaïne 2006 and Khoury).

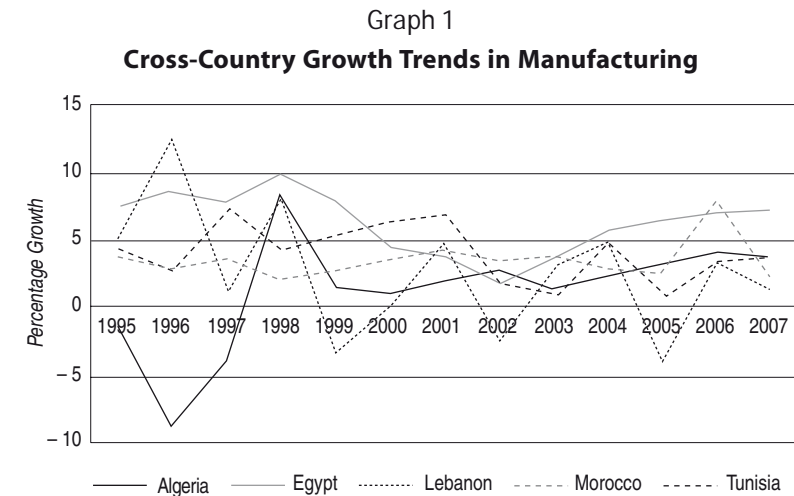
shares in this sector and the subsequent loss of economic activity and jobs have not been replaced by alternative industrial activities. According to the World Bank,⁶⁴ the growth of industrial production in resource-poor and labour-abundant Arab countries during 2005 was 2.2% and accelerated to an estimated 3.4% in 2006, while in resource-rich and labour-abundant countries, it grew by 4.8% in 2005 and fell by 2.3% in 2006.⁶⁵ Growth fluctuations in the industrial sector have been linked to the fluctuations in oil prices, as well as the rise of China as a manufacturing hub.

Arab countries have consistently faced the challenge of diversifying their non-agricultural production base while managing to venture into added-value, job-generating clean production. This is especially evident as the traditional sectors where Arab countries concentrated production, such as textiles, have faced very high competition from China and other Asian countries, as noted above (66). Furthermore, Arab countries have increasingly given up utilizing policy tools that could allow them to develop efficient and competitive job-creating industries that are able to compete at the regional and international levels. Currently, none of the Arab MPCs have clear targeted industrial policies that set a plan to achieve a specific contribution to job generation in the coming future. Accordingly, they have undertaken liberalization in this sector while lacking clear visions with regard to potential benefits to be accrued and losses to be avoided.

(64) World Bank (2007). *Economic Development and Prospects: Job Creation in an Era of High Growth*, p. 2.

(65) The MENA region includes resource-poor, labour-abundant (RPLA) economies, such as Djibouti, Egypt, Jordan, Lebanon, Morocco, Tunisia, and the West Bank and Gaza, resource-rich, labour-abundant (RRLA) economies such as Algeria, Iran, Iraq, Syria, and Yemen, and resource-rich, labour-importing (RRLI) economies such as Bahrain, Kuwait, Libya, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE).

(66) Arab exporters have found it difficult to compete in the period after the Agreement on Textiles and Clothing (ATC), as the margins of preferences accorded by FTAs do not seem sufficient to maintain a competitive edge against Asian suppliers, particularly when they are further handicapped by stringent (e.g. "yarn-forward") rules of origin. Programmes to improve competitiveness could involve more flexible accumulation rules of origin that allow for a wider sourcing of fabrics, use of Euro-Med origin labels or labour and eco-labelling, improved training regarding design, and marketing, technology transfer, and investment in backward linkage (e.g. fabric finishing) (Gibbs and Mehalaine 2006).



Source: Data from UN STAT <http://unstats.un.org/unsd/default.htm>.

Graph prepared by Omar Seoud (ANND); see attachments for detailed data.

Table 2
GDP share by sectors

GDP SHARE	1998			2006		
	Agriculture	Industry	Services	Agriculture	Industry	Services
Algeria	12.5	46.1	41.3	8.5	61.5	30.1
Egypt	17.1	30.9	52.0	14.1	38.4	47.5
Jordan	3.1	26.4	70.5	3.1	29.5	67.4
Lebanon	6.9	28.9	64.3	6.7	23.7	69.6
Morocco	20.2	27.7	52.1	15.7	27.8	56.5
Syria	30.6	27.6	41.8	18.3	32.2	49.5
Tunisia	12.7	28.4	58.9	11.3	28.4	60.3

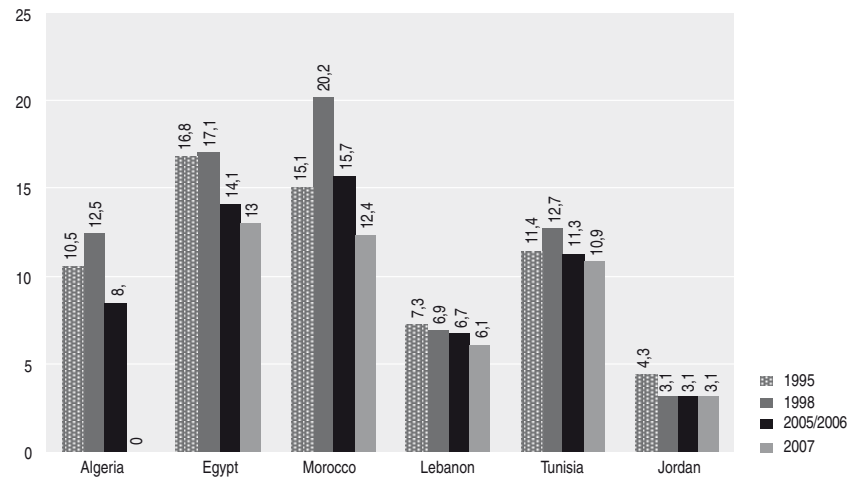
Source: <http://ec.europa.eu/trade/issues/bilateral/data.htm>. Note that Algeria is an oil producing and exporting country, which explains the significantly higher share of industry in its GDP.

The following sections of the paper will focus primarily on the liberalization proposals of the agricultural and service sector and related implications for employment. The industrial sector is not addressed, given that negotiations with the EU on industrial goods have already been settled through the existing Association Agreements, while negotiations on agriculture and services have been currently undertaken bilaterally between the EU and several of the Arab MPCs. Consequently, resulting recommendations in these two areas could still be taken into consideration throughout the current, ongoing processes.

Agriculture

Agriculture has been central to employment in the Arab region as a whole, in addition to being central to income, nutrition, and food security.⁶⁷ In the Arab MPCs, agriculture provides around 20% of employment⁶⁸ in some countries and contributes to the livelihoods of about 40% of the population. Agriculture is still concentrated in small-scale traditional farms that are usually burdened by debt, under-equipped, poorly organized, and thus most vulnerable to liberalization (69). Between 1995 and 2007, the contribution of agriculture to the GDP and to employment has followed a decreasing or stagnant trend (please refer to Graphs 2 and 3 below; more data on growth trends in the agricultural sector in the Annex).

Graph 2
Agriculture as % of GDP



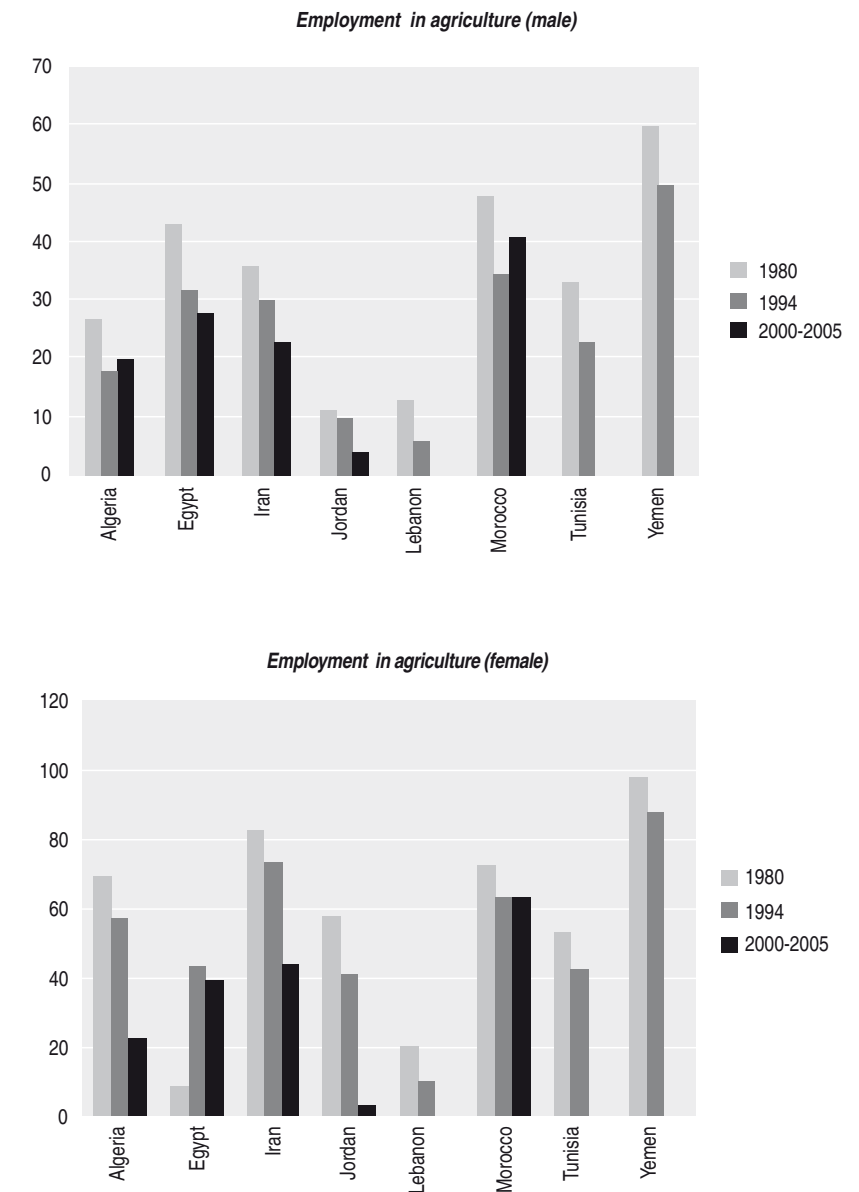
Source: Data from <http://ec.europa.eu/trade/issues/bilateral/data.htm>. (visited July-October 2009). Table compiled by Bihter Moschini (ANND)

(67) In many Arab countries such as Morocco, Tunisia, Syria, and Egypt, a large proportion of work in traditional food production is accomplished by unpaid female workers. However, some export products, such as fruit and flowers, may employ a larger female work force, but in conditions that may be less healthy and provide a poorer standard of living than traditional agriculture (SIA-EMFTA, <http://www.sia-trade.org/emfta/en/reports/Phase2FinalreportMar06.pdf>)

(68) Agriculture generates more than 20% of the employment in Syria, Tunisia, Morocco, Algeria, and Egypt ("Which Road to Liberalization: A First Assessment for the Euro-Med Association Agreement", C. dell'Aquila and M. Kuiper, Working paper No. 2, ENAPRI, Center for European Policy Studies, October 2003).

(69) See Samir Radwan and Jean Louis Reiffers (2003), "The Impact of Agricultural Liberalization in the Context of the Euro-Mediterranean Partnership", Femise report, www.femise.org/PDF/femise-agri-gb.pdf.

Graph 3
Change in Employment Trends in Agriculture in Southern Mediterranean Countries



Source: Data from World Development Indicators 1998 and 200. Tables compiled by Bihter Moschini (ANND).

Protection for agricultural products remains high in many of the Arab MPCs, especially for livestock products, cereals, and fruits and vegetables in North Africa. Furthermore, exports from Arab countries in this area depend on the preferential agreements with developed countries like the EU. In this context, the elimination of such preferences and further liberalization of the agricultural sector, including the removal of national subsidies for production and exports, would induce a worsening of the region's agricultural sector and terms of trade in this area (70). Trade liberalization in agriculture is expected to particularly affect subsistence farmers and small field crop producers involved in subsidized, low productivity, rain-fed production in the dry lands, as well as less endowed livestock herders. Accordingly, livelihood security will be susceptible to severe shocks in case of any disruption caused by imports.

Poorly studied agricultural liberalization could also induce accelerated rural-urban migrations and subsequently increase labour displacement and demands for employment in urban areas. Accordingly, we would witness additional pressures on policy makers in countries with already high unemployment rates (71) and higher environmental stress in cities. This anticipated outcome is restated by the SIA, which notes an expectation of decline in rural employment in MPCs, where a net negative effect on employment is expected in the short-term. This is caused by production shifts between sectors. Such trends could reinforce traditional outward migration routes from North Africa to France or to southern Spain for opportunities in agriculture. Migration from the Mashreq tends to go to the Gulf States, for work in the oil and gas sectors and as unskilled labour. There is also a significant amount of inward migration expected to some of the partner countries, much of it by low-skilled labour.

On the prices and wages front, the price of basic foods is expected to fall, with a beneficial effect on poverty. Even though some studies, including the SIA, expect that in the longer term, commercial agricultural wages in the MPCs will rise through incentives for greater productivity, this will still be associated with lower agricultural employment and increased rural-urban migration. The expectation is that this will be reflected in higher overall unemployment, because there are no prospects for urban employment to cover the loss in the agricultural field.

At the same time, any preferences that Arab countries could be seeking through bilateral agreements to stimulate the agricultural sector and employment in general, such as increased bilateral liberalization with the EU, remain unrealistic. This is because any offers in these areas would have to face a political backlash from lobby groups such as agribusinesses, food companies,

(70) In this context, the elimination of global agricultural policy distortions and national subsidies for production and exports could induce, in net terms, a worsening of the region's terms of trade through the expected rise in agricultural import prices (Gibbs and Mehalaïne 2006).

(71) Gibbs and Mehalaïne 2006.

labour unions, and domestic firms in the EU. Moreover, it is difficult for developed countries to withdraw agricultural exports and domestic subsidies on the products that the developing-country partners are exporting, given that the subsidies would have to be removed for all the products, which would then benefit non-FTA partners as well. Such moves can only be negotiated under the WTO framework (72).

Services

The economies of the Arab countries are increasingly moving toward dependency on services (73). Services are the fastest growing sector in developing countries and in Arab countries as well. The total trade in services in Arab countries, including imports and exports, accounts for more than 20% of their joint GDP (74). In this context, services have become the biggest creator of employment in most of the Arab region⁷⁵ (see **Table 3** below for the case of Algeria and **Graph 4** on employment trends in the service sector).

Table 3
Working Population by Sector in Algeria (1985-2003)

	1985 (%)	2003 (%)
Agriculture	25.1	21.1
Industry	18.2	12
Construction	23.8	11.9
Services	32.8	54.8
Total	100	100

Source: "The Rise of Employment in Algeria: What Are the Trends?" (Global Policy Network, www.gpn.org)

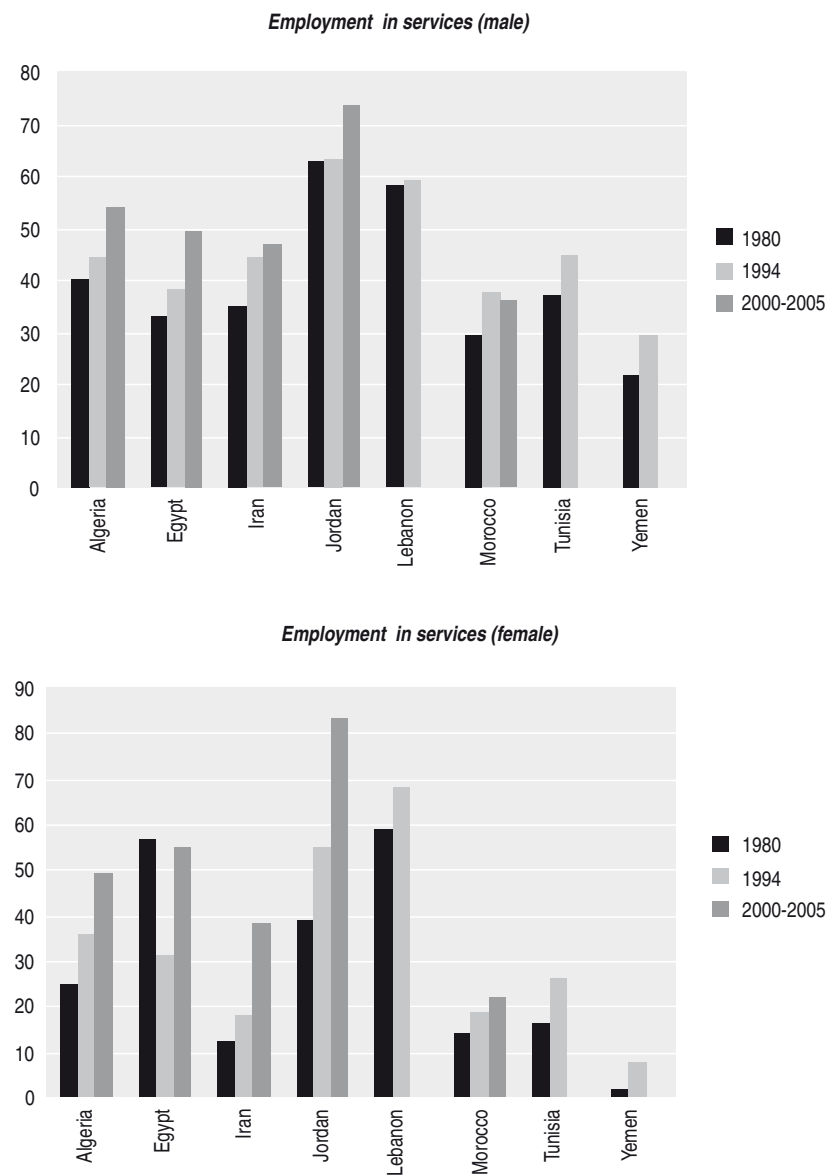
(72) Smith, Sanya- Third World Network; 2005.

(73) This includes: labour, movement of people, health and education services, transportation, tourism, financial services, construction, consultation, and architectural and managerial services. Energy and exploration services (oil and other natural resources), which are major strategic trade items in many Arab countries, are an important component in trade in services as well. For example, in Tunisia, services account for 57 percent of the national economy and 60 percent in terms of employment (ERF_ Saoussen Ben Romdhane).

(74) This is taken from a presentation by Mr. Khaled Wali, responsible for the services file negotiations of the GAFTA, under the League of Arab States. His presentation was given in the regional workshop on free trade agreements in the Arab region, held by the Arab NGO Network for Development and Third World Network (December 2006).

(75) In the Arab countries, tourism, travel, transportation, and business services have significant potential. Tourism plays a major role in the economies of many Arab countries, including Egypt, Jordan, Lebanon, Syria, Tunisia, and Morocco.

Graph 4
**Trends of Employment in Services
 in Southern Mediterranean Countries**



Source: data from World Development Indicators 1998 and 2007. Tables compiled by Bihter Moschini (ANND).

Currently, the EU is negotiating bilateral liberalization of the service sector with MPC countries in the context of the establishment of the EMFTA 2010. These negotiations are based on the Framework Protocol on Services adopted by the Euro-Med Trade Ministers in Istanbul in 2004 (76). The negotiations are undertaken on a bilateral level, and have already started with several of the MPCs, including Jordan, Egypt, and Tunisia. The negotiations cover the four modes of service supply (77) and are based on a positive list approach.

In general, the agreements on service negotiations that the EU pursues usually include seven chapters⁷⁸ on (1) general provisions, (2) commercial presence, (3) the cross-border supply of services, (4) the temporary presence of natural persons for business purposes, (5) the regulatory framework, containing general provisions and sections on financial services, computer services, courier services, telecommunications, tourism, and international maritime transport services, (6) electronic commerce, and (7) cooperation.

Like other developing countries, the Arab countries' major interest in service exports is concentrated in the area that involves the movement of persons (Mode 2), in the area of tourism, for example, and in the movement of workers across borders (Mode 4). Such opportunities have a significant potential to create new employment opportunities, particularly for new job seekers, including women (79).

The SIA has indicated that service liberalization among the EU and the MPCs is expected to have negative adjustment effects on the MPCs in the short-run. However, several further threats and challenges are associated with service liberalization between the Arab countries and the EU, given the stage of development of the sector in the former countries. This could, in turn, lead to negative impacts on the potential employment opportunities in this sector.

Among these factors is the fact that there is no differentiation in these negotiations between public and commercial services, which is an approach that advocates the replacement of the right to public services by the establishment of safety nets, and jeopardizes the fulfillment of citizens'

(76) Framework Protocol of Istanbul for the Liberalization of Trade in Services among Euro-Mediterranean Partners, http://trade.ec.europa.eu/doclib/docs/2004/july/tradedoc_1182225.pdf.

(77) Under the General Agreement on Trade in Services (GATS), trade in services is categorized under four different types or "modes" of service supply. Mode 1 relates to the provision of services across borders, e.g. transnational postal services. Mode 2 refers to the use of services abroad, for example, through tourism. Mode 3, a commercial presence, commonly means FDI in sectors such as banking, telecommunications, and utilities. Basic services such as subsidiaries of foreign educational institutions or hospitals and private water suppliers are mostly covered under Mode 3. And Mode 4 denotes the movement of individual service providers, including labour migration. Service provision under Mode 4 is of special interest for developing countries.

(78) Based on the Economic Partnership Agreement between the Cariforum states and the EC and its member states.

(79) Gibbs and Mehalaie 2006.

rights. In addition, liberalization with the EU while the Arab countries have not yet built a proper understanding of the potential in their service sectors, or set strategies for developing these sectors, threatens to limit the scope for effectively building this sector at the national and regional levels. It is worth noting that Arab countries are undertaking negotiations among themselves as well for a service agreement at the regional level. Thus, the liberalization that the EU advocates can limit a lot of the policy tools available to Arab governments for building strong competitive service sectors, as well as limiting the nature, function, and objectives of the services and the governments' right to regulate them in order to achieve a development outcome. It pushes liberalization further in areas that are not well regulated yet, such as financial services, in a way that weakens the governments' abilities to protect these sectors from external shocks. Moreover, it is important to realize that while the EU is negotiating and liberalizing services with the Southern MPC countries, it is also engaging in ongoing negotiations for free trade agreements with other regions including African, Caribbean, and Asian countries. This means that the preferences that Arab countries could achieve through EMFTA could be eroded.

Along with these considerations, one of the major threats limiting the positive outcomes of service liberalizations among the EU and Arab countries, which would have direct implications on the level of contribution to employment, is the way these negotiations deal with Mode 4 of service liberalization. The EU precedence in negotiating such areas with other regions, such as with the African countries in the framework of the Economic Partnership Agreements (EPAs), tends to narrow the scope of the temporary presence of service workers (Mode 4 in GATS80) in a GATS-minus approach to cover only the managerial elite, professionals, technical experts and a limited category of contract service suppliers. Thus, they limit the entry of foreign service workers with low skills and in lower-value jobs to the immigration (non-trade) area (81).

Indeed, immigration remains at the center of the discussions about labour movement liberalization. But Mode 4 liberalization differs from immigration in the sense of being temporary and not permanent. Such temporary migration could replace permanent illegal migration, and could be seen as a step toward addressing the problem of migration in the Euro-Med region. In addition, it contributed to organizing the movement of workers through a legally binding framework, which is the agreement.

(80) Temporary movements of persons providing a service.

(81) TWN draft paper on CARIFORUM-EC Economic Partnership Agreement Analysis, based on Jane Kelsey's work.

The movement of persons across borders to supply services (Mode 4) is an important potential source of income for developing countries and poorer communities. Overall, studies that addressed the impact of Mode 4 liberalization frequently found positive gains for both developed and developing countries, which originate from the movement of unskilled rather than skilled labour (82).

In this context, remittances can be used as proxies to look at how integrated a country is in the world economy through labour mobility, and thus estimate how much it would benefit from Mode 4 liberalization. Indeed, remittances are high and increasing in most Arab countries (83). In 2007, remittance inflows made up around 9% of the GDP in Morocco, 5% in Tunisia, and 2.2% in Algeria (84) and at least 10% of the GDP for Palestine, Jordan and Lebanon (85). According to the World Bank, workers' remittances have witnessed a rising trend in the resource-poor and labour-abundant Arab countries, including Egypt, Jordan, Lebanon, Morocco, Tunisia, and the Occupied Palestinian Territories. These countries saw remittances increase from 8 billion USD in 1996-99 to 13.9 billion in 2006 (86). This sheds light on the possible rewards of Mode 4 service liberalization for Arab MPCs' economies. For example, in Tunisia, studies find increased welfare gains as a result of an increase in temporary worker movement, resulting, as well, in closing the gap between wages in the host country (between temporary and permanent workers) (87). Thus, the movement of persons can be a factor that helps increase equity because

(82) Review of empirical research by Romdhane. See Rodrik, Dany (2002) 'Feasible Globalisation', Working Paper 9129, Cambridge, MA: National Bureau of Economic Research (NBER). This research shows that liberalization of Mode 4 extends the employment of low-skilled workers in more sectors of the economy and increases the cumulative positive effects of the liberalization of the movement of unskilled workers. Rodrik explains that the origin of these gains is the small wedge between wages in rich and poor countries. The liberalization of temporary labour mobility in services is, in general, expected to be greater than the further liberalization of trade in goods (referenced in Romdhane).

(83) Remittances have played an increasing role in sustaining the economies of many countries, especially non-oil-producing countries (i.e. among these, the eight Arab countries with Association Agreements with the EU). According to the Economic and Social Commission of West Asia, the rate of remittances flowing to the Arab countries increased sharply from 2003 to 2007. Similarly, in resource-rich and labour-abundant countries such as Syria and Algeria, remittances increased from 0.5 to 0.9 billion, and from 1 billion to 2.5 billion, respectively, over the same period.

(84) Ibrahim Saif and Farah Choucair (2009), "Arab Countries Stumble in the Face of Growing Economic Crisis", Carnegie Endowment.

(85) See the UN-DESA study International Migration in the Arab Region UN/POP/2006/14, 11 May 2006; referenced in Gibbs and Mehalaine 2006.

(86) World Bank (2007), "Economic Developments and Prospects; Job Creation in an Era of High Growth", p. 115 (calculations include Djibouti as well).

(87) Estimates show that the total measurable trade in services, as defined by the various "modes of supply" subject to multilateral disciplines under the WTO's General Agreement on Trade in Services (GATS), stood at some \$ 3.5 trillion in 2003. This represented over a third of total trade in goods and services. This is the fastest-growing component of both trade and foreign direct investment (Economic Research Forum ERF, Saoussen Ben Romdhane).

labour remittances sometimes provide income to particularly disadvantaged regions and communities in developing countries.⁸⁸ In this context, work abroad can lift persons out of poverty, provide job opportunities for youth, and empower women.

Some research on labour markets and reallocation showed that trade liberalization risks promoting capital-intensive technology and reducing the employment content of growth (89). As capital substitutes for labour, which is enhanced by trade liberalization agreements such as EMFTA, employment possibilities decrease. However, employment policies that increase labour mobility between segments of the labour market, in addition to wage flexibility, could increase the job creation effect of trade liberalization. The Euro-Med Employment Project, a comparative study of the impact of the Euro-Mediterranean Partnership (Free Trade Areas and MEDA Programs) on employment and the right to work in eight Southern and Eastern Mediterranean countries carried out in 2005-2007, showed that there has been a serious flaw in the way the EMP approaches employment. It noted that "it does not make economic sense to limit Partnership to the free circulation of goods and capitals and exclude the free movement of workers altogether (90)."

Accordingly, one of the main challenges in current negotiations on service liberalization between the EU and the MPCs is the ability to ensure a framework that addresses adequate Mode 4 liberalization. In addition, this makes it necessary to facilitate the recognition of qualifications and movement procedures (such as visas) (91), as well as regulatory harmonization and a mutual recognition of standards (92).

(88) Gibbs and Mehalaine 2006.

(89) Abstract - Sebastien Dessus and Akiko Suwa- Eisenmann, Working paper 9918.

(90) EuroMed Employment project, a project directed by Iván Martín, and involving as researchers: Samir Aita, Saleh Al-Kafri, Youcef Benabdallah, Rafik Boukllia-Hassane, Iain Byrne, Khémais Chamhari, Nihal El-Megharbel, Imadeddine Al Mosabeh, Hamdan Hassan, Mahmoud El Jafari, Riad al Khouri, Larabi Jaidi, Erwan Lannon, Azzam Mahjoub, Soad Kamel Rizk, Fatiha Talahite. The project was supported by the Fundacion Paz y Solidaridad, Friederich Ebert Stiftung, the Euro-Med Human Rights Network, the Euro-Med Trade Union Forum, and AECI.

(91) Part of the proposal on service liberalization under GATS, proposed by 13 developing countries including Egypt, and addressing (a) deeper commitments on a sectoral basis and (b) streamlined procedures that differentiate temporary movement. WTO document TN/S/W/14, 3 July 2003 <http://www.wto.org>.

(92) Ghoneim, Ahmed, "Helping to Identify the Potential and Mode for Liberalization of Trade in Services in the Southern Mediterranean Countries; the Case of Egypt", p. 11.

V. Propositions for Fostering Employment Considerations in EMFTA Negotiations, Assessments, and Revisions

Based on the points discussed above and on the results of other previous work that addressed the situation of employment and trade policy-making within the Euro-Med partnership (such as the Euro-Med Employment Project mentioned previously), one can infer that these policy linkages are still to a high extent unestablished. Thus, proposals for action in this area need to start by discussing mechanisms for (1) promoting these intersectoral policy considerations within the Euro-Med region and (2) creating the space and tools for policy makers and other stakeholders to interact and work on this multisectoral discussion.

Within this context, the following are preliminary proposals for fostering employment considerations in EMFTA negotiations, assessments, and revisions:

Proposal 6

Cross-Sectoral Policy Committee on Trade and Employment

This committee would address the gap in policy coherence on trade and employment issues in the Euro-Med region. It would meet at the highest levels of policy makers (Trade and Labour ministers) at least once per year, and on other occasions of Euro-Med policy fora and Summits. This committee will primarily address the deficit in the interaction between policy makers that exists today across the fields of trade and employment.

As noted by the SIA, many mechanisms already exist within the EMP. Thus, the proposed committee is not intended to be introduced as a separate process that creates additional administrative and bureaucratic needs; it should be an integrated part of the processes that are already ongoing. The proposal, therefore, is that the existing mechanisms be reviewed and revised to fill the gap in policy coherence in relation to trade and employment issues. At the bilateral level, such a cross-sector committee could be linked to the bilateral Association Councils of the EU and the MPCs, such as the ones created in the case of Tunisia, Jordan, and others that are possible in the future.

This committee would be informed by a «bottom-up» strategy of working groups including negotiators and representatives of relevant Euro-Mediterranean and Community institutions, experts, and other social stakeholders including unions, employers' associations and civil society organizations from the various countries involved in EMFTA.

The committee would be a step in the process of institutionalizing a participatory discussion on trade and employment considerations in the Euro-Med region. It would define a framework by which employment objectives and labour policies are adequately considered and factored into the process of formulating trade agreements. One of the committee's tasks would be to undertake periodical ex-ante and ex-post human rights-based assessments of trade liberalization processes within the EMFTA process and beyond. This would contribute to institutionalising the monitoring of the social impact of trade relations in a participatory manner. It will further enhance the flow of information between various stakeholders.

This initiative could be of interest to the European side because it would include enhanced work on monitoring labour rights and basic rights of association in the MPCs' industries. It would be of interest to the Southern partner countries because it would contribute to a better integration of their interests regarding employment issues in the negotiation process, and thus would allow them stronger arguments for transition periods, exceptions, and budget allocations for such concerns.

Furthermore, this initiative would answer the interests raised by Labour and Employment Ministers (November 2008 Summit), whereby they reaffirmed the crucial importance of an effective social dialogue for enhancing employment, employability, and decent work in the Euro-Mediterranean countries. They also indicated the central importance of the tripartite dialogue between the social partners and governments, which would be reflected in this initiative. At the same time, it would contribute to enhancing bipartite dialogue between employers and trade unions to improve their contribution to managing economic and social change.

Proposal 7

Enhanced Mechanisms for Ensuring Coherence between the Trade Agenda and the Sustainability of the Agricultural Sector

In their ministerial meeting held in Marseille (November 2008), Euro-Mediterranean Foreign Ministers (93) recalled "the importance of agriculture and rural development in the economy of the Mediterranean countries and in achieving food security (94)." Yet comprehensive planning for agricultural

(93) In their meeting in Marseille, the ministers proposed that, from Marseille onward, the "Barcelona Process: Union for the Mediterranean" should be called "Union for the Mediterranean."

(94) The Final Statement of the Ministerial Meeting in Marseille November 2008. Ministers agreed to convene an agriculture Ministerial meeting on these subjects, and "...identify and promote projects

development in the MPCs is still weak, while negotiations on dismantling tariffs and liberalizing the agricultural sector will see the production system and the structure of the sector change (95). Moreover, the SIA (96) notes that there is a lack of information on key issues and a need for further research in all MPCs into the social and economic capabilities of individual rural communities, and particularly women and young people.

As negotiations on the liberalization of the agricultural sector are already being undertaken, enhanced mechanisms for addressing the coherence between the trade agenda and the sustainability of the agricultural sector could include the following:

- Launching assessments of the impact of transition to commercial agriculture and the need to support the small subsistence farmers that form the majority of the farming communities in Arab countries. This assessment would identify the sectors that need to be given special treatment or arrangements, including the sectors in which large production changes are anticipated. Such arrangements may be optimised by a thorough evaluation of the alternatives, including: putting in place adequate safeguard mechanisms that could address significant import surges in the Southern MPCs, identifying the sectors that can create employment to counter the loss of employment in the agricultural sector, enhancing alternative sources of income in rural areas (to avoid migration), making the necessary targeted subsidization available (which could be targeted through the MEDA program), and giving special consideration to women who are losing their opportunities in the agricultural sector. Such an assessment would contribute to developing national comprehensive agricultural development strategies, which integrate rural development (97).

- Taking precautionary measures according to the assessment results, including restricting the pace of liberalization, especially for sectors that are identified as highly sensitive and susceptible to adverse employment impacts. The SIA had already noted that many of the adverse impacts can be mitigated by restricting the pace of liberalization to allow other measures to take effect (98). For some sectors, it would be necessary to consider a unilateral

related to sustainable rural development, to the development and promotion of quality products, and to the coordination of agricultural research on topics such as water..."

(95) As noted in previous sections, the liberalization of agriculture could have severe employment consequences, especially because large segments of the population involved in this sector will not be able to move easily to other sectors.

(96) Based on a case study undertaken by the SIA in Morocco.

(97) The Phase 2 SIA report and the Stage 1 report of Phase 3 argued that all MPCs should develop a national development strategy in which rural development is fully integrated with urban development. Morocco's Strategy 2020 provides an example of a step in this direction.

(98) The European Union's Sustainability Impact Assessment (SIA) Study of the Euro-Mediterranean Free Trade Area (EMFTA); p.36.

liberalization approach, thus opening the EU agricultural markets to MPC products. Such an undertaking would be necessary, given that the liberalization platform of agricultural trade between the EU and its MPCs is distorted by the significant subsidies presented to the agricultural sector under the EU Common Agricultural Policy. Other necessary policy measures may include action by MPCs themselves, including channelling certain proportions of the European Neighbourhood funds (ENPI) toward agricultural sector development.

– Regarding the longer-term view, it would be necessary to set plans to establish regional institutions for undertaking research into common agricultural issues or to focus the work of already-existing institutions (such as the International Centre for Advanced Mediterranean Agronomic Studies CIHEAM) on the impact of agriculture trade liberalization. The adverse employment effects of agricultural sector liberalization may be considerably eased by regional cooperation to achieve a smooth transition to greater complementarities in agricultural production at the regional level (Arab-Arab and Euro-Med). This was referred to by the SIA as well. Such regional cooperation in the agricultural sector would support the development of integrated regional agricultural policies that enable the move to commercial agriculture and regional high-end agricultural production. It will also allow a more effective use of the economies of scale in agriculture within the region. Furthermore, the establishments of these types of institutions would address the need for reaching common standards in the agricultural sectors, standards that take into consideration the capacities and abilities of the agricultural sectors in the Arab countries and do not present barriers to small farmers.

Proposal 8

Special Provisions for Achieving Added-Value in Mode 4 Services

Given the extent of potential benefits to be achieved through Mode 4 liberalization of services, the current ongoing negotiations could be aligned with efforts targeted to achieve this added-value. Such efforts could be presented in the form of a scheme allowing for temporary legal migration to Europe, reflecting the kind of approach adopted within the ‘Global Approach to Migration’ claimed by the EU since 2005.

Indeed, the ‘Global Approach to Migration’ claims a new approach for resolving migration dilemmas in Europe, while focusing on partnership and dialogue with non-EU countries. In this context, the EU sets a strategy for managing migration through cooperation, combating illegal border-crossing in the Mediterranean region, and promoting a comprehensive approach through

a variety of existing mechanisms, including the Euro-Med mechanisms and the European Neighbourhood Policy (99).

Thus, the proposed scheme would seek to materialize these approaches by enhancing two-way discussions on labour policies, actively involving the sending countries of migrants. To date, this policy area has witnessed only one-sided discourse, with little involvement of the MPCs in determining the benefits of linking migration and development policies. Thus, such an effort could take place in a specific committee established to address Mode 4 liberalization, including access to labour markets for various skill holders, favourable “treatment for admission,” and a matching labour supply with demand. This committee would involve persons involved in migration and development discussions, as well as trade discussions. This should also be built on stronger discussions among the Mediterranean countries on common labour issues and policies, especially amongst Arab countries (linked to the ongoing regional negotiations among Arab countries in the service sector).

Proposal 9

Integrated Ex-ante and Ex-post Human Rights Impact Assessments of EMFTA Negotiations

Ex-ante and ex-post impact assessments, with a focus on human-rights-based approaches (including such economic and social rights as the right to work), are necessary to identify ways to benefit from trade agreements, especially on the human development front. The SIA had adequately noted the need to establish a mechanism for monitoring, reporting, and disseminating information on the future evolution of the EMFTA and its impacts on sustainable development. For the purposes of employment, such a mechanism could integrate monitoring the right to work and the impact of changes in structures and employment capacities of the various sectors covered by EMFTA.

Such human rights-based assessments should be consistent and should be the responsibility of a regional mechanism that is integrated in the already existing mechanisms of the EMP (this could be related to the cross-sectoral committee addressed above). It would benefit from a formal relationship between the joint EC-MPC bodies responsible for monitoring Action Plans

(99) The ‘Global Approach to Migration’: Rhetoric or Reality?’ by Elizabeth Collett; the European Policy Center. The Commission addressed the ‘Circular migration and mobility partnerships between the European Union and third countries’, looking broadly at two new concepts in the EU migration lexicon. Mobility partnerships are intended to provide the framework for managing migration with particular sending countries, based on their cooperation regarding irregular migration and readmission.

under the Neighbourhood Policy, as pointed out by the SIA.¹⁰⁰ This would facilitate putting its findings into action at the policy level.

These regional monitoring mechanisms should reflect a participatory approach, in which both governments and civil society are represented. These processes of consultations would start at the national levels as well.

Participatory mechanisms would be served well by developing a consensual methodology for monitoring the coherence of employment and trade policies within the EMFTA and the EMP in general. Such a methodological contribution would benefit various stakeholders involved in monitoring EMFTA, given that it will establish consensual guidelines for assessments in this area. Such guidelines will ensure consistency in the evaluation processes carried out in different countries and by various stakeholders, whether government or civil society.

The proposed methodology (101) could be the product of work among trade and labour experts and involve civil society groups from various countries in the EMFTA region. It would answer the call sent out by the Euro-Med Employment Project (102) regarding the importance of building a multilateral monitoring and assessment system for the economic and social situation from a rights perspective.

Proposal 10

Mitigation Fund for Job Losses Due to the Implementation of Free Trade Agreements

This Fund would have a regional Euro-Med focus and thus address this issue across the Southern and Northern countries involved in the EMFTA. This fund will not aim to present a safety net formula for adapting to the impact of trade liberalization on workers, under the assumption that trade liberalization is a pre-defined process that cannot be adjusted. Thus, this Fund would avoid becoming just a polish for the image of the EMFTA and the governments involved.

For that matter, the Fund will aim at short-term interventions, which would focus on implementing FTAs that lack previous adequate employment

(100) The SIA noted that the EC and each MPC government should establish an interdepartmental Steering Committee similar to the one set up by the EC for the SIA, to supervise its involvement in the monitoring mechanism.

(101) Several civil society groups embarked on similar exercises, such as the project of the WWF and Heinrich Böll Stiftung on developing and testing a Handbook to Assess Implementation of Action Plans in the Field of the Environment (2008).

(102) Refer to footnote 94.

assessment. The Fund's interventions would not be limited to mere compensation, but would be active in finding adequate alternative job opportunities for impacted citizens.

This Fund should not stand alone as a solution, but should go hand in hand with an overall shift in the approach to addressing issues of employment on the trade front within the Euro-Med Partnership. Thus, it should be complementary to the processes of creating adequate mechanisms, legislation, and regulations to address the possible human development implications of EMFTA. Such a mechanism should be set in place before the negotiations on trade liberalization items start.

The Fund's budget would be dedicated to the quick delivery of funding to projects that help create jobs and maintain employment in affected industries or sectors. It will help reduce the impacts of the restructuring process associated with trade agreements.

Besides its support services, the Fund will be responsible for documenting the cases of employees losing jobs due to trade liberalization processes related to the EMFTA, which will be used in ex-post assessments and to better understand the impact of trade measures on market trends and structures.

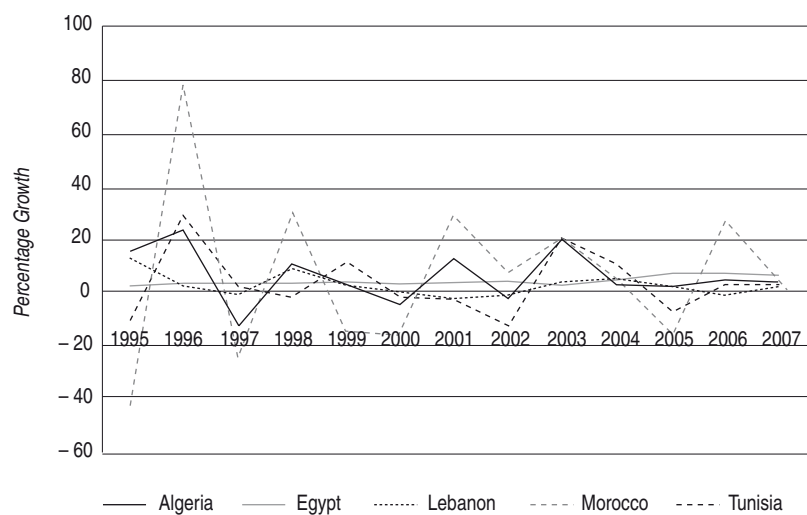
The management of the Fund would engage representatives of trade unions and employer associations, who will participate in developing the eligibility criteria. The Fund will aim to have limited administrative costs, and could thus be co-hosted by administrations already engaged in EMFTA related process, such as ministries of economy and trade, as well as DG Trade in the EU Commission.

Appendixes

Cross-Country Growth Trends – Agriculture, hunting, forestry and fishing

Agriculture, hunting, forestry, fishing					
Percentage Growth					
Period	Algeria	Egypt	Lebanon	Morocco	Tunisia
1995	15	3.1	12.4	- 44	- 9.9
1996	23.9	3.4	2.4	78	29.5
1997	- 13.4	3.6	-0.8	- 26.5	3
1998	11.4	3.5	8.4	27.9	- 1
1999	2.7	3.4	1.9	- 16.7	11
2000	- 5	3.7	0	- 15.7	- 1
2001	13.2	3.6	- 3.2	27.6	- 2
2002	- 1.3	4.9	- 0.8	5.6	- 11
2003	19.7	3.3	3	18	21.5
2004	3.1	4.8	5	1.9	10.1
2005	1.9	6.9	1	- 17.7	- 7
2006	5	6.9	0	26	2.8
2007	3.7	7.1	2	- 0.6	3.9

Source : UN Stats; <http://unstats.un.org/unsd/default.htm>



Cross-Country Growth Trends – Manufacturing

Period	Algeria	Egypt	Lebanon	Morocco	Tunisia
1995	- 1.4	7.5	5.3	3.7	4.4
1996	- 8.7	8.4	12.6	2.9	2.7
1997	- 3.8	7.8	1.2	3.4	7.5
1998	8.4	9.7	8	2.1	4.3
1999	1.6	7.9	- 3.4	2.7	5.6
2000	1.1	4.5	0	3.5	6.6
2001	2	4	4.9	4.2	6.9
2002	2.9	1.9	-2.5	3.3	1.8
2003	1.4	3.7	3	3.7	1
2004	2.6	5.6	5	3	4.9
2005	3.3	6.3	- 4.1	2.6	1
2006	4.2	7.1	3.5	7.8	3.7
2007	3.8	7.2	1.4	2	4.2

Source: UN Stats; <http://unstats.un.org/unsd/default.htm>

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The Work of Women and the Euro-Mediterranean Partnership (Overview, Actions and Proposals)

Souad Triki

Introduction

The issue of women's employment¹⁰³ is crucial and topical. It is no longer the sole concern of the female populations and feminists and is no longer seen as a sectoral issue, but as a cross-cutting one that has become one of the priorities on the sustainable development agenda of the international community and a growing number of nations.

A new target has indeed been recently added to the Millennium Development Goal (MDG) **1 which consists in achieving full and productive employment and decent work for all, including women and youth**. Four key employment indicators which involve a gender analysis have been selected.

Apart from the fact that the issue of women's right to work is a basic issue of human rights, an issue of equality and equity, to which the Euro-Mediterranean Partnership (EMP) is clearly committed, the current crisis and recession has urged officials responsible for development to seek new sources of productivity and limit niches of wastage of human and natural resources.

Yet, as indicated by several studies, it increasingly appears that the untapped potential of women and their poor participation in the workforce represent an economic cost, not only for these women, but also a shortfall for the whole society in terms of household income and national income.

However, in the Middle East and North Africa (MENA) region, female participation in the workforce is the lowest in the world, and there is now an urgent need to plan for increasing rates of female labor force participation in the region. This requirement should become one of the priorities of sustainable

(103) In the International Labour Organization (ILO) 2008 sense, namely: The terms «work / worked (are)» or «at work» refer to all persons employed according to the ILO definition, which includes self-employed, employees, employers as well as unpaid family workers. Thus, there is no distinction between employment in the formal and the informal sector. The words and expressions «employees», «in work», «working» and «having a job» are used as synonyms (Global Employment Trends for Women, ILO 2008).

human development planning for States of the region and also within the EMP.

In this context, our study will address the positioning of the EMP on the issue of female employment in the Mediterranean Partner Countries (MPCs) facing the new mutations in society and women's new requirements on this issue. It will also focus on the gap between women's expectations and commitments of States on the one hand, and between commitments and achievements on the other hand.

Our paper will address three major aspects:

- First of all, we will take stock of women's employment conditions in Arab Mediterranean Partner Countries.

- Secondly, we will examine the scope of the commitments and achievements of the Partnership since the Barcelona Declaration adopted in 1995 in terms of consolidating women's position in the labor market and in terms of economic empowerment.

- And finally, we will devote the last section to the formulation of proposals and actions within the EMP framework for the promotion of women's work and economic empowerment in the Mediterranean Partner Countries, and for fighting against gender discrimination in terms of access and in the labor market.

I. Overview on women's employment in the MPCs

To study the issue of female employment in the Mediterranean Partner Countries, we will begin by situating it within the context of general trends of women's employment in the world in order to better understand its specificity.

a. At the global level

Slow progress, but we are far from equality between men and women

During the last decade, global employment trends for women are highlighted by basic and significant statistics contained in the International Labor Organization (ILO) Report for 2008.

The number of women working in the world has increased by 18.4%. Yet, the number of unemployed women in the world has increased, during the same period, from 70.2 millions to 81.6 millions.

In 2007, this means that, on labor markets, at global level, fewer than 67 women are economically active out of 100 active males. The employment-to-female-population ratio was 49.1% in 2007, which reflects the proportion of

employed women from among the working-age female population (15 years and above), while this ratio represents 74.3% for men.

The unemployment rate for women worldwide is 6.4%, higher than for men's unemployment rate which stands at 5.7%. But female workers generally are in much more precarious conditions, for they are more often than men exposed to less protected sectors, in part-time or seasonal occupations, where social security is lacking and where they often earn less than men and, as a result, have less access than men to decent work.

Several factors concur to explain discrimination against women on the labor market, but this paper does not seek to focus on this issue, it will merely show that the motivations of women's "choosing" not to work vary according to social, economic and cultural contexts.

In developed countries, some women, who can afford to remain without work, may freely choose to stay at home. But in less developed regions in the world, remaining without work outside the household is not an option for most women. «These women could choose to work if it was socially acceptable to do so», i.e. if habits and customs, as well as legal and social norms permitted it, on the one hand, and if they could be relieved from their housework and family care, on the other hand.

This does not mean that housewives are idle. But this so-called invisible female housework, because non-marketable and unpaid, is neither socially recognized nor economically accounted for. Alone, some developed countries from the North have achieved progress in this regard, by establishing regular time-use studies to allow for estimating the number of hours of unpaid domestic work typically performed by women and for assessing their actual value by accounting for the share of the contribution of unpaid work in the country's GDP. While the fact of accounting and valuing this unpaid domestic labor is in itself an improvement, this work remains nonetheless unpaid for women.

In general, the difference between young men and young women (between 15 and 24 years) in search of a job is not significant; the rate of unemployed young women stands at 12.5% compared to 12.2% for young men within this age group. But the likelihood for a young person to be unemployed is still three times higher than for an adult person.

Analysts of the female employment issue have concluded from regression studies covering 108 countries and three dates (1980, 1990 and 2000) (104) that education, fertility and age structure of the population are significant important determinants of women's participation in the labor force, and thus explain the global trends and evolution of this participation in the various

(104) Gender Inequality and Development in the Middle East and North Africa, World Bank, 2004.

regions of the world. Yet, these three factors also represent the resulting cultural, social and economic characteristics of the relevant country.

b. Trends at the level of the MPCs

The least performing trends in the world

Countries in the Middle East and North Africa (MENA) region show the lowest rates of female employment in the world and the highest levels of global unemployment rates and female unemployment rates in particular.

Within the region, there are large differences regarding the participation rate of women in the workforce. These differences reflect the diversity of the region's economies, socio-cultural and political contexts and household structures. So Mediterranean Partner Countries are classified into two categories: on the one hand, those which do not have energy resources, are often exporters of manpower and are the first to engage in a partnership with the EU (Tunisia, Morocco, Jordan...) and, on the other hand, those which are oil exporting countries, importers of manpower when they have a small population such as the Gulf countries, and often countries of emigration such as Algeria, Egypt and Iraq.

While such a typology may be relevant in reporting differences across MPCs, their complexity and the absence of uniformity throughout the region, in this paper we have chosen a regional and geopolitical approach, using the standard subdivision in the region, i.e. the Maghreb on the one hand, and the Middle East on the other hand.

– In the Maghreb

Women's education has made great progress in the Maghreb in quantitative and qualitative terms, and has greatly influenced their behavior towards marriage and fertility¹⁰⁵. The rise of the mean age at marriage for girls (around thirty years, for example, in Tunisia) and the decline of the total fertility rate which, from 7 to 8 in 1966 has currently dropped to 2-2.5, constitute factors of positive correlation for the participation of women to the labor force.

Despite these socio-demographic improvements, and a steady growth exceeding 6% during the last five years, recent evaluations by labor market indicators for women in the Maghreb indicate that this market does not always keep up with the pace of change in the characteristics of the countries in the region, in education, fertility and demographic structure, nor does it follow the rhythm of economic growth.

¹⁰⁵ Le travail des Maghrébines, l'autre enjeu - Collectif 95 égalité, GTZ, 2006.

The region has the lowest employment-population ratio in the world. This ratio is indeed particularly impacted by the low ratios of youth and women.

The main trends in female employment in 2007 in this region are summarized as follows (ILO, 2008):

- The lowest population-employment ratio in the world and a lower ratio than in the Middle East, with only 2 out of 10 women of working age (21.9%) employed, against 7 in 10 men (69.1%).

- A considerable gap between men's and women's participation in the labor market. For every 100 economically active men in North Africa, there are only 35 women in the same situation, which represents the highest difference between men and women in the world: a difference of 65 percentage points against 43 percentage points on average worldwide.

- The number of **working young women** is even lower: only 1.5 out of 10 women (14.7%) aged 15 to 24 are employed. This is of particular concern since the investment efforts carried out for the education of girls are not made profitable by a rate of employability of young women, which reflects some inefficiency and weak capacity of the economy to absorb the growing demand for female employment.

- Concerning unemployment, the situation is especially worrying for women in the region. **The rate of women unemployment stands at 16.2% of female labour force, against 9% for men.** The most difficult situation is experienced by young women with an unemployment rate of **32.3%**, and up to **38% for young women graduates in Tunisia.**

- This particularly high unemployment rate in the region is due to distortions between supply and demand for female employment: on the demand side, the attitude of employers reflects a certain preference for men, namely for skilled jobs and a professional segregation, if not a certain form of discrimination against women, especially married women; on the supply side, as women are becoming more and more educated, they less and less accept jobs that do not match their educational and cultural level. In fact, female students represent more than 50% of all students enrolled in higher education institutions in Maghreb countries: Algeria, Morocco and Tunisia (where 59% of enrolled students are female).

- In fact, some employers prefer to hire women instead, but the jobs offered to them are unskilled and poorly paid. Some women prefer to remain unemployed until they find a "good" job, while most women who have a very limited choice are out of the labor force; thus, we can understand the high rate of inactive women which may reach 73.9%.

- Projections for 2015 indicate that the proportion of youth in the working age population of the region is expected to represent more than 25% of the total working age population. In view of the high degree of waste displayed

by the region in terms of loss of economic contribution by young women, it is expected that this situation will not be sustainable in the long term (Global Employment Trends, ILO 2008).

– As far as the sectoral distribution is concerned, one third of employed women work in agriculture; it is the only region in the world where the proportion of women working in agriculture has increased over the last decade, especially in Morocco. In industry, the proportion of women has decreased from 19.1% to 15.2% between 1997 and 2007. Services employ more than half the women in North Africa (52.2%).

– In the Middle East

In spite of the political and social climate marked by political tensions and conflicts, the Middle East countries have experienced, on average, a strong rate of economic growth of 4.5% between 1997 and 2007, and 6% between 2003 and 2007, and this growth was largely driven by higher oil prices. But labor market trends have been quite heterogeneous between the Gulf oil countries and those oriented towards the export of manpower. Compared to these regional averages, disparities remain significant between the oil-producing Gulf States and countries like Lebanon, Palestine and others.

The region has recorded a significant increase of its employment-population ratio over the past five years, from 46.0% to 50.1% in 2007. This increase seems to have resulted, in a large part, from an increase of more than 7% of the participation rate for women (ILO, 2008). But inequality between men and women is so wide that, despite this increase, hardly two out of ten young women, and just over four out of ten young men actually work. According to ILO's projections, should this trend continue, the region would reach the world average within one generation.

Vulnerable jobs are basically destined to women; in 2007 they represented 43.2% for women and 28.2% for men, while women represented 25.3% against 5.2% for men within the group of unpaid family workers.

However, it is important to underline a striking paradox in terms of unemployment, where we notice a **long-term unemployment of nationals in spite of a relatively high employment rate**. One of the specific aspects of the region, in particular in the Gulf States but also in Jordan or Lebanon, is that many of the jobs generated by growth go to migrant workers (especially in the building sector, but also in several other economic sectors).

The number of unemployed in 2007 is one third larger than 10 years ago, and unemployment among women has increased by 50%. Nearly two women out of ten and one man out of 10 cannot find a job. Youth unemployment is a greater concern; it is three times higher than for adults.

However, official unemployment rates probably underestimate the underutilization of the female workforce because, if men tend to continue to seek jobs, women are more likely to consider themselves as housewives even though they would go out to work if they had any chance of finding a job. These are what is called "discouraged workers" (106) who are not visible in unemployment figures. The share of extreme poverty in work has almost doubled between 1997 and 2007. It represented 4.2% in 2007. The share of poor workers (2\$/day) represented 19.3% in 2007.

Tables on global employment trends for women (ILO, 2008)

Global labor market indicators, 1997 and 2007

	Women		Men		Total	
	1997	2007*	1997	2007*	1997	2007*
Workforce (million)	1071,7	1267,7	1625,0	1895,3	2696,7	3163,0
Employment (million)	1001,6	1186,1	1530,3	1787,0	2531,9	2973,1
Unemployment (million)	70,2	81,6	94,6	108,3	164,8	189,9
Activity rate (%)	52,9	52,5	80,4	78,8	66,7	65,6
Employment-population ratio (%) ratio (%)	49,5	49,1	75,7	74,3	62,6	61,7
Unemployment rate (%)	6,5	6,4	5,8	5,7	6,1	6,0

(106) For example, in 1997 in Egypt unemployment rates reached 7% among men and 21% among women. An additional 2% of men were identified to be outside the labor force against their will because they did not think they could find a job, so they did not take the trouble of seeking it. As far as women are concerned, 11% fell under this group of «discouraged workers». If the unemployment rate reflected this category of discouraged workers, the number of unemployed women would amount to 21 + 11 = 32% (World Bank, 2004).

Male and female activity rates, 1997 and 2007, and gender gap in economically active women per 100 men, 2007

	Female activity rate (%)		Male activity rate (%)		Number of economically active women per 100 men
	1997	2007*	1997	2007*	
	1997	2007*	1997	2007*	2007*
World	52.9	52.5	80.4	78.8	66.9
Developed Economies & European Union	51.3	52.7	70.8	68.2	82.0
Central and South-East Europe (non EU) & CIS	50.7	49.7	70.9	69.8	80.5
East Asia	70.9	67.1	84.5	81.4	78.9
South-East Asia & Pacific	57.4	59.1	82.8	82.8	73.2
Southern Asia	36.6	36.2	83.8	82.0	41.7
Latin America & Caribbean	47.2	52.9	81.8	79.1	70.5
Middle East	25.6	33.3	77.5	78.3	38.7
North Africa	23.8	26.1	75.5	75.9	34.8
Trans-Saharan Africa	64.1	62.6	87.4	86.1	75.0

Unemployment rates for men and women, total and youth, 1997 and 2007

	Unemployment rate (%)							
	Women Total		Men Total		Young Women		Young Men	
	1997	2007*	1997	2007*	1997	2007*	1997	2007*
World	6.5	6.4	5.8	5.7	12.3	12.5	12.0	12/02/09
Developed Economies & European Union	8.1	6.7	6.9	6.2	15.0	12.5	14.4	13.8
Central and South-East Europe (non EU) & CIS	10.9	8.3	10.6	8.7	21.4	17.9	19.8	16.9
East Asia	3.1	2.7	4.2	3.8	6.3	5.8	8.7	7.9
South-East Asia & Pacific	4.2	6.9	3.9	5.6	10.2	16.7	9.8	16.0
Southern Asia	5.3	5.8	4.4	4.8	10.9	9.9	9.9	9.8
Latin America & Caribbean	10.7	10.9	6.3	6.9	19.3	21.6	11.9	14.0
Middle East	18.6	15.6	11.3	10.3	33.5	29.5	23.4	21.1
North Africa	16.5	16.2	10.1	9.0	30.3	32.3	22.2	21.2
Trans-Saharan Africa	9.6	9.1	7.7	7.5	14.9	13.9	14.5	13.6

Employment-population ratio for men and women, total and youth, 1997 and 2007

	Employment-population ratio (%)							
	Women total		Men Total		Young Women		Young Men	
	1997	2007*	1997	2007*	1997	2007*	1997	2007*
World	49.5	49.1	75.7	74.3	42.5	40.1	58.3	55.1
Developed Economies & European Union	47.2	49.1	65.9	64.0	42.1	42.8	48.0	45.6
Central and South-East Europe (non EU) & CIS	45.2	45.6	63.4	63.8	30.9	29.8	41.0	42.0
East Asia	68.7	65.2	80.9	78.4	69.8	64.5	66.8	61.6
South-East Asia & Pacific	55.0	55.1	79.6	78.1	45.0	40.3	58.5	53.7
Southern Asia	34.7	34.1	80.1	78.1	27.4	26.2	60.2	57.2
Latin America & Caribbean	42.1	47.1	76.6	73.7	34.3	35.3	60.9	53.4
Middle East	20.8	28.1	68.7	70.3	15.3	19.5	42.3	44.3
North Africa	19.9	21.9	67.8	69.1	15.4	14.7	42.1	39.8
Trans-Saharan Africa	58.0	56.9	80.6	79.7	50.4	49.0	64.8	63.5

– In the industrialized economies and the EU

In the economies of the North Mediterranean and the EU, the situation is in acute contrast with that of the MPCs. There, the employment status of women compared to the South is significantly more advanced, with nearly 6 women out of 10 who participate actively in the labor market. Of all working women, 88% (against 82.1% of men) have access to paid and wage-earning jobs, 3.9% are employers (against 7.9% of men), 5.8% of women are self-employed (against 9.3% of men) and 2.3% of women contribute to a family activity (against 0.8% of men) (OECD Employment Outlook 2007). However, with only 6 persons out of 10 participating actively in the labor market, there is still a large untapped potential if appropriate policies were put in place (OECD, 2007).

So the situation in the South Mediterranean countries reveals the urgency of finding solutions to the low participation of women in the workforce, to the much too high unemployment rate and to gender inequalities in the labor market. It is urgent because women's employment can no longer be considered in these countries, as it was the case in the past, as a «conjunctural variable with no influence» on the paths of growth of global activity rates and global unemployment rates.

Conclusion

Today, if global activity rates in the region are the lowest in the world, while global unemployment rates are the highest, it is because they are dragged by the respective rates of youth and women in particular. These gender indicators reflecting the situation of women in the labor market in these countries rank them at the lowest position in the world. They are also reflected directly in their overall economic and social indicators, and result in delay and general downgrading (Global Gender Gap Report 2009).

But beyond this comparative analysis at international level, it is now recognized by several theoretical and empirical (107) studies that discrimination in general and gender discrimination in particular have a high cost. The costs of discrimination in these countries are reflected in several areas of social and economic life. Thus, the partners of the Euro-Mediterranean Partnership, despite their differences and specificities, may no longer afford today to consider the question of women's economic activity and the issue of gender inequality as a marginal and secondary problem in the framework of their sustainable development strategies.

II. Place of women's work in the Euro-Mediterranean Partnership

Several evaluations were conducted during the last decade regarding the place of women's rights and gender equality in the policies of the Euro-Mediterranean Partnership. In this regard, we will basically mention the following reports which will help us understand the evolving position of the EMP on female employment and women's rights in general:

– The report on the “The integration of women's rights from MENA into the Euro-Mediterranean Partnership” in May 2003, conducted by Ms. Rabea Naciri, together with Ms. Isis Nusair.

– The information report on the “Role of women in economic and social life and, in particular, their integration into the labour market”, whose rapporteur is Giacomina Cassina, President of the Euromed Follow-up Commission of the European Economic and Social Committee from 2002 to 2004.

– The report on “Women's rights in the EMP” in 2005, produced by the French Economic and Social Committee.

– The report on “Women as Full Participants in the Euro-Mediterranean Community of Democratic States” carried out by EuroMeSCO in 2006.

– The last report of the Euro-Mediterranean Human Rights Network (EMHRN): “Gender Equality in the Euro-Mediterranean Region: From Plan of

(107) As an indication, the theories of G. Becker and others on the costs of discrimination, and all the studies on wage discrimination and the costs they entail are reminded here.

Action to Action?” (October 2009), Shadow Report on the implementation of the Istanbul Action Plan.

– Other recent assessments have been conducted by both government agencies and civil society, including the Euro-Mediterranean Human Rights Network at the EuroMed Women's Conference Barcelona+10, and following the Istanbul Conference in 2006 and the ensuing conferences.

It appears from these evaluations that the position of the Partnership has evolved throughout the Barcelona Process. While women's issues were only tentatively and marginally raised at the beginning of this process, since the EuroMed Conference+10 in 2005 and the Istanbul Conference in 2006, the issues of women participation in political, social and economic life are now increasingly addressed in their various political, economic and cultural aspects.

At the beginning of the process

The issue of women at a marginal place

The EMP reserves only a limited place to the issues of women participation in both its first and its second chapters. The assessment of France's ESC indicates indeed that the sole direct mention of women in the text itself of the Barcelona Declaration is found, in the framework of the economic and financial partnership, in one of the provisions related to cooperation and economic dialogue, where it is said that participants “recognize the role of women in development and undertake to promote the active participation of women in economic and social life and job creation.”

Regarding the **political and security component**, women's rights have only been mentioned in an indirect way, through reaffirming the commitment of participants to “respect human rights and fundamental freedoms” (...) “without any discrimination because of race, national origin, language, religion or gender.”

Ms. Rabéa Naciri, who in 2003 had raised the problem of the absence of the issues relative to women within the Partnership, explained that although

“feminist activists and organizations in the MENA region had closely followed the process of establishing the EMP, and had favorably welcome the Partnership and its potential for the promotion of women's rights, implementation of the EMP's political, institutional and financial instruments in Barcelona in 1995 had been carried out in the absence of women, and more particularly of those from the South Mediterranean countries. This absence of representation of women's interests at the inception of the EMP was in itself reflected in the absence of women's issues both in the Declaration and in the Association Agreements.”

“Seven years after the beginning of the partnership process, few initiatives in terms of studies and databases are available on women in countries of the MENA region. In general, clichés and stereotypes are still persisting,

women in the South Mediterranean countries are viewed as standard creatures, resigned to their living conditions. Their skills and expertise are not recognized and, as a result, few of them are involved in the development and monitoring of Partnership programs and projects...”

Some positive initiatives to integrate women’s rights in the EMP were launched in 2001 and 2002. Following a recommendation from the Euro-Mediterranean Meeting of Foreign Ministers in November 2001, on taking into account the principles of equal opportunity in all aspects of the Partnership, this issue was for the first time included in the agenda of the meeting of the EU-Morocco Association Committee held in March 2002. The importance of gender mainstreaming has also been highlighted with respect to bilateral cooperation within the EMP. Under the Belgian Presidency, the European Commission was asked to assess the programs of the Euro-Mediterranean Partnership from the perspective of equality, so as to estimate to what extent they involve programs for women and what impact activities carried out so far had had on their lives. Therefore, the point was to assess EMP programs from the point of view of gender mainstreaming.

As a result of the quasi-absence of women in the Barcelona Declaration and the Association Agreements, women’s rights-related projects have received only modest funding from the MEDA programs. Although MEDA I and MEDA II commitments have both included special funds for the promotion of women’s rights, the regional MEDA I program on strengthening the role of women in economic life in 2004 remained very modest (5 million euros).

MEDA I regulation (1995-99) had already in principle granted a place for gender equality in the context of specific projects focused on education (access of girls to basic education, integration and retention of girls in the school system); women’s access to health, including maternal and child health, including a few actions of promotion of family planning; and income generating activities for women (the first generation of social funds for development provided microcredit designed to promote access to finance and management capacity building, especially in Egypt and Jordan).

But in this first generation of programs, apart from the fragmented and eclectic projects carried out without any coherent strategy, it was extremely difficult to distinguish the proportion of funds that have actually brought benefit to women.

Organizations advocating women’s rights, especially from the southern side of the Mediterranean, often have a weak institutional base and have great difficulty accessing information on EU procedures and structures, which makes access to EU funding rather difficult (R. Naciri).

Barcelona + 10

Reducing the gap between expectations and reality

Ten years after the launching of the Euro-Mediterranean Partnership, the situation of women did not seem to have sufficiently improved in the MPCs, not only in the field of labor, but in many other areas including mainly the participation of women in decision making and in public and political life. The EuroMed Women’s Conference Barcelona+10 was convened in order to make up for the gap between the expectations roused 10 years before and the current reality at the time, especially in regards of women’s rights. The Conference stressed the fact that the main tools to change this situation were: access to work and to fair remuneration, fighting illiteracy and raising women’s educational level. In addition, it proposed to explicitly include a clause designed to promote women’s rights in the association agreements as well as the European Neighborhood Policy and all other agreements concerned with the relationship between the two shores.

In 2006 the EuroMeSCo Report drew attention to the fact that the EMP partner States had adopted a one-dimensional approach to the role of women in the process of economic development, reflecting a view that had prevailed over a decade. They had therefore failed to recognize that the full implementation of socioeconomic rights was inseparable from that of civil and political rights, and that the establishment of a framework for the realization of all basic rights dictates the interdependence and indivisibility of rights.

The Istanbul Conference (2006)

Progress in gender equality... has been slow and difficult

This is why the Euro-Mediterranean Ministers in charge of women’s conditions held a conference in Istanbul in 2006 on strengthening women’s role in society. The Istanbul process has created a dynamics between Europe and its nine MPCs at the time (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Palestine and Tunisia). The Ministers drew up a plan and a framework of action for five years (IAP) with the aim of promoting equality between men and women in political, civil, social, economic and cultural fields. Consequently, they undertook to combat all forms of discrimination against women.

The conclusion from the most recent evaluation made by the EMHRN in its last shadow report on the implementation of the Istanbul Plan of Action, «From Plan of Action to Action?», is that so far progress in gender equality and the initiatives relating to women’s rights within the EMP have been slow and difficult.

It was rightly underlined that the Istanbul Conference was a significant milestone in the history of women’s rights within the EMP. Eleven years after the Barcelona Declaration, a regional mechanism for the promotion and protection

of women's rights and gender equality had been established for the first time by the 35 representatives of the EU Member States and their Mediterranean partners... The IPA has roused great hopes among civil society organizations in view of the possibilities likely to be created through this mechanism to improve women's conditions in the EMP countries.

However, the EMHRN's evaluation report did not consider the issue of women's employment as one of the key areas examined (108). Five preliminary reports were prepared designed to make a first inventory of the progress achieved between 2006 and 2008. These reports cover the Mashreq, the Maghreb, Egypt, Turkey and the last one on Europe based on slightly different terms of reference.

Regarding the European report, and in addition to the terms of reference, a specific policy paper has been drafted and validated. This paper has identified women's participation in political life, professional equality (wages and access to decision-making positions) and domestic violence as key issues (EMHRN, 2009).

Regional Program on the "Role of Women in Economic Life"

The Belgian Presidency did also present the first Euro-Mediterranean regional program on strengthening the role of women in economic life. The program on the "Role of Women in Economic Life" in the framework of the EMP, RWEL, aimed to upgrade women's economic participation in society. It was targeting to enhance the role played by the Mediterranean governmental and non-governmental organizations in facilitating and expanding opportunities for female participation in the economy and for women's empowerment. The three-year program (2006-2009) covering 10 MPCs, was funded by the European Commission and managed by the British Council (the British cultural agency) in partnership with the Mediterranean Institute for Gender Studies, based in Cyprus. Implementation of the project started in 2008.

Activities implemented to date have focused on three key project components:

1. Monitoring of, and technical assistance to, the projects under the "Strengthening Opportunities for Women in Economic Life" (SOWEL) Initiative. For the most part, these are development organizations providing services and focused on developing small and micro enterprises, credit and capacity building. Some partners have integrated women's networks by incorporating

(108) These areas are:

- Respect of the commitments included in international treaties, particularly CEDAW;
- Women's rights in national legislations;
- Women's participation in civil and political life;
- Violence against women.

a more rights-centered approach, while others are working with research institutes, chambers of commerce and industry and media organizations.

2. Studies and the database on policies for the integration of the gender concept in the Mediterranean countries. During the years 2006/2007, two main studies were conducted in Mediterranean countries:

a. Evaluation of national mechanisms for the advancement of women while particularly examining their ability to address discriminatory laws related to gender.

b. Analysis of women's economic situation by incorporating an analysis of multiple critical factors influencing the economic participation of women, such as family and labor codes.

A regional seminar was organized in Jordan on June 30/July 1 2008 so as to reach out to more stakeholders involved in women's participation and their empowerment and serve as a catalyst to promote the recommendations and conclusions of the seminar

3. Raising awareness, disseminating information and communication with a view to extending support for the integration of the concept of gender. The third component of the program provides a forum for liaison and training. With a pack of ideas generated by the projects under the RWEL initiative and the studies carried out, this component is expected to contribute to the enhancement of accountability and responsiveness of public organizations in the region to women's economic rights.

A short documentary film on women's economic empowerment in the Mediterranean region was also produced. It depicts women's contribution in different spheres of economic activities and highlights the major issues related to policies proposed by the program "Role of Women in Economic Life" (RWEL) to promote the economic empowerment of women in the Mediterranean region.

Conclusion

Various evaluations show that consideration of women's issues, and particularly economic issues, by the EMP, is still a quite recent development. When you closely look at the above-mentioned programs on women's economic participation, and despite the various actions taken, we hardly see any significant actions likely to engage in large-scale policies and national programs targeting women's employment and decent work in the EMP, while seeking to find solutions to the grave insufficiencies in women's employment and participation in the workforce. However, the impact of these programs is yet to be assessed within the EMP.

A new initiative has been launched through the new Regional Program for the Southern countries of the ENP called "Improving equality between

men and women in the Euro-Mediterranean Region" (2008-2011). This program must be monitored and evaluated. The regional EuroMed Gender Equality Program (EGEP) (109) has been established in the wake of the Istanbul Conference follow-up. It aims to strengthen the existing egalitarian dynamics, while identifying gaps to be addressed. It has come in the wake of the regional program on the role of women in economic life (RWEL) which ended in 2009.

III. For a comprehensive and coherent EMP strategy, at the service of an increased participation of women in the workforce and the fight against discrimination at work in the MPCs

Arguments and guidelines for the strategy

In the light of the issue of women's employment in the southern Mediterranean as described above, and in view of their worrying situation and of the EMP's positioning in relation to this issue and actions taken, we propose to develop 5 action programs as part of an overall strategy on female employment. These proposals will be preceded by a set of arguments, preliminary guidelines for these actions.

• Unemployed and increasingly educated women: a critical mass of waste and a real obstacle to the development process.

It is increasingly recognized that labor markets are the main transmission channels to help the disadvantaged groups benefit from the fruits of growth. So access to labor markets and, more specifically to decent employment, is crucial in the process towards greater equality between men and women. Decent work for women is also a prerequisite for economic development since, in the long run, economies cannot afford to ignore an untapped resource such as the one that can be provided by women's work.

Strengthening women's position in the labor market for the sake of their economic empowerment in the South Mediterranean would be the central pillar in this overall strategy. Consolidation of women's economic power is a prerequisite for the promotion of their rights and their freedoms. Unemployed and therefore with no economic power, women in the MPCs cannot get rid of male domination nor enjoy their full citizenship and their freedom, nor contribute to development to the extent of their capacity.

(109) Implementation of the regional EuroMed Gender Equality Program (EGEP), funded by the European Commission has been entrusted to a consortium of two institutions, located in each side of the Mediterranean: Transtec (a consulting firm), and CAWTAR (Center of Arab Women for Training and Research).

While significant progress has been achieved in education, unemployed women stand out more and more as a considerable stock of wasted resources in terms of human capital invested, in particular in education, by past and future generations. Women unemployment may, therefore, be considered a real obstacle to the process of development.

• Consistency of Actions, a Comprehensive Strategy

We have seen that the positioning of the EMP, especially in its current form with respect to women's rights and strengthening their economic and social role, has evolved since the Barcelona Declaration. While it may be appropriate to welcome this progress, we should also emphasize that, in view of the results achieved so far in the MPCs, the vision and facilities including financial resources involved do not live up to the requirements of the current situation and of its evolution in the field of women's work, as shown by previous developments.

Women's needs and expectations, and the commitments taken by the EMP States in this respect, remain far below the real achievements of the Partnership. Wasting away women's resources as a result of underutilizing the potential human resources represented by their work may well become, in these times of recession, unbearable not only from the point of view of women's rights and gender equality requirements, but also in terms of growth and sustainable development.

What is particularly missing in the various previous programs is an overall consistency, a strong coherence of actions and a strategic vision. In sum, what would give effectiveness and momentum to these actions is **a coherent framework and a comprehensive strategy** which would integrate cross-cutting and specific strategies linked to different areas of women's rights and gender equality, similarly to the EU's roadmap which includes all aspects related to the issue of equality.

As the construction of the Euro-Mediterranean Partnership may only succeed within a process of convergence rather than myopia or parallelism, the program of action on women's economic activity in the MPCs cannot be designed separately from the other programs of the Partnership or without involving partners and women from the North.

• Appropriate financial means

In terms of financial instruments, the share of credits seems quite ridiculous compared to women's needs and expectations in the region. Assessments show that, in MEDA II, the total resources allocated to women programmes amount to 24 million euros – out of 5.2 billion euros – which represents an almost negligible proportion and is in total contradiction with the commitments of the EMP States and objectives of the programs.

This financial limitation is indicative of the poor representation of feminist associations and women in general who are sensitized to the integration of women's rights in the EMP and especially in the MPCs.

• ***Mechanisms for assessment and monitoring***

The most progressive evolution of programs within the MPCs seems to be the framework of the IAP. Yet, as it transpires from recent evaluations, namely from the EMHRN (110), that this framework as much as earlier programs is suffering from a lack of **consistent mechanisms of implementation, operation, evaluation and monitoring.**

Due to lack of visibility and knowledge of the Istanbul Action Plan (IAP), relevant actors, including governments and non-governmental organizations, have not at all engaged in its implementation, monitoring and evaluation. Two years after its adoption, many concerned stakeholders do not always know it, nor have they committed themselves to it at any level whatsoever.

Two key elements essential to monitor its implementation are missing. First, procedures should be established to identify clear objectives and develop measurable indicators. Secondly, there should be a mechanism to ensure that there is a genuine process of monitoring. The last two years have confirmed EMHRN's concerns about the lack of a monitoring mechanism and the absence of a clear definition of responsibilities regarding the implementation. This was also confirmed in the report published by the European Commission on implementing the results of the Istanbul Conference 2006-2007.

Separation of IAP from the rest of mechanisms relating to the Euro-Mediterranean Partnership, whether they are associated with the association agreements or with the ENP, reduces the impact of IAP. Furthermore, the association agreements established with several countries in the region do not address the standards relating to gender and do not mention the impact they have on women.

• ***Involvement of women and civil society in the design, development and implementation of actions***

The non-governmental organizations, the civil society at large, and in particular women and feminist organizations should be involved in the design, development and implementation of this strategy, that is to say really associated to this process, especially at the level of IAP, its conception, implementation and monitoring.

(110) Gender equality is not yet at the heart of the Euro-Mediterranean Partnership or European Neighborhood Policy (ENP), and remains absent in the Union for the Mediterranean. Greater interest should be given to this issue in political dialogues and programs.

– Building on and coordinating between the programs of the European Roadmap and Programs undertaken in the framework of the Strategy in the MPCs. Differences in women's conditions between the two sides of the Mediterranean relating to the labor market in particular, must in no case lead to completely separated and dissociated strategies between North and South. This unfortunately seems to be the case in the field of employment and professional discrimination.

– We should not forget that gender inequality still exist both in the North and in the South. Differences may be seen at the level of the magnitude of these inequalities and their gaps which are even more pronounced in the Southern and Eastern Mediterranean Countries with respect to economic and social laws. We cannot expect to build a partnership within a situation of inequality, although levels of economic, social, cultural and political development are different.

– The EMP is in need of an integrated and consistent structure based on South-South and North-South civil society partnerships capable of devising strategies, producing programs and laying down bridges of negotiations between EMP States. The initiative of the Euromed Non-Governmental Platform, through its objectives, seeks to engage in this path. Exchange of bilateral and multilateral experiences within the South-South and North-South partnership should in this regard be consolidated.

A coherent global strategy for the employment of women

The general problem

Discrimination in women's work is primarily a violation of women's rights and human rights in general.

The weak participation of women in the workforce represents an economic and social cost for women in a direct way and for the households, the economy and society as a whole. It is thus opposed to the objectives and requirements of sustainable development.

The basic idea behind this issue goes through a double entry:

– The economic and social cost raises the problem of **economic and social effectiveness and efficiency.**

– The human cost raises questions of **human rights, social justice and non discrimination by gender.**

Yet, the commitments of the EMP States in favor of balanced and sustainable development are fundamentally based on economic and social effectiveness and efficiency, democracy, respect for human rights and gender equality. Gender equality is considered as a factor of development for the entire

society. These countries see it as a vehicle for democracy and peace in a region that seeks to achieve a shared area of stability and prosperity (according to the founding documents of the EMP).

Proposal 11

ACTION (1): *Plaidoyer and Campaign*

- for an equal division of labor (FEDL)
- for a reduction by 20 % of the gap between male and female activity rates by 2015

The first proposal of action **A(1)** concerns the development of a plaidoyer based on a double-entry argument, consolidated by studies and extensive research on measures of the economic, social and human cost of inequality in employment and the estimated shortfall for women and society as a whole.

a. Rationale and objectives

• The economic and social cost

Simulation studies have shown that the low participation of women in the workforce leads to a high cost for the economy and family. Were the rates of participation in the workforce to move from their actual levels to predictable levels (111) (which are calculated on the basis of existing levels of female education, their fertility and age structure), the household income in those countries would increase by 25%. At the macroeconomic level, studies of comparative statistics indicate that a country reaches higher levels of income per capita when women participate more in the workforce, which may

(111) The results of the breakdown by World Bank experts of women's participation trends in the workforce in the MENA countries show that growth in participation rates between 1980 and 2000 was due in 21% to the progress of women's education and in more than 37% to the decline in overall rate of fertility. The overall effect of the changing age structure represented nearly 15% of increased women participation. Within this increase, 18% can neither be explained by the effects of education, nor by those of fertility, nor of age distribution.

In the MENA region, rates of female participation in the labor force are lower - often with substantial margin - than one might expect based on other characteristics of the female population in working age. This observation indicates that the potential of integrating women into the region's economy as determined by past investment in female education and by recent trends in actual fertility is very significant.

If the general trend in determining female labor supply that WB analysts have found in the world was applied to the MENA region, the ratios of actual rates on predictable rates should be close to 1 for the countries of the region. Yet all of them are below 1. However, in countries where comparison could be made over time, ratios have recorded an increase between 1980 and 2000 except in Tunisia, but all remain below 1 (World Bank 2004).

contribute to accelerating economic growth. Had the women's participation rates stood at their predictable levels, growth rates of GDP per capita would have been higher by 0.7% per year during the 1990s. This loss in terms of potential is significant, given the average annual growth of income per capita of 1.9% over that decade in the region (World Bank (112), 2004).

The low participation of women in the workforce results in reduced effectiveness and low profitability of investment in female education, which represents a waste of public expenditure incurred by the national community to education, estimated at 5.3% of GDP.

• The cost in human rights

The low participation of women is also a problem of unequal treatment in the workplace. Women face discrimination in accessing the labor market, their chances are lesser than for their male counterparts as it is attested by the female unemployment rates which are much higher than male rates. But they still face discrimination in the exercise of their profession including the freezing their career through what is called «the glass ceiling» and at the level of working conditions. Discrimination is also reflected in unequal wages and in the more pronounced precariousness of female jobs.

We urgently need to bring the question of women's participation in the workforce out of its trivial, marginal and pseudo-normal status, and break off with the traditional sexual division of labor, with men in paid labor and women in unpaid domestic work, and enhance women's economic empowerment.

The idea of this advocacy is to WORK ON THE MINDSET OF PEOPLE:

- on the one hand, **by demonstrating the injustice involved in the sexual division of labour,**
- and on the other hand, by **measuring the economic and social costs** it causes.

b. Partners in action and recipient population

A tripartite partnership within the MPCs between:

- i) women's rights, human rights and development associations in the MPCs;
- ii) institutions;
- iii) representatives of the EMP.

This advocacy must be owned by civil society, institutions, the private sector, political parties, trade unions, parliamentarians, women's associations,

(112) Gender Inequality and Development in the Middle East and North Africa, World Bank, 2004.

but also by schools which provide education and prepare the new generations and which should include programmes in the area of education on equality and citizenship.

c. A strategy for the development and dissemination of FEDL through:

(i) holding a regional workshop to develop and design a strategy for (FEDL), preceded by committee meetings of country focal points;

(ii) organizing a regional methodological workshop to study the economic and social cost of women's low participation in the workforce (designing indicators for measuring, monitoring and evaluation it);

(iii) producing and publishing national and regional studies on the measurement of the economic, social and human cost resulting from women's low participation;

(iv) conceiving a set of arguments for the advocacy and publishing the FEDL plea;

(v) holding national and regional meetings for dissemination of the findings of the research and advocacy work (workshops for information, awareness-raising and training, roundtables, seminars);

Proposal 12

ACTION (2) Female Employment Support Policies (FESP)

Rationale and objectives

The female labor force participation rates in the Maghreb and the Mashreq are the lowest in the world, and female unemployment rates are the highest, despite progress in women's education and control of their fertility. Gaps between male and female rates are still very high.

However, development policies in general and employment policies in particular do not address the issue of female employment in a specific and targeted way, as if employment was a single compact and indivisible variable.

First, it is necessary to point out that employment support policies in the MPCs under study are in general poorly elaborated and not so developed with the exception of Morocco and Tunisia.

To change the trends in female employment in the region requires, today more than ever before, the implementation of Female Employment Support Policies (FESP) capable of targeting the specific needs of women and particularly young female graduates who show the highest unemployment rates, so as to reduce female unemployment, promote women's participation

in the labor force and women's solidarity-based entrepreneurship. Women's entrepreneurship more likely than male entrepreneurship creates jobs for women, as it has been recently asserted by the last ILO report.

For each country, these Female Employment Support Policies should be based on the following sub-actions:

Sub-Action (2.1): An Observatory on Discrimination Against Female Employment. This is a mechanism for watching, observing and fighting discrimination against women upon accessing the employment market.

Sub-Action (2.2): a Capacity-Building Program for young graduate women in their search of a decent job, through actions of training, information, coaching and enhancing self-esteem. The design and implementation of these programs will be open to contributions from qualified civil society organizations (113) and women's associations.

Sub-Action (2.3): A program for the encouragement and promotion of solidarity-based female entrepreneurship and for equal access to resources (credit, land ownership, services, markets, equality in inheritance).

Proposal 13

ACTION (3) Strategy Against Wage Discrimination (SAWD)

Rationale and objectives

Women are less well paid than men worldwide. Reasons for this disparity are partly explained by differences in qualifications and skills between men and women, and partly by gender discrimination. Even where labor laws are egalitarian, which is often the case, wage discrimination and unequal employment persist with significant differences.

World Bank studies for the 2000s report on how much female salaries would rise in percentage should discrimination disappear. This increase in wages is estimated at an average of 25% for industrialized countries and would be the highest in the MENA region with a shortfall of 32% to recover in female wages.

Reducing the wage gaps between men and women, in addition to its contribution to the establishment of a more just and egalitarian society, would be quite reasonable in terms of economic and social efficiency. The elimination of wage gaps between women and men would generate increased profitability

(113) The idea is to launch original experiences and also to consolidate existing pilot experiences such as women's homes which have promoted women's economic empowerment projects in Algeria, Morocco and Tunisia (AFTURD).

for the economy as a whole. As a matter of fact, a Communication adopted by the European Commission in 2007 analyzed the causes of these wage gaps between women and men and proposed a series of actions to address the problem.

The following sub-actions are proposed as part of the Strategy to fight wage discrimination:

Sub-Action (3.1): The Roadmap for Equality in the MPCs

Under the EMP, the idea is to coordinate work with partners in the North on the basis of the EU Roadmap for Gender Equality 2006-2010, especially in light of the priority actions around which it is articulated. These priorities are in full coherence with the IAP (114).

One of those priorities is to put women and men on an equal footing in terms of economic empowerment. The eradication of wage gaps between women and men is one of the cornerstones of this priority. The Roadmap underlines the need for collective action to eliminate wage differences between women and men.

Sub-Action (3.2): A Network for Reducing Wage Gaps between men and women within the MPCs will be created. It will consist of representatives from women's rights and human rights associations, employers' unions, institutions, members of parliament, experts and European delegates for the Roadmap for Equality.

The Network Mission:

1. Strengthening national legislations through Guidelines against discrimination and for the obligation of equal pay.

(114) 12 The EU Roadmap for Gender Equality 2006-2010 was adopted on 1st March 2006. It builds on the experience of the Framework Strategy for Gender Equality 2001-2005. It combines the launching of new actions with the strengthening of existing activities that have proved to be successful. It also reaffirms the dual approach of gender equality consisting in gender mainstreaming (promotion of gender equality in all policy areas and activities) and adopting specific measures for the underrepresented gender.

The Roadmap represents the Commission's commitment to advancing the policy of gender equality in partnership with Member States and other actors. The Roadmap for gender equality highlights six priority areas for EU action on equality:

- Equal economic independence for women and men;
- Reconciliation of private and professional life;
- Equal representation in decision-making;
- Eradication of all forms of gender-based violence and human trafficking;
- Elimination of gender stereotypes;
- Promoting gender equality in external policies and development.

The Roadmap seeks to improve governance for gender equality. In each area, it identifies priority objectives and actions. It will be subject to a progress report in 2008 and an evaluation together with a follow-up proposal in 2010.

2. Including equal-pay-for-equal-work Guidelines for men and women in the Active Labour Market Policies programmes of governments and in the employers' agenda.

3. Standardizing methods and norms for measuring wage gaps between men and women and annual monitoring of the evolution of differences in various sectors.

4. Estimation of these differences for each country and measuring their impacts on household income (through studies).

5. Raising awareness among trade unions and employers' associations on the issue.

6. Joining women's struggle in the North for the reduction of wage gaps.

Proposal 14

ACTION (4) Child-Caring Strategy

Rationale and objectives

Most studies in industrialized countries are in line with the principle that the fact of having more attractive childcare opportunities leads to a rise in employment of mothers (e.g. a study by Gornick, Meyers and Ross 1996 quoted by the World Bank).

In some industrialized countries, like Germany, the way in which one of the major problems of development is being solved could be applied to cases of the Southern Mediterranean region. In 2000, German women's fertility rate stood at 1.36 children per woman, one of Europe's lowest rates. This low fertility rate affects the economic dynamics, and may cause future problems of financing health care and pension schemes. A number of young women have the feeling that they are forced to choose between children and their careers.

As long as working parents have no solutions for children caring, female participation in the workforce will remain limited at the expense of the country's economic growth. Being aware of the risks ahead, Germany plans to engage major spending on child care and keeping schools open all day to strike a balance between the number of deaths and births. This will be a voluntary break off with the idea that one has to choose between the purse and the child (World Bank, 2004).

To encourage change in traditional roles of men and women and to promote a new sexual division of labor where women can become independent and active, it becomes urgent to plan for relieving them from child- and other dependent family members caring.

This so-called domestic work which has generally no monetary or accounting value is not recognized socially or economically. Yet, this work has a cost; it has therefore a value, and as such it is offered free of charge in the private sector as well as in the public sector and business companies, without including this cost in payment for labor, since social benefits and family allowances are becoming very weak in the MPCs (e.g. Tunisia where family allowances have not increased for several decades).

Women are generally willing to work, especially those who have invested all their efforts in school enrolment, as well as secondary and higher education. Young and single women begin to work when they end up finding a job, but once they get married and make children, their work - for many of them - will rank after their family life, which results in very low rates of participation among married women in the workforce. If the days of these women are full of domestic work to feed, take care of children and the elderly, and if nothing or no one is provided for to do it for them, and if they want to go out for work, which is likely to happen increasingly in view of the growing school education for girls and their new aspiration for their own empowerment, they obviously would not be able to escape these domestic tasks.

Under this Action, the goal is therefore to design and plan a TAKEOVER of domestic tasks, caring for the children and for the elderly from women so as to enable them to work outside their home for a salary:

Sub-Action (4.1): National Programs for accommodating and taking care of children through a family policy designed to provide subsidies to families for these services.

Sub-Action (4.2): Creation of a “Home care” Fund (for child keeping and caring) on the basis of tax and budgetary reforms, together by the Government, the private sector and the households ... Creating a public fund to finance maternity.

Sub-Action (4.3): Training programs for life health carers for the elderly and disabled at home and for local and caring services.

Sub-Action (4.4): An education and awareness-raising Program on “Sharing domestic tasks between men and women and age groups”.

Proposal 15

Action (5): Gender Responsive Budgeting at the service of equality in employment

Rationale and Objectives

Gender Responsive Budgeting (GRB) has been a part of best budgeting practices since the first mid-80s to 90s initiatives in Australia and South

Africa which are pioneers in this field. Since then, these examples have been followed by a growing number of countries around the world. GRB has become a movement. Not all countries are at the same stage of progress, some are more advanced than others. In Africa, countries like Morocco and Senegal have taken the initiative and are at a more or less advanced stage in implementing GRB. Haiti, Mali, Côte d'Ivoire, Sierra Leone, Benin and Burkina Faso are on the right track. Other countries like Guinea Bissau, Cape Verde and Gambia have already sought the support of UNIFEM to this effect. Requests are coming from Government, Parliament, civil society, UN agencies, or even other development partners to support developing countries.

GRB (115) means the introduction of a tool for gender analysis in the budget planning and development/execution/assessment process. GRB:

- Recognizes the ways in which women contribute to society and economy through their unpaid work;
- Recognizes the intersection between budget policies and the well-being of women;
- Investigates the effects of revenue and expenditure allocation on men and women;
- Seeks to respond equitably to the practical and strategic needs of women and men from different segments of society;
- Aims to reduce socioeconomic inequality between these segments and take account of the principles of equity and equality.

In a context of discrimination and exclusion based on gender, GRB is a tool to ensure that:

- Poor women's priorities are reflected not only in policies, plans and programs, but also in budgetary allocations, expenditures and revenues;
- Actors, organizations, budgetary systems and processes better reflect the interests of poor women and give a voice to women, transparency and accountability with respect to gender-responsive commitments.

In the context of MPCs, Morocco is the most advanced country, its GRB initiative was launched nearly five years ago and it is supported by UNIFEM. It would be interesting to expand Morocco's experience to all MPCs.

Our proposal in this context consists of the following sub-actions for each MPC.

Sub-Action (5.1): Conducting a Budget Reform to introduce GRB.

Sub-Action (5.2): Institutional Support for the National Accounting System for the inclusion of unpaid household work and for developing a satellite household account for non-commercial production.

Sub-Action (5.3): Generalizing Time Budget Surveys in all MPCs.

(115) Definition by the workshop on GRB (UNIFEM, Rabat, 2009); S. Saïdi and Fazouane.

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The European Neighborhood Policy Initiatives in the Fields of Employment, Migration and Social Policies in the South and East Mediterranean

Erwan Lannon *

Introduction

This "Policy Brief" focuses broadly on socio-economic issues within the framework of the Euro-Mediterranean relations, and particularly addresses issues of migration, employment and training policies, and more generally social policies within the European Neighborhood Policy (ENP). The idea is to take stock of the progress achieved in these areas and then make a series of concrete proposals.

Emphasis is placed on programs or initiatives carried out within the framework of the European Neighborhood Policy as established gradually in recent years. The proposals are operational in nature. That is why this analysis focuses on the National Indicative Programs (NIP) and the Country Strategy Papers (CSP) for Mediterranean Partner Countries (MPCs) insofar as they are precisely operational documents. These operational documents implement the priorities of the ENP Action Plans and the Euro-Mediterranean Association Agreements and should take account of the relevant Euro-Mediterranean ministerial meetings.

The ENP should indeed be viewed today through the declarations of the Paris Summit for the Mediterranean of 13 July, 2008 and the Euro-Mediterranean Meeting of Foreign Ministers held in Marseille on 3-4 November, 2008. It is in this new context that some of the future socioeconomic initiatives will be developed that are sketched out in the schemes for the 2011-2013 National Indicative Programs which will be analyzed in the heart of this paper.

At the level of the Joint Declaration of Paris, the Heads of States or Government, referring directly to the issue of employment, reaffirm "the determination to favor human resource development and employment in line with the Millennium Development Goals." The "promotion of economic and social rights" is also mentioned and it should be noted that one of the priority projects of the Union for the Mediterranean (UfM) is "Higher Education and Research, Euro-Mediterranean University". It should also be emphasized in this connection that "particular attention should be paid to enhancing quality and to ensuring the relevance of vocational training to labor market needs."

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Another priority project of the UfM which directly affects socioeconomic issues is 'the Mediterranean Business Development Initiative' which is aimed "at assisting the existing entities in partner countries operating in support of micro, small and medium-sized enterprises by assessing the needs of these enterprises, defining policy solutions and providing these entities with resources in the form of technical assistance and financial instruments."

In the Euro-Mediterranean Meeting of Foreign Ministers held in Marseille on 3-4 November 2008, in addition to the clarifications put forward regarding the new institutional structure of the UfM (116), the ministers adopted an ambitious work program for 2009. Various meetings having a direct or indirect impact on employment were planned for 2009 (117), but the ministers stressed that the first Euro-Mediterranean Conference of Ministers of Labor and Employment, "will provide a unique opportunity to develop a genuine social dimension in the partnership, based on an integrated approach combining economic growth, employment and social cohesion." The agenda of this conference is clear in this regard. With respect to 'migrations', the Ministers also reaffirmed their commitment to "facilitate the legal movement of persons."

In accordance with the Declaration of Marseille and following two preparatory meetings¹¹⁸, the First Euro-Mediterranean Employment and Labour Ministers Conference held in Marrakech (9-10 November, 2008) led to the adoption of a Framework of Actions which should contribute to the integration of a real social dimension in the Euro-Mediterranean project. The Ministers of Labour and Employment proposed:

i) implementing an "an integrated approach where economic, fiscal, employment, social and environmental policies as well as education and training policies go hand in hand" (119);

(116) A system of biennial summits of Heads of State and Government; - A Co-Presidency system will apply to all summits, all ministerial meetings, and senior officials meetings; - A reinforced Committee of Senior Officials (dealing with all aspects of the initiative, preparation of ministerial meetings and submission of project proposals, annual programming); - A Joint Permanent Committee (based in Brussels) will assist and prepare the meetings of the Senior Officials and ensure the appropriate follow-up; - A Secretariat will be responsible for identifying and monitoring UfM projects, promoting new projects and seeking funds and partners for their implementation.

(117) First Euro-Mediterranean Ministerial Meeting on Sustainable Development Projects, Second Euro-Mediterranean Ministerial Meeting on Higher Education and Scientific Research, Second Euro-Mediterranean Ministerial Meeting on Strengthening the Role of Women in Society, and finally First Euro-Mediterranean Ministerial Meeting on Human Development.

The Ministers determine in details the exact areas of cooperation for 2009 and affirm the need within the context of social, cultural and human cooperation (Section III. D), to "develop a genuine social dimension."

(118) The Euro-Mediterranean Conference on Employment and Social Dialogue held in Berlin in March 2007 and the Euromed Workshop on Employment of 12-13 December, 2007.

(119) Point 11.

ii) establishing an inclusive approach with the existing plans and strategies at the "internal" level of the EU (Lisbon Strategy for Growth and Jobs, European Strategy for Employment) and the promotion of "decent work for all in the EU's external relations, particularly in the European Neighborhood Policy (ENP) and the Barcelona Process: Union for the Mediterranean";

iii) promoting the implementation of international standards and policy frameworks in the fields of employment, decent work and sustainable development as laid down within the ILO and the UN" (120);

iv) creating a Euro-Mediterranean Framework of Actions in the fields of employment, employability and decent work.

We need however to check whether these objectives are taken into consideration at the operational level. The following analysis is a forward-looking study. It essentially relies on the "concept notes" that serve as food for thought for the period 2011-2013 and which must therefore take into account the objectives of the recent intergovernmental Euro-Mediterranean meetings.

It should be mentioned that this study refers to the concept notes on Tunisia, Morocco, Algeria, Syria, Egypt, Jordan and Lebanon. The concept note on the Palestinian Territories was not available at the time of drafting this policy paper, and in view of the socioeconomic conditions in Israel, this country is integrated in the developed countries group, and as such, actions of cooperation are limited to very specific areas. Turkey which is still formally a member of the Euro-Mediterranean Partnership-Union for the Mediterranean does not benefit from the ENPI but from the funds dedicated to the pre-accession strategy.

I. The "Concept notes"

Concepts notes are non-legally binding instruments that allow the European Commission to prepare the future National Indicative Programs.

A. The purpose of "Concept Notes"

The purpose of "concept notes" is to start discussions within the European Commission in view of preparing the 2011-2013 NIPs. The NIPs will indeed indicate the priority sectors and programs of the Commission's cooperation plans for 2011-2013 for each of the Arab Mediterranean Countries under study.

(120) Point 14.

Civil society organizations should, in principle, play a significant role within the ENP, namely in monitoring the implementation of action plans. This is particularly important in terms of co-ownership and good governance.

Revision of the operational documents is therefore carried out in consultation with actors such as national administrations, local partners and civil society organizations, while the whole process is conducted by the DG RELEX of the European Commission and the EU Delegations in partner countries (121).

B. The “Tunisia Concept Note”: National Indicative Program 2011-2013

1. Tunisia CSP 2007-2013

The CSP 2007-2013 has identified a number of sectors for cooperation between the EU and Tunisia including:

- i) Development of conditions conducive to private investment, development of competitive enterprises (SMEs), growth, reduction of unemployment and sustainable rural development;
- ii) Development of conditions conducive to the three components of sustainable development (environmental, social, economic);
- iii) Promoting education and training, higher education and scientific research;
- iv) Enhancing social programs while maintaining balanced budgets.

There is a wide range of possible initiatives which should take place within a particular context.

2. The socioeconomic context

Regarding those events which have had an impact on the socioeconomic conditions in Tunisia, the European Commission document underlines:

- i) the rising prices of agricultural products and oil products prices;
- ii) the soaring food prices.

This has limited the possibilities of action in terms of fiscal policy and public finance for investment. The financial and economic crisis has therefore had an undeniable impact on the real economy. For the European Commission, this “reinforces the need for deepening Tunisia’s economic integration in the EU (especially in the services and agriculture sectors). The importance of supporting social policies and food production, which remains a priority for

(121) The Mid-Term Review of ENPI Strategy Papers and Indicative Programs, Information Note for Civil Society Organizations.

Tunisia, while fully shared by the EU, could be taken into account in the NIP 2011-2013 (122).

It should also be noted that migration from Tunisia deserves more attention, even if “the government has developed a policy to combat illegal migration and support legal migration (123).”

3. Developments in Tunisia

Regarding “developments in the country”, the Commission noted that:

- i) Despite high unemployment and rising food prices, the Government believes it can maintain social stability;
- ii) The unemployment rate remains a key concern for the Government, particularly in relation to young graduates, especially in this period of economic recession;
- iii) The Government is resolved to pursue policies aimed at easing these tensions, as social stability is the essential basis of political consensus (124);
- iv) The authorities also seek to promote regional development in order to reduce socioeconomic disparities in Tunisia, through aid to investment, but also to enhance intra-Mediterranean regional trade (Agadir Agreement, PanEuroMed Cumulation);
- v) The definition of a Euro-Mediterranean Trade “Roadmap” for 2010 and beyond will help achieve the following three main goals: (i) diversify and improve trade, (ii) encourage regional economic and industrial integration and (iii) promote European investments;
- vi) The remittances from Tunisians working abroad have increased considerably in recent years to reach 1 billion euros in 2008 (125).

4. Financial cooperation and problems encountered by the Commission

Concerning financial cooperation, the European Commission stated that education and training and economic reforms are sectors where EU cooperation is most effective.

On the other hand, “implementation of programs on democracy, human rights, rule of law and governance has sometimes been difficult” especially as the European Neighborhood and Partnership Instrument (ENPI), “implies greater accountability by the partner country.” Participation of the civil society

(122) Concept note, Tunisia, page 3.

(123) Concept note, Tunisia, page 3.

(124) Concept note, Tunisia, page 5.

(125) Concept note, Tunisia, page 6.

(in its broader meaning) in developing and implementing programs and projects has so far remained weak and has yet to be developed (126).

5. Priorities and key issues likely to be resolved

The main possible areas of the NIP 2011-2013 include:

- i) Economic governance and competitiveness of enterprises, especially in the industry and service sectors;
- ii) Employment and social protection, including the modernization of pension systems, social shock absorbers, retraining of the unemployed as a result of corporate restructuring to combat high structural unemployment. This should come as a continuation of past interventions (health insurance, higher education, secondary education, vocational training, matching education with labour market needs).

It is to be underlined that fighting unemployment and creating jobs are very important priorities for the government.

6. Conclusions

Unlike other “concept notes,” the European Commission does not provide any average annual budget breakdown by priority sectors. This creates a problem for comparative analysis (see table at the end of the study) and for fine-tuning the analysis.

However, we notice a significant link between political stability and socioeconomic conditions, as mentioned by the European Commission. Promoting social protection and fighting unemployment remain key priorities that are taken into account among the national priorities of Tunisia.

The European Commission also reaffirmed that “participation of the civil society (in its broader sense) in developing and implementing programs and projects has so far remained weak and has yet to be developed.” Initiatives on migration issues are not very visible.

C. The “Morocco Concept Note”: National Indicative Program 2011-2013

1. Morocco CSP 2007-2013 and the Advanced Status

It should first be noted that the “development of social policies” and “economic modernization” are among the five main priority areas of the CSP 2007-2013.

The European Commission stated that, among the priorities identified in the CSP, ongoing programs (or programs under preparation) during the period

(126) Concept note, Tunisia, page 6.

2007-2010, particularly in the “sectors of health, education, justice, and training,” will be extended during the period covered by the NIP under preparation.

Moreover, the EU-Morocco Association Council approved on October 13, 2008, a Joint Document on the ‘Advanced Status’ which “represents a roadmap for the development of relations between the EU and Morocco for the coming years.” The latter sets “new targets in many areas (127).”

2. The preliminary list of programs and projects that could be implemented during the 2011-2013 period

The “concept note” on Morocco contains a preliminary list of programs and projects that could be implemented during the period 2011-2013. The list namely includes the following:

- i) Regarding social policies development:
 - A program for supporting and modernizing the labor market and social dialogue (sectoral program, support required to accompany this reform area including the ongoing changes in the legislative framework and their implementation);
 - Prevention of insalubrious housing (Continuation of the program for the “eradication and prevention of insalubrious housing” which has come to maturity and has had positive results; goals: fighting urban poverty, socioeconomic balancing);
 - A program for integrated rural development in the north region (social dimension, migration, environmental, regional components, project-based approach);
- ii) Regarding economic modernization:
 - A complementary program to support agricultural reform (including an SPS component). (This reform is a priority for the country and would complement the program of 2010).

3. Conclusions

There is clearly a willingness to pursue current programs on the traditional priorities of Morocco, even though the European Commission refers explicitly to the objectives of the newly agreed Advanced Status without however elaborating on this subject, which is unfortunate, because at the operational level, the Advanced Status seems to have little practical impact, at least for the moment.

Again, there is no information regarding the breakdown of the yearly average envelopes per sector. This does not help fine-tune the analysis.

(127) Concept note, Morocco, page 1.

D. The Algeria “Concept Note”: National Indicative Program 2011-2013

With regard to Algeria, it should first be noted that this country has not joined the ENP. This means that there is no ENP Action Plan for Algeria.

The Euro-Algerian relations are therefore based on the Association Agreement and a “roadmap” (128) agreed upon with Algeria which establishes, as in a plan of action, the objectives and priorities in relation to sectors of common interest.

1. Financial cooperation – Lessons learnt from past cooperation

The European Commission stated in this regard that the following are among the projects successfully implemented: Support to SMEs; Education; Support to Algerian development associations (NGOs I and NGOs II); Modernization of the Algerian police force, and Modernization of, and Support to, Administrative Reform (MSAR).

The Commission however underlined that “all programs remain largely in a ‘project’ mode which not only requires a greater effort of management, but also places limitations in terms of disbursement and sustainability of results.”

Therefore, the Commission plans – for 2011-13 – to establish a “more effective mechanism to deliver aid which would help increase co-ownership by Algeria and generate involvement of other donors (129).

2. First guidelines for 2010 and 2011-2013

i) For 2010

For 2010, the European Commission plans to focus on economic programs (Program of support to public works; Program of support to national schemes of sanitary and phytosanitary control of agricultural products and fisheries; Program of support to establishing a statistical system in the housing and urban planning sector; Program for contractual arrangements between the Social Security system and public health entities).

ii) The initial guidelines of the NIP 2011-2013

Three programs are being considered by the Commission under the NIP 2011-2013:

– 2011: A comprehensive “Environment” program. An NGO III Program could perpetuate and extend the achievements of previous programs;

(128) The 1st EU-Algeria Association Committee was held in Algiers on September 16, 2008. Pursuant to the mandate of the EU-Algeria Association Council of March 10, 2008, a “roadmap in support of the Association Agreement” was adopted at this meeting. Concept Note Algeria, p. 1.

(129) Concept Note Algeria, p. 5.

– 2012: An “Economic Diversification II program, more focused on the Heritage” (site restoration, management and training of guides), in continuation of DIVECO I, a tourism component, in the context of developing tourist activities. The economic issues raised (business climate, non-oil exports and competition) should rather be handled in a more sustainable and flexible way by the P3A. In addition, perhaps, to a “Transport II” program (including air transport).

– 2013: A P3A III, a Program to support the roadmap, plus, perhaps, an “Economic Diversification / Customs” Program with the Ministry of Finance which would become meaningful in the context of tariff dismantling, and would also contribute to the development of electronic payment systems of the same ministry.

3. Conclusions

Here, the priorities are a little unclear. The European Commission refers to programs instead. This seems to result from the absence of a ENP Action Plan which precisely aims at clearly defining the priorities for cooperation. The roadmap does not seem to fill this gap.

On the other hand, the international migration issue was addressed in a quite well detailed paragraph. The concept note stressed the fact that Algeria has just adopted “a new law on 25 June, 2008 to amend the rules on border management, the granting of visas, the processing of irregular migrants and asylum seekers” and that the EU “is very much interested in cooperating with Algeria in all aspects of migration in a structured and balanced manner, in accordance with its policy within the Global Approach on Migration, as well as with the proceedings of the Lisbon and Albufeira conferences (130).”

E. The “Syria Concept Note”: National Indicative Program 2011-2013 (April 2009)

1. EU strategic objectives 2011-2013

Three priorities for action were identified for the period 2007-2013:

- i) Support for political and administrative reform;
- ii) Support for economic reform;
- iii) Support for social reform.

As recalled by the European Commission, the Country Strategy Paper builds upon the provisions of the “draft Association Agreement-the signature of which is pending since 2004- and aims at preparing the country for a full participation in the European Neighbourhood Policy in the medium term” (131).

(130) Concept Note Algeria, p. 8.

(131) Concept note Syria, p. 1.

2. Main challenges or obstacles

Several challenges are identified notably at the level of reforming the administration, pursuing the decentralization process; strengthening the rule of law and increasing the participation of civil society and the respect of human rights.

As far as the Syrian economy is concerned, "serious challenges" have been raised such as:

- upgrading of Syrian enterprises (an EC-funded programme will tackle this matter in 2010);
- opening up the economy to other markets (China, FTAs with Turkey and GCC);
- effects of the global financial crisis;
- the perspective of the entry into force of the EU-Syria Association Agreement for Syrian industries;
- significant shortcomings in terms of competitiveness and export capacity of enterprises (132).

At the social level, the "social effects of the economic transition and of the global crisis remain a challenge." These effects will even be more critical in rural areas (133). To date, most of EC interventions have targeted reforms at national level and focused on urban areas.

3. Perspectives offered by the new Association agreement

In the field of the support for political and administrative reform, the Commission will prepare a program to support the implementation of the future Agreement. In addition, instruments such as Twinning and TAIEX will be used for institutional building and legal approximation, and will address the shortcomings in terms of reforms conception and implementation (134).

Regarding the support for economic reform, the Commission will focus on:

- i) Improving the business environment;
- ii) Supporting small and medium sized enterprises and upgrading companies;
- iii) The competitiveness of Syrian enterprises and on enlarging the scope of support to reach out to other or new sectors of the economy.

As far as support for social reform, the Commission mentioned that the EC has financed "a number of programs in the areas of health, education

(132) Concept note Syria, p. 1.

(133) "Where drought in the past two years has seriously undermined the agriculture sector, the principal source of income in these areas".

(134) Concept note Syria p.3.

and vocational training to better match labor market demand with supply". Therefore, "in the areas of education, vocational training, social protection and health", the programs will continue to run until 2012 or 2013. However, focus in the coming period "could be shifted to address the problems of regional disparities and poverty, through targeted and integrated interventions in the poorest and rural areas".

4. Possible priorities for interventions during 2011-2013

It is expected that the "yearly EC allocation for Syria will be equal to, or higher than, the current yearly average of EUR 32.5 million".

Areas of intervention for 2011-2013 could be selected within the following priorities:

i) Support for political and administrative reform

The bilateral envelope for this priority should be in the range of 30% (compared to 23% for 2007-2010);

It is envisaged to:

- Support the implementation of the Association Agreement;
- Build the capacity of civil society organizations for their better participation in the reform and development process.

ii) Support for economic reform

The bilateral envelope for this priority should be in the range of 50% (compared to 38% for 2007-2010);

The following actions are envisaged:

- Two programs which are already part of the National Investment Program 2007-2010 on trade promotion and business environment simplification are expected to support the trade liberalization process;
- In 2010 a program is planned to promote business development, including the corporatization of state-owned enterprises;
- A program aimed at fostering the competitiveness and productivity of enterprises (notably SMEs) will address the promotion of entrepreneurship, skills development, promoting innovation, research and development, diversification of production and development of higher added value goods;
- The Commission might also support a program of assistance to the Syrian authorities to develop a long-term energy strategy (135).

(135) This program could be based on "appropriate legislative and regulatory framework, including measures to promote energy efficiency, across all sectors of the economy and the use/development of renewable energy sources. Such interventions will have to be coordinated with current and planned EC regional projects in these areas and with donors and IFIs operating in these areas". Concept note Syria, p. 4.

iii) Support for social reform

The bilateral envelope for this priority should be in the range of 20% (compared to 31% for 2007-2010).

The Commission will support a program for the sustainable development of rural areas and combat rural poverty through a better competitiveness of agriculture, a better management of natural resources, economic growth and diversification (136).

5. Conclusions

There seems to be a will to redirect cooperation towards rural areas and anticipate the entry into force of the Association Agreement. However there is no guarantee that this agreement will finally be signed given the current context.

Priorities are clearly identified. The socioeconomic dimension and the poor civil society are issues of great concern. However, one should take note of the significant decrease in the share of the financial envelope for the support of social reform (20% compared to 31% for 2007-2011). An increase would benefit to economic, political and administrative reforms.

F. The "Concept Note" for Jordan: National Indicative Program 2011-2013**1. EU objectives and strategy for 2011-2013**

According to the European Commission, the four strategic objectives of the CSP 2007-2013 will be the basis for the new plan:

1. Political reform and good governance;
2. Development of trade and investment;
3. Sustainability of the development process;
4. Institution building, financial stability and support to regulatory approximation.

2. Main challenges and obstacles

The following problems have been identified by the European Commission in the socioeconomic area:

- i) Poverty and unemployment rates remain high and the gap between the rich and the poor is continuously widening;

(136) The program will "ensure that environmental concerns and climate change related issues as well as the development of quality production and marketing standards in the agricultural sector are taken into consideration . Concept note Syria, p. 4.

- ii) The percentage of economically active women is still very low compared with the total working population, and stagnating around 14.5%.
- iii) Education curricula are not well adjusted to the demands of the labor market.
- iv) Jordan is highly dependent on imports to satisfy its energy needs and is one of the four most water-scarce countries in the world.
- v) Jordan's public sector needs to build its capacity and further enhance its implementation strategies.

3. Priorities for 2011-2013

The European Commission is planning a minimum allocation of € 66.25 million per annum. Priorities identified to date are the following:

i) Political reform and good governance

10-15% of the bilateral envelope could be dedicated to this priority (compared to 6% for 2007-2010)

Support should be extended to "good governance" themes¹³⁷ and to "justice and security" issues.

ii) Development of trade and investment

20-25% of the bilateral envelope could be dedicated to this priority (compared to 29% for 2007-2010).

Two major initiatives have been identified:

– Support to Transport and Trade facilitation will continue notably in the light of the regional Transport Action Plan for the Mediterranean, and the possibility for Jordan to choose to enter into negotiations on a deep and comprehensive Free Trade Agreement with the EU;

– Regarding the development of the private sector and exports, the Commission proposed to focus on the stimulation of research and innovation, the creation of a more competitive business environment, the enhancement of quality standards, and the creation of links with Europe, e.g. through the Enterprise Europe Network.

iii) Sustainability of the development process

25-30% of the bilateral envelope could be dedicated to this priority (compared to 24% for 2007-2010).

(137) (Development of civil society, democratization, promotion and protection of human rights).

Support could be extended:

- To generating a welfare-effect on economic growth, and to the implementation of the Jordanian strategies and laws on energy, water management, poverty reduction, local development and social security;
- To continuous human resources development, while integrating factors of social security;
- In the field of local development (the Commission plans to support the role and capacity of local stakeholders in the definition and implementation of local development plans to help the government implement its poverty alleviation strategy and decentralization program);
- To the development of renewable energies.

iv) Institution building, financial stability and support to regulatory approximation

35-40% of the bilateral envelope could be dedicated to this priority (compared to 40% for 2007-2010).

It is envisaged:

- To continue to contribute to the implementation of the Action Plan Program (AAPP) and to increase its financial envelope (areas for intervention could include management of the water sector and EU technical regulations and harmonized standards);
- To extend support for public finance management reform.

4. Conclusions

The social component is not sufficiently developed, yet it is only through the “sustainability of the development process” priority, that it may draw benefit from the growing problems of the financial envelope, such as social security, poverty and local stakeholders, in this framework.

G. The “Concept Note” for Lebanon: National Indicative Program 2011-2013

1. EU objectives and strategy for 2011-2013

According to the European Commission the following main objectives of the EC strategy with Lebanon for 2011 - 2013 will consist in:

- Supporting Lebanon’s political reform;
- Supporting social and economic reforms;
- Supporting the country’s recovery and reinvigoration.

2. Main challenges and obstacles

Among the numerous challenges identified by the Commission one should note:

- i) The strengthening of the authority of the State and of the rule of law;
- ii) The ability of the central administration to develop and implement policies at national level (138);
- iii) The civil service experiences difficulty in attracting young and skilled officials;
- iv) Twinning remains underestimated and further efforts are needed to launch budgetary or sector support operations;
- v) Neglecting political, social and economic reforms constitutes a major challenge for the country;
- vi) Social and regional disparities are widening;
- vii) Several cases of nepotism and corruption are still reported;
- viii) The reinforcement of an independent and effective judiciary is vital for the success of many reforms;
- ix) The country still faces major challenges related to the preservation of its natural resources and to the development of energy efficiency policies;
- x) Weak coordination between constitutional institutions or between government agencies impacts the implementation of reforms.

3. Priorities

Between 2011 and 2013, no less than € 50 million per year should be made available to support specific priorities under the second NIP.

Three such priorities have been identified:

i) Supporting Lebanon’s political reform

Between 10 and 15% of the bilateral envelope could be dedicated to this priority (compared to 12 % for 2007-2010).

Priority areas are:

- Democracy, good governance, human rights or protection of vulnerable populations through projects implemented by the civil society and in cooperation with the central administration,
- Security and justice necessitate activities aiming at the reform of the security sector, enhancing the independence and quality of the judiciary or supporting the Lebanese border management strategy,

(138) There is a general lack of a programming approach in terms of structures, procedures and human resources devoted to prepare and coordinate medium and long term reform strategies.

ii) Support for social and economic reforms in various areas

Between 50% and 60% of the bilateral envelope could be devoted to this sector (compared to 46% for 2007-2010).

This contribution is aimed at:

- supporting policies designed to stimulate growth, increase the competitiveness of the Lebanese economy and promote innovation;
- supporting the reform of the education and research policy (including vocational training).

iii) Support to the country's recovery and reinvigoration

Between 30 % and 40 % could be earmarked for the next NIP (compared to 42.5 % for 2007-2010).

Focus will be placed on the following two priorities:

- supporting regional development and addressing regional disparities through the development of regional and local development strategies (139).
- addressing environment and climate change issues through activities targeting environment protection (e.g. by involving civil society) or through assistance to sector reform and infrastructure development (energy, water or transport).

4. Conclusion

One should note here the will to protect vulnerable populations through projects implemented by the civil society, a slight increase in the envelope for the support of social and economic reforms in quest of a social dimension, and a potentially more significant decrease in the envelope for the support to the country's recovery and reinvigoration.

The absence of a proper social and migratory dimension should also be underlined.

G. The "Concept Note" for Egypt: National Indicative Program 2011-2013**1. Strategic objectives for EU-Egypt cooperation for 2011-2013**

The NIP for 2011-2013 will be drawn up with reference to the objectives of the Country Strategy Paper:

(139) Including the implementation of the Schéma Directeur d'Aménagement du Territoire and targeting sustainable development of rural areas.

- i) Supporting Egypt's reforms in the areas of democracy, human rights, good governance and justice;
- ii) Developing the competitiveness and productivity of the Egyptian economy;
- iii) Ensuring the sustainability of the development process through effective social, economic and environmental policies and better management of natural resources

New factors will be taken into account such as: climate change, migration or the economic crisis and the next NIP will be "closely aligned with and supportive of national development strategies and programs, and in particular with Egypt's 6th Five-Year Plan for 2008-2012" (140).

2. Main challenges or obstacles to achieving these objectives

The main challenges identified by the European Commission that could potentially be addressed under the 2011-2013 program and which are of importance for the present analysis are the following:

Competitiveness and productivity of the Egyptian economy

- Reversing the slowdown of economic growth and rising unemployment;
- Further developing regional and global trade relations;
- ensuring transport and energy networks meet growing demand.

Sustainability of the development process through effective social, economic and environmental policies and better management of natural resources

- Reducing poverty levels;
- Adapting the education system to meet the demands of the labor market;
- Protecting the rights of workers;
- Reversing environmental degradation and climate change.

3. Priorities to be addressed under the NIP 2011-2013

The annual bilateral allocation for Egypt for 2011-2013 is expected to be similar to the amount allocated during 2007-2010, i.e. €142 million.

(140) This program focuses on fostering economic growth and improving citizens' standard of living; community participation; preserving natural resources and rationalizing their use; developing the competitiveness of the Egyptian economy; political reform, deepening democracy, achieving social stability and improving the investment climate.

i) Supporting Egypt's reforms in the areas of democracy, human rights, good governance and justice

Between 5 and 10% of the bilateral envelope could be devoted to this sector (compared to 7% for 2007-2010).

- Support institutions, policies and reform programs that help entrench fundamental human rights and freedoms, including the rights of women and minorities;
- Support the holding of free and fair elections and assist civil society to actively participate in political processes, including contributing to the legislative process;
- Promote the protection of asylum seekers and vulnerable categories of migrants;
- Support rationalization and capacity building in public administration and promote greater devolution of powers to the local level by supporting decentralization reform;
- Assist in the ongoing reform of the judiciary and promote a culture of respect of human rights in the police and prison services.

ii) Developing the competitiveness and productivity of the Egyptian economy

40% of the bilateral envelope could be devoted to this sector (compared to 39% for 2007-2010).

- Support the establishment of a business-friendly institutional and regulatory environment that encourages innovation and the development of SMEs;
- Help strengthen productivity and quality standards in the agricultural sector as part of a policy of sustainable rural development;
- Promote the development of export capacity by supporting trade-related market and regulatory reform and encouraging regional trade links;
- Continue to support ongoing reforms in the transport sector to achieve greater mobility of persons and goods, promote safety in transport and promote greater integration of Egypt into the Euro-Mediterranean transport system and connections with the trans-European transport network;
- Support the implementation of the EU-Egypt MoU on energy through establishing a national energy strategy, assisting reform of the legislative framework and enhancing regional energy cooperation.

iii) Ensuring the sustainability of the development process through effective social, economic and environmental policies and better management of natural resources

Between 50 and 55% of the bilateral envelope could be devoted to this sector (compared to 54% for 2007-2010).

- Emphasize pro-poor measures in reform programs to help further reduce poverty levels, including support to regional and rural development.
- Continue to support education reform, focusing in particular on primary education and support to life-long entrepreneurial learning and training programs that help job seekers adapt their skill set to better match the needs of the labor market.
- Support the development of the labor market to favor formal employment, "quality jobs" and adequate social protection systems.
- Encourage sustainable development by supporting policies and investments that ensure a rational use of resources, promote environmental protection and help to address climate change.

4. Conclusion

The share of the financial envelope will remain more or less the same. The main social components are included in the third priority entitled "Ensuring the sustainability of the development process through effective social, economic and environmental policies and better management of natural resources". Poverty reduction and support for the development of the labor market to favor formal employment, "quality jobs" and adequate social protection systems are clearly mentioned as top priority issues.

The will to continue to support education reform, focusing on support to life-long entrepreneurial learning and training programs that help job seekers adapt their skill set to better match the needs of the labor market is to be underlined.

There is a lack of initiatives in the field of migration, notably because migration is identified as one of the strategic objectives for EU-Egypt cooperation during 2011-2013.

Table 1
NIP Priorities 2011-2013 at the socio-economic level and budget breakdown

Country	Priority 1 for NIP 2011-2013	Priority 2 for NIP 2011-2013	NIP 2011-1013
Algeria	No ENP Action Plan (see roadmap) Focus on economic programs .	No ENP Action Plan (see roadmap) Focus on economic programs .	?
Morocco	Policies for Developing Social Policies	Economic modernization	?
Tunisia	Economic governance and competitiveness of enterprises , especially in the industrial and service sectors	Employment and social protection , including the modernization of pension systems, social shock absorbers, retraining unemployed, combating structural unemployment which remains high.	?
Egypt	Developing the competitiveness and productivity of the Egyptian economy 40% of the bilateral envelope (compared to 39% for 2007-2010).	Ensuring the sustainability of the development process through effective social, economic policies Between 50 and 55% of the bilateral envelope (compared to 54% for 2007-2010).	€ 142 million
Jordan	Development of trade and investment 20-25% of the bilateral envelope (compared to 29% for 2007-2010); – Support to Transport and Trade facilitation; – Development of private sector and exports.	Sustainability of the development process 25-30% of the bilateral envelope (compared to 24% for 2007-2010). – create a welfare-effect of economic growth; – EC support to human resources (integrating social security factors). – local development the Commission plan to support the role and capacity of local stakeholders (government's poverty alleviation strategy and its decentralization program).	€ 66.25 million
Lebanon	Support for social and economic reforms in various areas such as: 50% to 60% of the bilateral envelope (compared to 46% for 2007-2010). – Support to policies stimulating growth, – Support to the reform of education and research policy (including vocational training).	Support to the country's recovery and reinvigoration Between 30% and 40% could be earmarked for the next NIP (compared to 42.5% for 2007-2010). – addressing regional disparities through the development of regional and local development strategies - activities targeting environment protection (e.g. by involving civil society)	€ 50 million per year
Syria	Support for economic reform 50% (compared to 38% for 2007-2010);	Support for social reform 20% (compared to 31% for 2007-2010)	€ 32.5 million

Table 2
Programs in the social field

Country	Programs related to the object of the study: recent or planned for the next NIP (not exhaustive)
Algeria	i) 2012 "Economic Diversification II Program, more focused on Heritage» Program, in continuity with DIVECO I, tourism component in the context of tourism; ii) Program to upgrade VET/ employment (2001-2008, €60 million); iii) Contract Program between Social Security and public health institutions.
Morocco	i) Program for support and modernization of the labor market and social dialogue (sectoral program – support required to accompany this reform area including changes in the legislative framework and its implementation); ii) Prevention of insalubrious housing (Continuation of the program for the "eradication and prevention of slums" which has come to maturity and has had positive results; objectives: fighting urban poverty, balanced socioeconomic development); iii) Program for Integrated Rural Development in the North region (social dimension, migratory, environmental, regional components; project-based approach); iv) Complementary program to support agricultural reform (including an SPS component) (A priority reform for the country which would supplement the 2010 program); v) Upgrading VET in the textile, tourism and ICT sectors (2003-2009, €50 million).
Tunisia	i) Upgrading VET (1997-2006, €45 million); ii) Sectoral support VET (2005-2008, €30 million); iii) Employment Creation (1999-2009, €6 million).
Egypt	i) Education Reform/ Vocational and Technical Training (2002-2009, €33 million).
Jordan	i) Modernization of Technical and Vocational Education (2004-2008, €21 million).
Lebanon	i) Modernization of training for employment (5 €million); ii) Programs planned to support policies stimulating growth, increasing the competitiveness of the Lebanese economy and promoting innovation; iii) Programs planned to support the reform of education and research policy (including vocational training).
Syria	i) Modernization of Technical and Vocational Education (2004-2008, €21 million). ii) Two programs on trade enhancement and business environment simplification; iii) In 2010 a program is planned to promote business development, iv) Program aimed at enhancing the competitiveness and productivity of enterprises v) Program to support the sustainable development of rural areas and combat rural poverty through agricultural competitiveness, a better management of natural resources, economic growth and diversification

II. General Conclusions and Proposals

1. On Concept Papers

Proposal 16

Developing “Standard Concept Papers”

Standardizing and improving the quality of “concept papers” is desirable in the sense of having greater accuracy and better impact. Indeed, in some cases, budget breakdowns by sectors are not covered or are insufficiently detailed. The total annual financial envelopes are not always mentioned.

Some concept notes are more detailed than others. It is therefore necessary to clearly define, at the European Commission level, “standard concept papers” that are more detailed, more accurate and based on the same model across countries in order to be able to perform comparative analyses. Projects completed, in the pipeline, in progress or planned, are not systematically referenced, which undermines the analysis effectiveness and, consequently, programming and consultations with the civil society.

Proposal 17

Creating “Civil Society” Sub-committees in the context of the Euro-Mediterranean Agreements

One should ask to what extent, in some countries, the civil society is truly able to meet the demands of the European Commission to participate effectively in the formulation, implementation and monitoring of programs and projects. The institutionalization of associating the civil society through the creation of “Civil Society” Sub-committees in the context of Euro-Mediterranean Association Agreements may fill the gaps in this regard.

Proposal 18

Disseminating the answers and proposals of civil society

A mechanism designed to disseminate the answers and proposals of civil society in response to published concept papers should be set up. This could be done within the framework of an institutionalized process of public consultation and information.

It should finally be noted that there are clear differences in the concept notes for countries lacking plans of action, such as Syria and Algeria, which are

not beneficiaries of the ENP. Their priorities are indeed less clear than those of countries having ENP Action Plans. This situation should be taken care of by improving the roadmaps and concept papers so as to clarify the priorities and objectives of cooperation.

2. On employment, social standards and immigration

Programs on employment in general and on training in particular are still in some cases too few even though they clearly appear as partnership objectives especially in the Barcelona Declaration. There is a gap between the language in the documents and the operational tools effectively implemented. This discrepancy should therefore be resolved (141).

The questions of the social impact of reforms undertaken by the partners and training for employment have progressively become a factor to be taken into account at the operational level as well as the issues of “social inclusion” or supporting social policies. This trend should be reinforced.

However, at the level of the Euro-Mediterranean Association Agreements, there is a significant difference in favor of the Maghreb countries (Morocco and Tunisia), insofar as the provisions of the ENP Action Plans on social cooperation are based on the direct contractual provisions of the Euro-Mediterranean Association Agreements. The social provisions of the agreements with the three Maghreb countries are more developed in substance. On the other hand, in some cases, there is no plan of action (Algeria) or Association Agreement (Syria), and this is reflected to some extent at the operational level. This situation should be corrected.

The priority groups (migrants, youths, and women) are not always mentioned in a systematic way regarding to their access to new sustainable jobs. This situation should therefore be addressed.

Proposal 19 (142)

Mainstream programs on modernizing the labor market and social dialogue

A number of actions have been managed by the Commission regarding “vocational training” and “labor market policies”; but these are still too limited. So it is necessary to strengthen a vital dimension of economic policy in the

(141) See a thorough review of statements and initiatives on social issues in Erwan Lannon (2010): *Vadémécum des relations sociales euro-méditerranéennes. 1995-2009*. Friedrich Ebert Foundation, Rabat.

(142) This proposal largely overlaps the proposal formulated in Ivan Martin's contribution below (after Proposal 23). See further considerations there.

current economic context and mainstream programs on modernizing the labor market and social dialogue, similar to the one planned in the concept paper for Morocco.

Proposal 20

Starting a Program on “Euromed Social Standards”

Social protection and fighting unemployment remain key priorities, and the link is sometimes attained between political stability and the socioeconomic situation of partners (Tunisia). The weight of fundamental social rights at the operational level should therefore be strengthened. Starting a program on “Euromed Social Standards” should promote the introduction and effective enforcement of international and European labour standards. Very little is mentioned in the concept notes in relation to fundamental social rights, and this program proposal aims at contributing to the dissemination of information on social standards and create mechanisms to monitor the integration, by partners, of social standards into their domestic legal systems and ensure the effective implementation of these standards on the field.

Proposal 21

**Programs linking migration issues
with employment and social standards**

The link between social and employment issues and immigration policies is not always taken into consideration at the operational level. It is therefore necessary to generate synergies in the field by creating one or more programs linking migration issues with those of employment and social standards. This or these programs must have a cross-cutting (employment and social standards) and integrated dimension (Euromed dimension and internal European policies in employment and migration matters).

In terms of migration, the situation varies greatly from one partner to another. There is however an apparent willingness to consider legal migration and not only illegal migration, something which is essential in the current context.

3. On the external dimensions of European internal policies and Euro-Mediterranean Social Area

We must systematically develop synergies with the external dimensions of the European Union (integrated approach) by establishing operational

mechanisms at the level of the concept papers. In recent years some real progress has been achieved in this field. The first Euro-Mediterranean Labour and Employment Ministers Conference held in Marrakech in November 2008 underlined the need to implement “an integrated approach where economic, fiscal, employment, social and environmental policies as well as education and training policies go hand in hand” (143) On the other hand, it is planned to establish an inclusive approach with the existing plans and strategies at the “internal” level of the European Union (Lisbon Strategy for Growth and Jobs, European Strategy for Employment).

The principle for creating synergies with the external dimensions of the European Union policies, which has yet to be asserted, must rely increasingly on operational mechanisms to implement this requirement. For this purpose it is proposed to integrate this dimension in future “concept papers”. It would then be possible to make an inventory of the consideration of these internal European policies in the framework of the operational phase of the Euro-Mediterranean relations.

More generally, the aforementioned proposals should be integrated into a comprehensive framework, while adopting a medium- to long term vision for the gradual creation of a true “Euro-Mediterranean Social Area”.

Proposal 22 (144)

Launching prospective feasibility studies on a “Euro-Mediterranean Social Area by 2020”, as well as a “Regional Framework Program” and a “White Paper” on the Euro-Mediterranean Social Area

Launching prospective feasibility studies on the “Euro-Mediterranean Social Area by 2020” must also be considered as a first step towards the establishment of such an area. These studies must be inherently interdisciplinary, comparative and prospective. They must also include the external dimension of the EU internal policies.

The development of a “Regional Framework Program” for the “Euro-Mediterranean Social Area” can contribute to the coherence and efficiency of socioeconomic programs and projects related to employment and social issues, including migratory issues.

Being the outcome of a thorough inter-departmental collaboration within the European Commission, and in cooperation with the relevant ministries of

(143) Point 11.

(144) This proposal largely overlaps the last proposal formulated by Iván Martín at the end of his contribution below (after Proposal 27); see further considerations there.

partners, this “Regional Framework Program” could become the administrative structure of the far-reaching socioeconomic reform program needed for establishing a genuine Euro-Mediterranean Social Area.

Ultimately, this would necessitate preparing a “White Paper on the Establishment of a Euro-Mediterranean Social Area by the year 2020” similar to that which led to the establishment of the European Single Market, i.e. preparing for a legislative harmonization program.

Table 3

Summary of operational proposals

I. On Concept Papers and consultation with civil society
<ol style="list-style-type: none"> 1. Develop standard formats for concept papers to facilitate the analysis and synergies with the civil society (mainstream accurate budget breakdowns, the list of completed, ongoing and planned projects, etc.). 2. Disseminate the answers and proposals of the civil society in response to published concept papers; 3. Institutionalize associating the civil society through the creation of “Civil Society Sub-committees” in the context of the Euro-Mediterranean Association Agreements;
II. On employment, social standards and immigration
<ol style="list-style-type: none"> 4. Extend programs on modernization of the labor market and social dialogue; 5. Create a “Euromed Social Standards” program to promote the effective adoption and enforcement of international and European social standards; 6. Develop programs linking migratory issues with employment and social standards.
III. On the external dimensions of European internal policies and the Euro-Mediterranean Social Area
<ol style="list-style-type: none"> 7. Develop systematically synergies with the external dimensions of the European Union internal policies while establishing operational mechanisms at the level of concept papers; 8. Launch a feasibility study on a “Euro-Mediterranean Social Area by 2020”, develop a “Regional Framework Program” on the “Euro-Mediterranean Social Area”, and draft a “White Paper on the Establishment of a Euro Mediterranean Social Area by the year 2020.”

Toward a Euro-Mediterranean Strategy for Employment and Mobility

Iván Martín *

The Barcelona Declaration establishing the Euro-Mediterranean Partnership (EMP) in 1995 mentioned as its objectives for economic and financial co-operation “the acceleration of the pace of sustainable socio-economic development,” the “improvement of the living conditions of their populations, increase in the employment level and reduction in the development gap in the EuroMediterranean region.” In line with this, Euro-Mediterranean Association Agreements between the European Union and Arab Mediterranean Countries (AMCs) state as their main objective the sustainable economic and social development of partner countries (145).

Socio-Economic Challenges in the Mediterranean

And, indeed, the magnitude of the social challenges in Arab Mediterranean Countries is difficult to exaggerate. The AMCs are the region in the world with the most daunting employment problem in the coming ten to twenty years. Official labour participation rates are the lowest in the world (below 46% of working-age population, compared to the world average of 61.2%), a consequence of the lowest female participation rate in the world (below 25%, as compared to a 42% world average). Despite this, average unemployment rates (slightly below 15% of the labour force, a total of over 7 million) are higher than in any other region with the exception of Sub-Saharan Africa. Taken together, these figures mean that only one in every four of its 280 million inhabitants has a job, and this figure does not reflect the fact that nearly half those jobs are informal.

And the demographic prospects for the coming ten to fifteen years make all foreseeable scenarios even bleaker. According to a recent study (146), adding up the projected needs for new jobs calculated under conservative

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(145) For an exhaustive account of the social provisions in the Association Agreements with the AMCs, see Lannon, Erwan (2009): *Vadémécum de la dimension sociale des relations euro-méditerranéennes. 1995-2009*, Friedrich Ebert Stiftung, Rabat.

(146) Martín, Iván (2009): *Labour Markets and Migration Flows in Arab Mediterranean Countries. A Regional Perspective*. Robert Schuman Centre for Advanced Studies, European University Institute, Florence, 2009, <http://www.eui.eu/Documents/RSCAS/Research/LMM/LMM-ExecutiveSummary.pdf>.

assumptions, the AMCs will need more than 1,500,000 additional jobs a year over the coming 10 years in order to provide employment opportunities for new labour market entrants and to keep the current number of unemployed unchanged, and this under the (hardly realistic) assumption that there will be constant labour participation rates (the proportion of people working or searching for a job in the working age population). The 15 million new jobs which are needed over the next ten years would mean an increase of 30% in relation to the current level of total employment in these countries, and would amount to between 1/3 and 2/3 more jobs per year than those that have been created over the last five years in the region, a period noted for marked economic prosperity. Thus, in terms of employment policies and development models, the status quo risks putting strains on the social fabric through tensions in the labour market, greatly affecting social cohesion and stability in the region. The prevailing unemployment rates for young people also risk causing permanent damage to these countries' development prospects, to the extent that young people will be discouraged from engaging in the labour market and will see their qualifications stagnate or deteriorate as the informal economy spreads (informal employment, translating into below-standard wages -the minimum wage tends to act as a salary cap for the informal sector and ranges from 102 euros a month in Egypt to 256 euros a month in Lebanon- and a lack of any social protection, already add up to between 35 and 55% of the total non-agricultural employment in the region).

As for the comparative development of wage and income levels in purchasing power parity terms (PPP), the same study points out that, in the cases of Morocco, Algeria (with a negative average annual increase in PPP wages of -1.7% in 1996-2006, in contrast with the 3% year increase in the EU-15), Tunisia, Syria, and Jordan, we can observe a divergence of average wages with those of the EU, implying a growing deterioration of relative living conditions for those who have a job in the AMCs. Thus, the good macroeconomic performance of most AMCs in the last ten years, which has been reflected in a progression of per capita GDP, has not been matched by a corresponding improvement in income distribution or wages, nor by a clear convergence path towards EU income levels. This ultimately questions the long-term viability of the current economic model, and the current global economic crisis only makes things worse (147).

Within this framework, migration is an increasingly attractive alternative. There are already more than 10 million AMC citizens residing in other countries. This amounts to more than 8% of their working age population, with higher average levels of labour participation, employment, and qualifications than those prevailing in the national labour markets. This is a very substantial share

(147) See the contribution by Abdallah Khattab above and the Introduction to this policy brief.

of the AMC labour force, both in quantitative and qualitative terms, even if in Mashreq countries, in contrast to Maghreb countries, women have largely abstained from migrating so far. If this migration ratio is maintained through sustained migration, the growth of the working age population in the AMCs would translate into a yearly migration flow of 200,000 persons between 2010 and 2020 (i.e., 2 million new AMC migrants over the period). But there is strong evidence for increasing migration rates across the AMCs in the last decade (23% in Tunisia, close to 100% in Lebanon), so this flow could easily triple to 6 million new migrants over the next ten years if migration rates reach a level of 24%, as would be consistent with recent evidence. And these figures could easily be multiplied if current restraints on the labour participation – and migration – of women were eased.

The magnitude of the employment challenge in the AMCs in the coming 10 to 15 years is such that there is no feasible scenario where migration could solve it. But in the coming two decades, the AMCs will provide a pool of educated young workers in which the EU labour markets could invest their increasing demand for medium- and high-skilled migrant workers. However, this synergy is contingent upon an effective and immediate skills upgrading of labour forces in the AMCs (this should become a priority for EU-AMC economic cooperation) and the creation of a friendly climate for legal migration in the EU, effectively attracting skilled migrants. The current instruments of EU migration policy, including the recently approved Blue Card, do not seem to provide this. This notwithstanding the fact that the new Euro-Mediterranean regional strategies defined in the field of migration and employment after the first Euro-Mediterranean Ministerial Conferences in these fields (the first Euro-Mediterranean Conferences on Migration in November 2007 and on Labour and Employment in November 2008) create a regional framework which might be conducive to a region-wide comprehensive strategy regarding labour migration – provided that the appropriate policy tools and effective implementation plans are adopted.

The Projection of the European Social Model

Besides these realities, on a conceptual and policy-making level, the European Social Agenda adopted in 2005 foresees an 'international dimension of employment and social policy' which could give rise to developments which are particularly interesting in this context, notably concerning interaction between globalisation, trade, and social development in an EU-WTO-ILO-United Nations policy dialogue framework, as well as the European Commission's commitment to seek cooperation on this issue "with the candidate countries,

neighbouring countries and other third countries (148).” The European Union Member States are committed to promoting core labour standards and, more generally, ‘social development’ in conformity with the fundamental rights contained in the Nice Charter adopted in December 2000, which “confirms the European objective to promote and integrate fundamental rights –including the core labour standards- in all its policies and actions.”

These developments follow the Commission Communication ‘Social dimension of globalisation- how the EU policy contributes to extending the benefits to all’ (149) adopted in reaction to the final report of the World Commission on the Globalisation Social Dimension established by the ILO, published in April 2004 (150). From the outset, the Commission underlines that ‘the EU must also exercise its external policies in a way which contributes to maximizing the benefits of globalization for all social groups in all its partner countries and regions. Its external policies have always had an important social dimension, for example, by supporting universal access to basic social services in developing countries.’ According to the Commission, for some time now, the EU has been promoting the effectiveness and coherence of global governance, through international institutions, to ensure that trade policy and bilateral relations with regions and countries are fully supportive of social development and to ensure that development and external cooperation contribute to maximize the positive and minimize the negative social consequences of globalization. The context analysis made by the European Commission is clear: the core labour standards and bipartite and tripartite dialogue constitute essential components of the framework which will ensure a fair globalisation. The final objective must be to implement dynamic social progress that will ensure the promotion of decent work for all.

At the level of bilateral and regional agreements (point 5.1.1 of the Communication), the European Commission specifies that:

i) Most of the agreements also include a social chapter which, for some of them, still needs to be fully exploited.

ii) Since 1992, respect for democratic principles, human rights, and the legally constituted state, constitutes one of the essential elements of all the signed agreements (...). Civil society and social partners are equal parts of this process.

iii) Therefore it is important for existing provisions on core labour standards to be efficiently implemented.

(148) European Commission (2005), Communication from the Commission on the Social Agenda, COM(2005)33, p. 5.

(149) Communication of the Commission COM(2004) 383 Final, May 18 2004.

(150) Final report on the CMDSM, available at <http://www.ilo.org/public/french/wcsd/g/>.

iv) The Commission is also committed to carrying out a Sustainability Impact Assessment of bilateral negotiations. This will assess, inter alia, the impacts of social development in the EU and its partner countries, using a broad set of indicators and involving a wide consultation of actors, such as the private sector, trade unions, and civil society at large.

v) The EC will explore new joint mechanisms within bilateral Agreements to examine and monitor relevant aspects for the social dimension of globalisation. One possibility is the creation of joint bilateral ‘observatories’ to monitor developments and provide a forum for exchanging views between governments, the European Parliament, the social partners, and civil society at large, fully involving international organisations and bodies.

Concerning ‘the political dialogue at the regional level’ (point 5.1.2.), the European Commission identified the initiatives of dialogue in social matters taken up so far. Interestingly, the Barcelona Process was not mentioned in this framework, but there was a specific section devoted to the European Neighbourhood Policy (point 5.1.3.) in which the European Commission specifies that cooperation on the social dimension will cover regional development, employment, social development, social policy, and structural reforms in particular. In terms of regional development, the EU will encourage partner government programmes to foster decentralisation, reduce regional disparities, create employment, and promote core labour standards and social dialogue. Policies favouring poverty reduction and the improvement of national welfare systems will also be supported. The EU will also encourage partner governments to enhance the effectiveness of social assistance, to implement strategies to boost economic growth and to support the development of small- and medium-sized enterprises, as well as to address child poverty and ensure free access for both boys and girls to primary and secondary education, in particular, in the countryside.

Point 5.2 of the Communication deals in particular with development and external co-operation. The principles of the Community approach in terms of the social dimension of cooperation “is considered part of the democratic and stabilisation process and a necessity to secure a minimum level of acceptance and support for the important economic and social transformations partner countries are facing. It contributes to absorbing the shock of the social consequences of transition and thus to a more sustainable business and trade environment.” More specifically, more attention must be given in future development aid programmes to helping less developed countries to mainstream trade into their poverty-reduction strategies and to manage the social impact of trade liberalization, notably by creating social protection mechanisms and a socio-economic floor upon which trade reform should be built. According to the Commission, this should ensure a more favourable environment for investment and job creation in the formal economy and a

more equitable sharing of the gains of growth. Along the same lines, point 5.3, entitled 'Ensuring that trade policy is fully supportive of social development,' contains an element which ensures the promotion of 'social development through market access for developing countries,' which could easily be related to (unilateral) EU agriculture market liberalization. Following this Commission Communication, the European Council held in December 2005 underlined the importance of the social dimension of globalisation.

So a very enlightened programme for action in this field has been adopted by the EU; it is only waiting to be implemented and assessed.

The review underway of the 2000 ten-year Lisbon Strategy, which should be completed in the first semester of 2010 under the Spanish Presidency, would be a good opportunity to associate the Mediterranean Partner Countries (MPCs) in some way, integrating them gradually into the EU competitiveness and employment strategies.

Building Blocks of the Social Dimension of the EMP

Indeed, some progress has been achieved in these last four years. Up until 2005, employment and employment policies were not a field of direct action in EU cooperation with Mediterranean Partner Countries (151). The new perspectives that have emerged are a consequence of i) the increasing realization of the need to address the issue of employment if the Euro-Mediterranean Partnership is to keep its credibility, as well as of the gravity and the urgency of the employment issue for the future of Arab Mediterranean Countries, ii) at the bilateral level, the implementation of the European Neighbourhood Policy since 2005, and iii) at the multilateral level, the new emphasis on the social dimension of the Euro-Mediterranean Partnership (in particular since the Euro-Mediterranean Conference of Foreign Ministers held in Marseille in November 2008 (152), which advocated for the development of "a genuine social dimension," "based on an integrated approach combining economic growth, employment and social cohesion," as well as the First Euro-

(151) See Aita, Samir (ed.), Iván Martín (dir.) et alia (2008) *Employment and Labor Law in the Arab Mediterranean Countries and the Euromediterranean Partnership*, Fundación Paz y Solidaridad Serafin Aliaga, Madrid, 205 pp., <http://www.ccoo.es/comunes/temp/recursos/1/216566.pdf>; as well as Barreñada, I. and I. Martín (2005), "Employment and Social Protection in the Euro-Mediterranean Partnership, Status, Perspectives and Proposals for Action" in Barcelona + 10 Civil Event. Civil Society Proposals for Relaunching the Euro-Mediterranean Partnership, pp. 29-33, <http://www.eco.uc3m.es/immartin/EmpleolargaEnglishrevisada.doc>.

(152) Barcelona Process: Union for the Mediterranean, Ministerial Conference, Final Statement, Marseille, 3-4 November 2008, http://ue2008.fr/webdav/site/PFUE/shared/import/1103_ministerielle_Euromed/Final_Statement_Mediterranean_Union_EN.pdf.

Mediterranean Conference of Employment and Labour Ministers convened in Marrakesh later that month) (153).

In particular, the First Euro-Mediterranean Ministerial Conference on Employment and Labour, held in Marrakesh on 9 and 10 November 2008, addressed 'concrete initiatives and proposals to promote employment creation, the modernisation of labour markets, and decent work,' approving a 'Framework of Actions which would contribute to developing a genuine social dimension within the Euro-Med agenda.' Moreover, the Ministers stressed 'the need for a better match between – current and future – labour market needs and the development of necessary skills through [...] enhanced education and vocational training as well as through reforms at national and regional levels concerning the framework of qualifications and competencies,' whilst at the same time underscoring the benefits of Euro-Mediterranean cooperation in this field.

The Ministers also acknowledged that, in addition to high economic growth rates, the situation calls for a greater investment in human capital, training, and employability, as well as concrete job creation measures and an improved environment for such investments. They further emphasised the interdependence between employment, education and training, social cohesion, economic development and growth, and sustainable development, and called for an integrated approach whereby economic, fiscal, employment, social, and environmental policies, as well as education and training policies, would be defined and implemented together.

The regional Framework of Actions was based on the following objectives: i) create more jobs, including through active employment policies ii) enhance employability and human capital, iii) create better jobs and decent employment opportunities, iv) promote equal opportunities for men and women, v) integrate more young people into decent jobs, vi) design a comprehensive strategy for transforming informal employment into formal employment, and vii) manage labour migration, taking into account the job market needs of both sides of the Mediterranean. For each of these policy axes, a series of more concrete objectives was stated.

Finally, the Ministers established a follow-up mechanism to monitor the implementation of the Framework for Actions, consisting of a Working Group that 'will collect information and data on national trends and policy developments, identify and exchange best practices, as well as address issues which arise in the implementation of the Framework of Actions. The partner countries will provide the group with the information needed for drawing up during 2010 a follow-up report on progress under the Framework of Actions.'

(153) Conclusions:

http://ec.europa.eu/external_relations/euromed/conf/employment_health_conclusions_1108_en.pdf.

This progress report will be based, in the case of the Mediterranean partner countries, on national action plans and progress reports to be submitted by 2009 and, in the case of EU member states, on the reports submitted within the framework of the EU's Lisbon Strategy (adopted in 2000, renewed after the mid-term review in 2005, and due to expire and be reviewed in 2010).

Once again, on paper this is more than even the more optimistic social partners had demanded only two years ago. The challenge now is to sustain the momentum, to give substance to this framework for actions and turn it into an operational scheme for employment creation in the Mediterranean with a view to developing a true region-wide Euro-Mediterranean Employment Strategy (154). However, the slow progress of implementing the follow-up mechanism gives the wrong signal on the level of priority and the perceived urgency of this question: the Working Group has taken more than a year to meet for the first time (on November 26-27 2009), and it will work mainly on the basis of three reports elaborated by the European Training Foundation (on employability), FEMISE (on job creation), and the ILO (on better jobs), whereas the involvement and engagement of national government officials is not clear so far.

Proposals

Proposal 23

Euro-Mediterranean Employment Strategy (EMES)

In the same spirit and with the same level of mobilization of instruments and resources as the Road Map for the Creation of the Euro-Mediterranean Free Trade Area in 2010 adopted in 2005, in order to address the challenge of employment in the Mediterranean region, it is necessary to work on the definition of a true Euro-Mediterranean Employment Strategy and not only a Framework for Actions, i.e., a set of specific, quantified objectives for the region as a whole and for each country in particular, with the specification of commitments, plans and instruments to achieve them, and the formulation of common guidelines that would be regularly reviewed on the basis of a set of consensually-defined common indicators.

In its first stage, the model to be followed would be that of the European Employment Strategy (EES) process in place since 1999 (under the open method of coordination –see the contribution by Larabi Jaidi below). The EES is

(154) See proposals to this end in Aita, Martín et alia 2008, cited in footnote 7, and in Martín 2005, cited in footnote 169.

an annual programme of planning, monitoring, examination, and readjustment of policies put in place by EU Member States to coordinate the instruments they use to tackle unemployment. The European Employment Strategy is based on four components:

- the Integrated Guidelines for Growth and Jobs (since 2005 the Guidelines are presented jointly with the guidelines for the EU's macroeconomic and microeconomic policies for a three-year period);
- the national reform programmes for each country;
- the Commission's annual report on growth and employment, which analyses the 27 new national reform programmes presented by the Member States;
- any recommendations adopted by the Council.

At a later stage, a full integration into a single strategy common to the EU and the Mediterranean Partner Countries could be envisaged.

The Euro-Mediterranean Employment Strategy (EMES) should be based on a series of principles:

a. Co-responsibility. This shared responsibility is the logical consequence of the identification of an "issue of common interest," giving rise to the "open coordination method (155)." There can hardly be any question that employment and social conditions in Arab Mediterranean Countries, as well as EU immigration policy, are indeed issues of common interest for the EU and Mediterranean Partner countries alike. The existence of such issues of common interest leads to a "right to information," i.e., the right of all partners to be informed about the policies of the other partners. The next step is, of course, the search for common solutions to common problems, i.e., the definition of joint strategies. The implementation of these strategies requires the mobilization and pooling of resources.

b. Coherence. The Euro-Mediterranean Employment Strategy should be closely linked to the ENP Action Plans (156), which should provide for concrete measures to implement it at the national level.

c. Information. The need for a system of indicators to follow up the performance of policies, both in the framework of the Euro-Mediterranean Employment Strategy and in the framework of the Neighbourhood Action Plans, presupposes the establishment of an integrated system of social statistics and information on employment policies feeding a region-wide monitoring system (157).

(155) Described in the contribution by Larabi Jaidi below.

(156) See contribution by Erwan Lannon above.

(157) See contribution by Larabi Jaidi below.

The minimum components of the EMES should be:

a. Training. Reinforcement of education and training systems throughout the region. Recognition of educational titles.

b. Targeted promotion of employment for youth and women (see proposals below to that end) and specific monitoring of these issues. The review and upgrading of national active labour market policies should be a priority.

c. Measures to facilitate the “emergence” of informal employment (between 35 and 55% of non-agricultural employment in Mediterranean Partner Countries) and the transformation of informal jobs into decent jobs.

d. Introduction of comprehensive unemployment insurance schemes in the MPCs (most of them do not have any, and those which do, like Algeria and Tunisia, offer very limited coverage –typically less than 10% of the population).

Proposal 19 (158)

A Euro-Mediterranean Programme for Reviewing and Upgrading National Employment Policies in Mediterranean Partner Countries

In other neighbouring regions, such as the Balkans, the EU has indeed undertaken projects to review, assess, monitor, and coordinate national employment policies and public employment services (such as the Bucharest Process undertaken in 2003 in the framework of the Stability Pact for 9 South Eastern European countries, which could serve as a model; the starting point for this process was the decision by Ministers in charge of employment from partner countries to tackle employment problems collectively with the support and guidance of the International Labour Organization and the European Council of Europe (159)).

This should become an integral part of the Framework of Actions approved in the First Euro-Mediterranean Meeting of Employment and Labour Ministers. National employment policy upgrading should become a priority for the new instruments of the European Neighbourhood and Partnership Instruments, such as Twinning, TAIEX, SIGMA, etc, targeting technical assistance, capacity building, assessment... In particular, a scheme should be created for supporting national active labour market policies contributing to professional retraining and reinsertion in the labour market with sustainable, decent, and quality jobs, including administrative capacity-building and financial support.

(158) This proposal largely overlaps Proposal 19, formulated by Erwan Lannon in his contribution above in the context of the European Neighbourhood Policy.

(159) See the description of the Process at <http://www.stabilitypact.org/edeg/Bucharest%20Process.ppt>.

Elements:

- Review of national employment policies with a common template throughout the AMCs
- Institutional strengthening of Employment Ministries and their policy making capabilities
- Institutional strengthening of National Employment Agencies as labour market intermediaries
- Technical Assistance

Proposal 24

EuroMed Programme Job Access for Youth (JAY)

The largest youth generation in the history of the Arab Mediterranean is facing a dire equation whose main variables are: i) job prospects that are essentially limited to the informal sector (with wretched wages and working conditions that in no way constitute a decent job),¹⁶⁰ ii) an increasingly widespread desire to emigrate, and iii) inadequate education and training to meet the needs of the job market (in both their home countries and Europe). The employment challenge in Arab Mediterranean countries is largely a challenge of youth unemployment, since 80% of the region’s unemployed are young people between the ages of 15 and 34.¹⁶¹

In relation to youth employment, the Conclusions of the Euro-Mediterranean Conference of Labour and Employment Ministers established as an objective “integrating more young people into productive, formal employment” through measures that: i) ensure equal access for both sexes to all levels of quality education by 2015, ii) take into account the Cairo Declaration on Higher Education, iii) reduce the mismatch between young people’s education and professional aspirations (in particular, with regard to the public sector) and actual job market needs, and iv) to this end, prioritise expanding and improving the quality of vocational training, whilst at the same time making it more attractive to young people. This sets the framework for a regional programme on Job Access for Youth (JAY).

(160) See Middle East Youth Initiative (2009): *Missed by the Boom, Hurt by the Boost. Making Markets Work for Young People in the Middle East*, 36 pp. Dubai School of Government and The Wolfensohn Center for Development at Brookings, http://www.shababinclusion.org/files/1352_file_MEYL_report_final.pdf.

(161) See Martín, Iván (2009), “Youth Employment in Arab Mediterranean Countries: The Key for the Future” in *Mediterranean Yearbook 2009*, pp. 173-177, Fundació CIDOB and IEMed, Barcelona.

Some components of this programme should be:

- Gearing MPCs' employment promotion agencies towards youth employment promotion, and in particular to promote youth entrepreneurship and employment of unskilled youth. There are several experiences of cooperation projects strengthening these agencies, including one in Lebanon financed in the framework of the MEDA Programme (162).
- A regional system for disseminating employment offers throughout the EuroMed region in order to improve matching of labour demand and supply.
- A Euro-Mediterranean programme of traineeships in companies for graduates and vocational training students (the current Erasmus Mundus programme is limited to the exchange of university students).

Proposal 25

A Euro-Mediterranean Mobility Strategy

Any viable model of regional economic integration across the Mediterranean should include a model of (South-North and South-South) labour force mobility. Economic and geopolitical rationale leads to the integration of labour markets across the Mediterranean to tackle demographic imbalances (both in the North and the South), at the same time minimising the negative impact of migration flows (in terms of brain and qualifications drains, for instance).

Here again, the declarations contained in Euro-Mediterranean Ministerial Meetings are very enlightened, but actual policy is far removed from them. The Five Year Work Programme of the Barcelona Summit (November 28, 2005) already called for enhanced cooperation in the fields of Migration, Social Integration, Justice, and Security through a comprehensive and integrated approach, with a set of six objectives including "Promote legal migration opportunities (Facilitation of the legal movement of individuals, recognising that these constitute an opportunity for economic growth. - Fair treatment and integration policies for legal migrants. - Facilitation of the flow of remittance transfers and address 'brain drain')". Shortly afterwards, the European Council agreed in December 2005 on a new "Global Approach to Migration." In its conclusions, the European Council noted that "the migration and development agenda will be intensified by increasing coherence between the Union's various

(162) Institutional strengthening of the Minister of Labour and of the National Employment Service in Lebanon, <http://ec.europa.eu/comm/europeaid/tender/data/d13/AOF31713.htm>.

policies, including their financial instruments, with a view to addressing the root causes of migration (163)."

Subsequently, the First Euro-Mediterranean Ministerial Meeting on Migration held in Albufeira (Algarve) on November 19, 2007¹⁶⁴ adopted a series of political and operational conclusions to this end. Facilitating legal movement was considered one of the key elements of cooperation. The proposal was made, therefore, to "analyse the possibilities of facilitating and simplifying legal migration procedures for workers in demand, in order to improve legal channels for migration." These efforts would focus on "different categories of legal workers and could also include different forms of mobility such as circular and temporary migration, taking into account the needs of the Euro-Mediterranean countries' labour markets as well as in terms of development." However, in contrast to these ambitious statements, the concrete measures adopted so far are too narrow or are limited to the preparatory and discussion stage.

Cooperation in the field of justice, security, and migration is also at the top of the ENP's agenda. For instance, the European Commission, in its 2006 Communication "On Strengthening the European Neighbourhood Policy" (165), identified the following two "action points" concerning "Mobility and migration":

- Visa facilitation, removing obstacles to legitimate travel, e.g. for business, educational, tourism, official purposes.
- Ensure well-managed mobility and migration, addressing readmission, cooperation in fighting illegal immigration, and effective and efficient border management.

In its 2007 Communication "A Strong European Neighbourhood Policy" (166), the European Commission further noted that "the promotion of mobility will go hand in hand with the commitment of our partners to increase security and justice and fight illegal migration, with efforts to strengthen our neighbours' capacity to deal with migratory flows to their countries, and with the security of documents."

At the other side of Europe, the founding document of the Eastern Partnership between the EU and Eastern European and Caucasus neighbour

(163) Presidency Conclusions of the Brussels European Council (14/15 December 2006) "A Comprehensive European Migration Policy", www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/92202.pdf.

(164) Ministerial Conclusions of the first Euro-Mediterranean Ministerial Meeting on Migration, 19/11/2007, www.eu2007.pt/UE/vEN/Noticias_Documentos/20071119Conclusoeseuromed.htm.

(165) COM(2006)726 final, 4 December 2006, http://ec.europa.eu/world/enp/pdf/com06_726_en.pdf.

(166) COM(2007) 774 final, 05/12/2007, http://ec.europa.eu/world/enp/pdf/com07_774_en.pdf.

countries established in March 2009¹⁶⁷ gives some clues about what could be considered a minimum programme for the first stage of a Euro-Mediterranean Mobility Strategy. In this framework, the EU and its Eastern European Partners very cautiously provide for “steps towards full visa liberalization as a long-term goal for individual partner countries on a case by case basis, provided that conditions for well-managed and secure mobility are in place.” Besides that, the Commission commits itself to launching a study “to quantify the costs and benefits for the EU and for partner with regard to labour mobility and possible labour-matching measures,” with the prospect to “pursue a targeted opening of the EU labour market of citizens of partners.” Nothing similar is provided for either in the framework of the EMP, the Union for the Mediterranean, or the Advanced Status for Morocco.

So, the minimal constituting elements of the Euro-Mediterranean Mobility Strategy should be:

- Visa facilitation with a prospect of free movement of persons across the Euro-Mediterranean Area.
- Schemes for circular legal migration (not only targeted to skilled migration, as it is the case for the recently approved Blue Card).
- A survey of legal, administrative, and technical obstacles to (North-South and South-South) free movement and mobility of labour in the Euro-Mediterranean area should be the cornerstone.

Proposal 26

A Compensation Scheme for Brain Drain in Arab Mediterranean Countries

The establishment of a compensation scheme for eventual brain drain caused by the migration of highly-qualified workers from AMCs to the EU is the logical consequence of recognizing the need to address “brain drain” in the Five Year Work Programme adopted in 2005, the reference to “the needs of the countries of origin in terms of transferring competences and alleviating the consequences of the brain drain that migration can represent” made in the Conclusions of the First Euro-Mediterranean Ministerial Conference on Migration and the target stated by the EU Global Approach to Migration to “minimise negative and maximise positive impacts of highly skilled immigration on developing countries in order to turn ‘brain drain’ into ‘brain gain’ (168).”

(167) See the Conclusions of the European Council Summit of March 19-20, 2009.

(168) See Council Directive 2009/50/EC of 25 May 2009, on the conditions of entry and residence of third-country nationals for the purposes of highly-qualified employment (Directive on the ‘Blue Card’).

This scheme could be designed as a skills development cooperation fund whose amount would be calculated as a function of the number of skilled migrants who go from AMCs to the EU for a certain period (for example, the last ten years). This fund could be drawn from contributions by voluntary destination Member States. It would be earmarked for cooperation programmes aimed at i) improving the skills of graduates staying in the country, ii) improving the quality of university programmes in the country, iii) increasing the number of graduates produced in the country (through scholarships), and iv) encouraging the return of highly-qualified migrants to their country of origin.

This brain drain compensation scheme should not be interpreted as a “training for migration” scheme, but just as a way to compensate the countries of origin for a part of the resources they lose through migration, to mitigate the negative impact of that loss, and to ensure that migration is ultimately not detrimental to the human capital of the country. For the replenishment of that fund, two options could be envisaged: a) contributions from governments of EU Member States benefitting from graduate immigration (proportional to the level of skilled migration they receive), and 2) a percentage of expenses in the EU and Member States’ national budgets ear-marked for border management and security measures to prevent irregular immigration (such as FRONTEX and others). This would visualize in a very concrete way the true engagement of the EU and its Member States with the principles of the Global Approach to Migration.

Proposal 27

Bringing Social Consultation into the Core of the EMP and the ENP

As a starting point, it is to be noted that the Euro-Mediterranean Partnership and the resulting Association Agreements are inscribed from the very beginning within an inter-governmental logic. Only State actors have been involved in the negotiation processes. As a general rule, the Euro-Mediterranean institutions have restricted the participation of civil society, quite limited anyhow (169), to the third chapter on “partnership in social, cultural and human affairs,” excluding it from issues related to political dialogue and security and economic and financial co-operation. However, it is paradoxical that the European Union has signed Association Agreements aimed at fostering the development and consolidation of democracy in the MPCs and which represent economic and

(169) See Martín, I. (ed.) (2005), *Bringing the Euro-Mediterranean Partnership Closer to the People. 35 Proposals to Engage Civil Society in the Barcelona Process*. Friedrich Ebert Stiftung-Morocco, Rabat (<http://www.eco.uc3m.es/immartin/35proposalsfinalisima.pdf>).

social transformation of such great importance in the decades to come in the aftermath of a process which, in the vast majority of cases, did not envisage any kind of internal/national social consultation or concertation.

Similarly, bringing in ready-made and technocratic economic, political, and institutional reforms without a broad political and social debate beforehand in the MPCs themselves - a debate which serves to internalize these reforms and create a consensus around the vision and the social project underlying them - runs the risk of distancing MPC societies from the Euro-Mediterranean process and putting their sustainability at risk, inasmuch as society per se will not feel identified with or committed to these reforms in the future (see Proposal 1 in the Introduction). Indeed, in the First Euro-Mediterranean Conference of Labour and Employment Ministers, "the Ministers underlined the key role social dialogue needed to play in managing socio-economic change in the Euro-Mediterranean region."

At the level of the Euro-Mediterranean Partnership itself, over and above the compulsory enquiries made to the European Economic and Social Committee, so far Euro-Mediterranean institutions have not set up effective mechanisms for effective social consultation. It is very significant and worrying that, in the fourteen years of the process, social agents have not been involved in the discussion or implementation of the EMP Agreements or National Indicative Plans, or in the more recent Neighbourhood Action Plans.

In the European experience, the consultative function of social and economic agents has been a mainstay of participative democracy. The social agents of the region have been determined to extend this practice within the framework of the EMP. Thanks to multilateral efforts, progress has been made since 1995; consultancy organisations have been created in several countries (Palestine, Jordan), but several countries still do not have them (Morocco, Egypt, Syria). Globally speaking, social dialogue is still underdeveloped. The rare initiatives adopted in this field, although occasionally supported by regional MEDA funds, such as the Euro-Mediterranean Trade Union Forum or the fifteen successive Euro-Mediterranean Summits of Economic and Social Councils and similar institutions, have been the initiative of the social agents themselves.

Notwithstanding this, it is to be acknowledged that the Euro-Mediterranean Partnership has progressively extended the scope of the consultative processes that it undertakes, from the Euromed Civil Fora (in a quite informal and irregular way) to the Euro-Mediterranean Parliamentary Assembly created in 2004, and, lately, to the agreement to create a Euro-Mediterranean Local and Regional Assembly to consult with local and regional governments. On a declaratory basis, for the first time, the Euro-Mediterranean Conference of Ministers of Labour and Employment "reaffirmed the crucial importance of an effective social dialogue for enhancing employment, employability and decent work in the Euro-Mediterranean countries. The Tripartite dialogue between the

social partners and governments is key. At the same time, efforts need to be stepped up in bipartite dialogue between employers and trade unions to enhance their contribution to managing economic and social change. The capacity of the social partners needs to be reinforced in many partner countries. In this context, the cooperation of social partners across the Euro-Mediterranean region should be further developed." On a more operation basis, "the Ministers invited representatives of the employers and trade unions to contribute through a 'Euro-Med Social Dialogue Forum' which would discuss the positions of the social partners with a view to their consultation in the follow-up process, and which should aim at promoting social dialogue in the Euro-Mediterranean countries and region," something which has not yet taken place one year afterwards.

In any case, to the extent that there cannot be said to be a single labour market in the Euro-Mediterranean area, neither can there be said to be an articulate system of social dialogue with clearly identified social partners (trade unions and employers in Arab Mediterranean Countries do not play, by far, the representation role they play in most European countries). So it does make sense to create an inclusive system, comprising trade unions and employers, but also Economic and Social Committees and organized civil society, in a single process of information and consultation (but not bargaining, however). One possible way of doing this is by creating a wide-ranging Euro-Mediterranean Economic and Social Committee (170).

At the national level, the social policy dialogue foreseen within the framework of the European Neighbourhood Policy opens up a field of possibilities for the economic and social agents of the EU and the MPCs through consulting institutions or ad hoc mechanisms. Indeed, the strengthening of dialogue and co-operation in the framework of a social dimension (social policies, employment, socio-economic development and structural reform) was already foreseen in the first ENP Strategy Paper, as well as implementing active policies against poverty and exclusion (171). However, the present total lack of consultation with social agents at the national level contradicts

(170) See the proposal to that end in Martín 2005, cited in note 169 above, p. 83-85.

(171) "The extent to which the ENP is perceived as beneficial depends on its effects on living standards. (...) Strengthened dialogue is needed through the relevant subcommittees and economic dialogues. (...) Enhanced dialogue and co-operation on the social dimension will cover in particular socio-economic development, employment, social policy and structural reforms. The EU will encourage partner governments' efforts aiming at reducing poverty, creating employment, promoting core labour standards and social dialogue, reducing regional disparities, improving working conditions, enhancing the effectiveness of social assistance and reforming national welfare systems. The idea is to engage in a dialogue on employment and social policy with a view to develop an analysis and assessment of the situation, to identify key challenges and to promote policy responses" (European Commission European Neighbourhood Policy Strategic Paper, COM(2004)373, p.15). "Dialogue on employment and social policy with a view to identify key challenges and to promote policy responses should be enhanced" (ibid., p.25).

the logic of the ENP (legislative convergence and the adoption of EU practices) by refusing a practice as well established in the EU as social consultation. The public information procedures initiated by the Commission in early 2009 to ask for comments from interested parties on partial drafts of the new 2011-2013 Action Plans cannot be qualified as a process of consultation.

Indeed, consultation with social partners should become an integral part of the whole Euro-Mediterranean decision-making process. This is particularly the case in social and employment issues at the multilateral, bilateral, and national levels, in consistence with the European social model. As indicated above, the European Social Agenda (February 2005) provides for the “the integration of the European social model in external dialogue and action, at a bilateral, regional and multilateral level,” and the new Neighbourhood Policy offers the institutional setting required for that. The Forum for Social Dialogue foreseen at the Euro-Mediterranean Conference of Ministers of Labour and Employment should not be a one-off event, but a first moment to mark a new beginning in this field. On a more structural level, it is necessary to create stable spaces for dialogue and social coordination at the Euro-Mediterranean Partnership level, with the participation of social agents from the EU as well as from the MPCs and Euro-Mediterranean institutions. One possibility is the creation of Civil Society Sub-committees in the framework of the Euro-Mediterranean Association Agreements as advocated in Proposal 17 above.

Proposal 22 (172)

**Preparation of a “Road Map” to advance towards
a “Euro-Mediterranean Social Area”
in the framework of the European Neighbourhood Policy**

At the European level, the Lisbon Agenda (2000) to make Europe a more competitive economy was quickly matched by the European Social Agenda adopted in 2005. This balanced approach has not been followed in the framework of the Euro-Mediterranean Partnership, and its social dimension is only slowly beginning to emerge in the last few months.

An innovative social and employment content of the Neighbourhood Action Plans with the MPCs should become a central element of Euro-Mediterranean cooperation, and its effective implementation should be secured with sufficient resources, something which has not been the case so far. The Action Plans should become effective instruments to foster the legislative convergence of the MPCs toward the European social model, enhance national employment

(172) This proposal largely overlaps Proposal 22, formulated by Erwan Lannon in his contribution above in the context of the European Neighbourhood Policy.

policies, promote social dialogue within each country and political dialogue between the EU and MPCs on social policies, and monitor the ratification, compliance, and implementation of fundamental ILO conventions and core international labour standards.

This process should aim at, and ultimately lead to, the creation of a true “Euro-Mediterranean Social Area” complementing the Euro-Mediterranean Free Trade Area foreseen for 2010. In order to guarantee the coherence of the process and to monitor its progress, a “Road Map” for creating this “Euro-Mediterranean Social Area” should be prepared, probably within the framework of the Euro-Mediterranean Conference of the Ministry of Labour and Employment. An Euro-Mediterranean Social Agenda would be the logical corollary of this process.

Though labour law was absent, right from the start, from the regional agenda of the Barcelona Process, in the future, the development of foundations for the gradual establishment of a “Euro-Mediterranean labour code” based on a common legal corpus should not be excluded. This follows the logic of creating a common economic area and of the legislative convergence provided for in the framework of the European Neighbourhood Policy. This common legal corpus could be constituted by:

- Social provisions and those related to workers in the Euro-Mediterranean Association Agreements.
- Effective implementation of socio-economic components of ENP action plans.
- Transfer into Maghreb countries’ national legislations of the UE socio economic gains through exportation of the UE model.

It remains to be seen whether reality evolves in this direction. The establishment of a true “Euro-Mediterranean Social Area” as proposed by the European Parliament in 2000 would be the end-station of this process, and would complement the Euro-Mediterranean Free Trade foreseen for 2010, which has so far been the main priority of the Euro-Mediterranean Partnership.

A Monitoring System for the Euro-Mediterranean Partnership

Larabi Jaidi *

The challenge of the Euro-Mediterranean Partnership (EMP) is to trigger a positive dynamics: trade liberalization calls for supportive institutional reforms to strengthen the dynamism of the local production fabric and, in fact, the country's competitiveness. These developments in trade and institution building will make the area more attractive for investment, and this set of factors will contribute to the competitiveness of the economy and ultimately lead to improved social conditions.

The Euro-Mediterranean Partnership aims to actively promote the ideals of democracy and human rights, participation of civil society, and sustainable development, upon which the Barcelona Process is based. It is obviously expected from the more recent European Neighbourhood Policy (ENP) to give full meaning to this Partnership by increasing the scope of its social dimension.

There is always a fear that the Association Agreements might lead to a deterioration of the socio-economic situation in the South and that the economic and financial instruments in place are not sufficient to offset trade imbalances in the region. In this regard, it is widely acknowledged that no partnership is actually possible without strengthening the social dimension in all EMP policies, including the relevant measures to be taken in this field, and promoting social dialogue in each country by fully involving the civil society.

The Mediterranean region is characterized by:

- Widespread poverty, as 30% of the population in the South countries live on less than two US dollars a day, in addition to economic developments which lead to an aggravated economic situation of certain parts of the population;

- Concerns about employment prospects, particularly for women, youth and persons with special needs. There is a need to create enough jobs to absorb the growing labour force, but also to meet the expected growth rate of female participation in the workforce and reduce unemployment rates which are already high. To successfully negotiate the shift from the risk of instability to a profitable demographic situation will depend on the ability of

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Mediterranean Partner Countries MPCs) to face the challenge of massive job creation and design policies and urgent measures to redress the situation of unemployment;

- A deterioration of the human rights situation in the past few years. There is an urgent need to establish, strengthen and ensure gender equality, dignity and participation of women;

- Little interest accorded to sustainable development as one of the Euro-Mediterranean Partnership objectives. Although the concept appears in many policy statements, things are completely different in reality.

The Euromed civil society has, on many occasions, expressed its wish to build bridges of solidarity in a region that needs urgent reforms, and which could really change people's lives. It has also expressed its desire that the Euro-Mediterranean Partnership should go beyond cosmetic changes previously introduced, and do away with constraints and adverse pressures caused by unilateral free market policies.

The aim of this paper is to consider the possibility of setting up a monitoring (follow-up) mechanism to support the implementation of the EMP in its social dimension. It will explore the process of coordination of social policies pursued in Europe with a view to defining common social objectives for the European Union (EU) Member States, and to establish a coordination framework between these countries. Since the Lisbon Summit of 2000, the Heads of State and Government of the European Union have adopted an "Open Coordination Method" to ensure convergence between national systems of social protection to achieve common objectives of social cohesion. Social indicators regularly published measure the progress of the Union in the following areas: employment, social inclusion, pensions and health care. The purpose of this exploratory approach is to analyze to what extent and under what conditions can we make use of the procedures and indicators of this method and apply them to the Euro-Mediterranean region.

1. The Monitoring System of European Social Policies: What Method and what Indicators?

The European building process is putting pressure on the harmonization of social protection systems. For many years, harmonization of social protection systems remained in the realm of wishes, each country managed its social protection as it thought best. But the negative effects and long-term risks of this "each one is right in his own way" approach became obvious, and by the late 1990s, European Union institutions realized the need for an effective coordination of social policies.

The first steps taken targeted the employment policy. This policy is not directly linked to social protection but is tightly related to it, to the extent

that social protection is based (and sometimes to a very large extent) on professional activity. From coordinating employment policies, they moved to coordination in other social policy areas.

The Treaty of Amsterdam (1996) included, for the first time, an explicit reference to a European policy on employment, which must aim at full employment. The effective coordination of national policies on employment would then be developed within the framework of the "Luxembourg Process" (late 1997) through common strategies and the commitment by each country to communicate to other countries, annually, the measures taken to reach common strategies and make a joint assessment.

Since 2000, the "Open Method of Coordination" has been extended to other areas of social protection: pensions, health care systems, etc. There is therefore a common definition of social protection objectives, which corresponds roughly to the construction of European standards. These standards should guide the reforms deemed necessary (especially because of financial considerations). The general idea is that systems should focus on employment, to significantly increase the employment rate in Europe. Measures taken by countries must be entrenched in this framework.

1.1. Social protection policy: the constraints of coordination

The objective of the social protection system implemented in European countries since the Second World War was clearly to grant every citizen social rights that would allow them, whatever risks faced in life, to feel they are members of society. It may be noted however that the systems put in place, and the risks covered do vary greatly from country to country, and the role of family solidarity or insurance, for example, might be more significant in some countries than in others. Thus:

- There is a substantial gap between Ireland where social protection expenditures represent 14.1% of GDP, and Sweden, where they represent over 32%, i.e. double the rate. This quantitative diversity in social protection will make convergence of social protection systems more difficult to achieve.

- Diversity also affects the risks covered. While, in all countries, the share of benefits allocated to old age pensions is the most important, it may however vary according to countries (less than 40% in Denmark, over 60% in Italy). Differences are even more evident in other risks: Italy spends less than 4% of its social benefits on family welfare while Luxemburg spends more than 16%, i.e. 4 times more. Italy spends 0.2% of its benefits to fighting exclusion and to social housing while Denmark spends more than 6%.

- Diversity also relates to financing methods: some countries have chosen to finance their social protection mainly through taxes (Denmark, for example), while others base their system on occupational contributions, which means

that social protection is linked to professional activity (Germany and France, for example).

These differences mean that these countries do not have the same concept regarding social protection. Diversity in covering the various risks creates a problem when it comes to discuss the possibility of harmonizing social protection policies in the European Union. This diversity in funding approaches also creates difficulties when it comes to promoting the convergence of social protection systems.

Harmonization of social protection systems is often presented as a necessity, and a justification of the need for reforms considered as "inevitable". The establishment of the European Single Market in 1986 engaged in direct competition national areas with very different regulations. Business companies will therefore claim equivalent social charges from one country to another in order to maintain free competition, with the risk, if this equal treatment is not complied with, that companies would relocate their activities in countries of the Union where charges linked to social welfare are lower (Ireland, for example). In connection with the same (liberal) ideas, the argument in favour of the necessary flexibility of the workforce is often put forward to justify a reduction of social guarantees that are systematically granted to employees. Finally, the need to meet the Maastricht criteria for joining the Economic and Monetary Union and to maintain the obligation of complying with these criteria requires that states strictly limit their public deficits.

1.2. The European Employment Strategy: guidelines

The continued rise in unemployment in the European Union Member States has triggered the need of formulating a specific policy to address this issue. In recent years, Europeans gave increasing and considerable importance to social policy and employment.

Many policies in the field of employment and social affairs are still primarily the responsibility of Member States. They are based on the national political and economic situation, and can differ considerably from one country to another. However, along with economic integration, the European Union is developing a stronger framework to complete national actions addressing social and employment challenges.

The Treaty of Rome (1957) included only a few specific articles on social policy. The provisions in this area mainly related to the implementation of the free movement of workers and freedom of establishment within the framework of the common market. The Single European Act (1986) widened the scope of social policy, particularly in the field of health and safety at work, dialogue with social partners and economic and social cohesion. The social component has developed with the Maastricht Treaty, particularly the Protocol on Social Policy.

As for employment, the Amsterdam Treaty was instrumental in incorporating the promotion of a "high level of employment" within the EU objectives.

Although the employment policy falls within the competence of Member States, it has now become a "common concern" (Article 2 of the Treaty on European Union, TEU). Thus, the EU has a legal tool for coordinating Member States' employment policies within a common strategy. It should also support Member States' actions, and if necessary complement them (173).

The European Union aims to promote "a high level of employment and of social protection", "a harmonious, balanced and sustainable development of economic activities", "equality between men and women", "sustainable and non-inflationary growth", "a high degree of competitiveness and convergence of economic performance", "raising of the standard of living and the quality of life", and "economic and social cohesion" (Article 2 of the TEU).

To be more specific, in terms of employment, "the Member States and the Community shall (...) work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change" (Article 125 TEU). The strategy assumes that EU Member States implement major economic policy guidelines.

Since its launch in 1997, the European Employment Strategy (EES) has played a key role in coordinating EU policies to create better quality jobs for all. Moreover, this role has been repeatedly stressed by the European Council, and the EES has become an essential tool for responding to one of the main concerns of European citizens: a quantitative and qualitative improvement of employment.

The European Employment Strategy was established to guide and coordinate the employment priorities accepted by Member States at EU level. In 1997, Member States committed themselves to implement a series of objectives and common goals for their employment policies and monitor them according to an annual procedure as stated in the Treaty of Amsterdam.

Member States still enjoy competence in the field of employment policy, but the Treaty has reinforced the role of the Council and Commission granting them new responsibilities, whereas the European Parliament is more closely integrated into the decision process. The responsibilities of the social partners are also enhanced through the introduction of the social protocol in the Treaty.

(173) Moreover, employment is part of all Community policies. That is to say, it must be taken into account in every action undertaken by the EU. Many policies do contribute to the promotion of employment: education and training policies, regional policies, research and technological development policies, support policies on the use of new information technologies and mobility of workers ...

The EES is part and parcel of a broader set of tools developed by the EU institutions to support employment policies at European level. It is also an important tool for achieving the Lisbon objective of creating “a greater number of quality jobs”, as well as a component of European social dialogue. The EES also uses the European Social Fund to assist Member States in implementing the employment policies they adopt.

Before the Treaty of Amsterdam, the employment policy was the sole responsibility of Member States; the Commission’s role was limited to promoting cooperation at EU level. Inspired by the Commission White Paper on Growth, Competitiveness, and Employment inspired by Jacques Delors, which was published in 1993, the Essen European Council adopted key objectives in December 1994, but this initiative was based on non-binding conclusions.

It was during the European Summit on Employment held in Luxemburg in November 1997 that the European Council launched the European Employment Strategy. The situation was marked by high unemployment rates. This strategy should allow Member States and the Commission to pursue common targets and objectives through cooperation and exchange of experience, and thus create more and better quality jobs in Europe.

In March 2000, at the Lisbon European Council, the European Union agreed on a new strategic goal for the next decade: to become the world’s most competitive and dynamic knowledge-based economy capable of sustainable economic growth with more and better jobs and greater social cohesion. The European Employment Strategy, which was so far focused on reducing the unemployment rate, would now give priority to developing conditions conducive to full employment. The EES would therefore allow the EU to achieve conditions of full employment (a total employment rate of 70% and 60% for women) and reinforce social cohesion by the year 2010.

In March 2001, the Stockholm European Council added to this set of intermediate targets for 2005 an additional objective: to raise the rate of employment of old-age workers to 50% by 2010. In March 2002, the Barcelona European Council called for deferring retirement age by five years by 2010 and for setting targets for childcare and custody, in particular in order to facilitate female labour force participation (33% of children under three years of age and 90% of children between three years old and the mandatory school age). In addition, the Barcelona European Council called for the development of a set of European indicators in education and training, which were adopted in May 2003.

At the request of Heads of State or Government convening at the Spring European Council in 2003, the Commission established a European taskforce for employment to review the EES. The Commission and the Council included the results of the Task Force report in their joint report on employment for the Spring Summit of 2004. This report confirmed the need for a decisive

action on the part of Member States under the directives of the Task Force. Focus has been directed towards improving the adaptability of workers and enterprises, integration and retention of a greater number of workers, increasing investments in human capital and improving governance.

In 2005, the European Council and the Commission felt that the Lisbon strategy should be refocused on growth and employment. By focusing on strategic efforts towards achieving the two objectives, the relaunching of the Lisbon strategy has highlighted the need for sustainable and more sustained growth and for more quality jobs. The EES procedure has been revised accordingly.

From 2005, the implementation of the EES has been integrated in the Lisbon economic governance cycle. With the adoption of new integrated guidelines in July 2005, a new EES framework covering a period of three years (2005-2008) was initiated. The EES uses different instruments at EU and national levels to coordinate Member States’ employment policies. In summary:

The European Council adopts a set of **integrated guidelines**. These set out common priorities for Member States’ policies. The first integrated guidelines were proposed by the Commission in April 2005 and adopted in July 2005 by the Council (see box).

In early fall, Member States draft the **National Reform Programme** (NRP), which describes how the guidelines should be implemented at national level. Based on its assessment of national reform programmes, the Commission adopts the **EU annual progress report** in view of the Spring European Council. In parallel, the Commission considers pan-European initiatives to support national actions. The Commission’s Communication of July 2005 “Common Actions for Growth and Employment: The Lisbon Community Programme” described the **Lisbon Community Programme**. If necessary, the Commission may identify new actions to revise the Lisbon Community Programme and propose specific national recommendations.

The chapter on “Employment” in the Annual Progress Report is adopted by the Council and integrated in the **Joint report on employment** at the beginning of the following year.

Priorities and Guidelines for Employment 2005-2008:

17. Implement employment policies intended to achieve full employment, improve quality and productivity at work, and strengthen social and territorial cohesion.

Attract more people into employment and modernize social protection systems

18. Promote a new lifecycle approach to work.

19. Ensure inclusive labour markets, enhance work attractiveness, and make work pay attractive for job-seekers, including disadvantaged people and the inactive.

20. Improve matching of labour market needs.

Improve the adaptability of workers and enterprises and the flexibility of labour markets.

21. Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners.

22. Ensure employment-friendly labour cost developments and wage-setting mechanisms.

In February 2005, the European Commission published the new **Social Agenda**. This Agenda serves as a guide for the modernization of the European social policy, to better adapt to a world characterized by an increasing international competition, technological advances and changing population patterns. This agenda had two main priorities: employment (and the modernization of the European employment market) on the one hand, and combating poverty and promoting equal opportunities on the other.

The Social Agenda was published simultaneously with the revision of the **Lisbon Strategy for Growth and Employment in the European Union**. This strategy coordinates the policies of Member States in the fields of economy, employment, social protection and social integration. It offers a set of guidelines that focus on full employment, better work quality, increased productivity and better social and territorial cohesion (174).

But the European social policy is not limited to strategies and guidelines. The European Union has also invested in promoting employment and improving social conditions. The **European Social Fund (ESF)** is the main financial instrument for the development of employment and human resources. It helps people improve their skills and therefore their employment prospects.

(174) For an overview of European social policies and employment, see: http://ec.europa.eu/employment_social/index_fr.html. On the European Employment Strategy, commonly referred to as the Lisbon Strategy, see: http://ec.europa.eu/employment_social/employment_strategy/index_fr.htm. For more information, see http://ec.europa.eu/growthandjobs/index_fr.htm.

1.3. Monitoring framework and tools

The European Employment Strategy is based on open coordination defined by sections 125 and 128 of the TEU. This method ensures the definition of overall objectives for the European Union, the establishment of comparable indicators and statistics in Member States, periodic monitoring, assessing progress and sharing good practices between Member States. It also requires from EU Member States to implement the major economic policy guidelines. The EU also relies on local and regional authorities, as well as social partners and civil society, in supporting local development initiatives.

The "Open Coordination Method" is based on the key principles of subsidiarity (which divides the competences between the EU and Member States), convergence (joint action), mutual learning (exchange of best practices), the integrated approach (structural reforms covering social, fiscal, regional, educational and business policies) and management by objectives.

To implement this latter principle, the strategy uses measures and quantifiable benchmarks for in-depth monitoring and progress evaluation. In this context, indicators are used to examine Member States' performance and efforts in employment, and analyze the national reform programmes. They are also used for preparing the annual EU progress report, which will serve as a basis for the joint report on employment.

The "Open Coordination Method"

This method, called the "Open Coordination Method" (OCM) provides processes for exchanging experiences and identifying best practices which would allow for a gradual convergence of national systems for social protection towards achieving common goals in areas of national competence. This method has four distinct phases:

- in the first stage, Member States agree on the themes where this exchange of experiences will be implemented, and for each of these themes, on the common objectives they consider essential in carrying out the national social policies;
- Member States' progress in reaching the objectives is determined and monitored using statistical indicators which are jointly determined;
- Member States submit every three years reports on their strategies of inclusion and social protection; these must include the common monitoring indicators;
- The Commission draws up a summary report in which, based on national reports, it highlights the lessons learned from all Member States, passes on the recommendations to improve their contribution to the advancement of the European Union as a whole, and suggests issues to be explored in the subsequent phases of the process.

Implementation of the OCM in the social field is ensured by a specific body attached to the European Council: the Committee for Social Protection, which includes senior officials of Ministries of Health and Social Affairs of the 27 Member States. Within this body, the "Indicators" sub-group also includes representatives of health and social ministries of the Member States and is responsible for developing appropriate indicators for monitoring progress towards achieving the common social objectives.

The Open Coordination Method should enable the convergence of national systems of social protection to achieve common goals. The Nice Summit in December 2000 determined four themes in the field of social cohesion to apply the open coordination method, namely: social inclusion, pension schemes, financial attractiveness of employment and health care.

Work began in 2000 and reached a first significant step at the end of 2003 by adopting an initial set of indicators on social inclusion and pensions by the Committee on Social Welfare. Since then, the implementation context of the open coordination method in the field of social cohesion has undergone profound transformations, which led to a major revision of the indicators portfolio. Processes of setting Broad Economic Policy Guidelines (BEPG) and employment guidelines have been integrated as part of the mid-term review of the Lisbon strategy.

Meanwhile, the number of indicators used to compare national strategies on inclusion and social protection has been reduced.

Thus, the Spring European Council of 2006 adopted three main cross-cutting objectives for each of the themes:

- Promote social cohesion and equal opportunities for all through systems of social protection and social inclusion policies that are appropriate, accessible, financially sustainable, adaptable and efficient;
- Interact closely with the Lisbon objectives aimed at enhancing economic growth and improving employment quantitatively and qualitatively, as well as with the EU strategy for sustainable development;
- Improve governance, transparency and participation of stakeholders in policy design, implementation and monitoring.

To illustrate these three objectives, the Committee on Social Welfare adopted in May 22, 2006 a list of thirteen indicators to cover these three main objectives, but also the three main themes – social inclusion, pensions and health care - on which the open coordination method has been implemented. These indicators are cross-linked to other thematic indicators, highlighting common sub-objectives in these three areas.

A first group of three indicators focuses on monetary indicators of poverty and inequality: the first indicator is the rate of monetary poverty, i.e. the proportion of individuals living in households whose living standard is below 60% the living standard of a median household, the second indicator measures the proportion of people living below the poverty line in 2005, (60% of the median standard of living), the third indicator refers to inequality in terms of living standards.

Four indicators address disadvantaged situations particularly: the **health status** which deals with life expectancy without disability, low educational levels as a handicap for social and professional integration of individuals; the

proportion of individuals living in households where no member is employed; the working poor, a proportion of individuals who are employed – alternately, all employed active workforce or only wage-earners – who live in households whose standards of living are below the poverty line (60% of the median standard of living).

Two indicators deal specifically with pensions: the first refers to the adequacy of pensions, i.e. the ability of pensions offered by retirement schemes to meet the needs of retirees, and the second refers to the rate of employment of persons aged 55 to 59 years and 60 to 64 years.

One indicator is intended to illustrate the obstacles to access health care. This is the proportion of people who stated in the harmonized survey on income and living conditions, that they had given up seeking medical treatment by a doctor.

Finally, three indicators highlight cross-cutting issues common to the different themes. One focuses on regional cohesion and is the coefficient of variation (ratio between the standard deviation and the mean) of regional employment rates. The second is the participation rate - the proportion of people employed or seeking employment in the general population. Finally, the last indicator highlights the issue of financial sustainability in the systems of social protection (175).

Two additional indicators are added to this list: on the one hand, the Committee of Social Welfare proposed to allocate an additional indicator to health care; on the other hand, a preliminary list of context indicators to facilitate interpretation of the thirteen indicators aforementioned was adopted (176).

More specifically in the field of employment, setting common employment objectives implies that one must define common indicators to compare best practices and measure progress achieved in reaching these objectives. In this sense, the common indicators are not synonymous with common policies.

The methodological framework consists of a comprehensive list of primary and secondary indicators constituting a cross-cutting portfolio covering the

(175) These projections for 2050 of the share, in gross domestic product, of social expenditures related to the age structure of population (pensions, health care, care services to seniors, education and unemployment compensation) are carried out by Member States according to a methodology and common assumptions.

(176) It includes nine indicators: growth in gross domestic product, employment rates, unemployment and long-term unemployment, disaggregated by gender and age, life expectancy at birth and at the age of 65, the ratio in current value and projected among those aged 65 and over and people aged 18 to 64 years, the distribution of households by type - couples, single parent families, complex and collective households, according to the number of children, public debt as a share of gross domestic product, in current and projected value, the breakdown of jobless households by type of household, and finally the indicators of unemployment «traps», inactivity and low wages, illustrative of the financial attractiveness of employment.

three major employment and unemployment themes. Primary indicators are composed of a limited number of key indicators covering the main dimensions of set objectives. Secondary indicators support these key indicators by providing a clearer picture of the nature of the problem. These indicators are used in national reports and in the joint report.

The use of indicators defined by mutual agreement to monitor progress in achieving common objectives is an essential process of OCM policies. In this context, indicators were defined on the basis of a consensual approach and a series of criteria including comparability based on harmonized and strong EU data, reaction to the policies, clear normative interpretation, focus on results, etc.

Since the European Employment Strategy was launched in 1997, indicators have been used to assess Member States' progress in implementing employment guidelines. The indicators measure the impact of policy initiatives and improve the transparency of results. They are used to examine Member States' performance and efforts in terms of employment and conduct analysis of national action plans for employment, and develop the annual progress report of the EU which will be the baseline for the joint report on employment.

Indicators are adopted every year by the Employment Committee. The Working Group on Indicators within the Employment Committee assists in selecting and developing indicators for monitoring employment guidelines. The Commission (DG Employment and Social Affairs) and Member States work together in this group on employment indicators. The primary mission of the group is to define, review and improve all indicators in the light of statistical progress and new political priorities. Indicators are classified into monitoring indicators and analysis indicators according to the order of the guidelines 2005-2008. Work also continues within the group to improve comparability, reliability and updating of databases in these areas. The DG for Employment and Social Affairs cooperates closely with Eurostat, the Statistics Office of the European Community.

According to EU assessments, the strategy generated concrete results, thus meeting the main concerns on employment. Since 1997, employment rates of senior workers and women, as well as average employment rates have increased significantly, while unemployment and long-term unemployment showed an opposite trend (with a decrease of nearly one third for long-term unemployment). While this progress may not be entirely attributed to the EES, it made a major contribution: indeed, if the results in terms of employment have improved, it is because Member States are able to better implement their employment policies and exchange their experiences to achieve common goals.

Despite the progress achieved in recent years, the EU has yet a long way to go to achieve full employment, improve the quality of work and strengthen

social and territorial cohesion. The relaunching of the Lisbon strategy, adopted in 2005, aimed at promoting action at national and European levels, focusing on growth and employment. The EES, supported by the European Social Fund, is a central pillar for the new Lisbon agenda. It should improve performance in the field of employment, and help develop and implement policies through better governance and mutual learning.

The agenda of the EU social policy aims to promote and disseminate, even beyond its borders, its common values and experience of a development model combining economic growth with social justice. The Commission developed political exchange and multilateral and bilateral cooperation with international organizations, including OECD, the International Labour Organization and the G8, as well as countries including the United States, Japan, China and India. Since the late 1990s, one of the Commission's objectives has been to ensure that candidate countries define employment policies likely to prepare them for accession to the EU,¹⁷⁷ bearing in mind that these countries should gradually adjust their institutions and policies to the European Employment Strategy in order to fully implement the "Employment" section of the Treaty, immediately upon accession.

2. Could the Monitoring System of European Social Policies be "Transferred" to the Euromed Area?

Promoting the social dimension of the Partnership is among the key commitments of the Association Agreements and European Neighbourhood Policy. Support in determining how to best implement the various aspects of employment policy, both at technical and political levels, is also on the agenda. In this perspective, today and fourteen years after the establishment of the Euro-Mediterranean Partnership, could the monitoring system of European social policies become a landmark, a real model for monitoring social and employment policies in the Euro-Mediterranean area?

Monitoring social and employment developments in the Euro-Mediterranean area is often mentioned in reference documents of the Euro-Mediterranean policy, but so far it has been remained unheeded. This lack of monitoring of social policies is all the more damaging as the process of divergence existing between the two shores of the Mediterranean seems to become deeper. It is therefore necessary to strengthen cooperation and partnership through developing a monitoring mechanism with appropriate indicators that would

(177) At the time of enlargement, for the first time, to 25 members in 2004 and then to 27 in 2007, the in-depth preparation procedure developed towards full membership to the EES - through joint action plans - has actually facilitated integration of new Member States.

help harmonize social policies and examine their medium and long term performance.

Indeed, in recent years, and after a period of slow and contrasting growth, the Mediterranean Partner Countries (MPCs) have experienced high rates of real GDP growth of nearly 6% on average against 3.6% throughout the 1990s. In the coming years, the region may suffer from the financial crisis. The slowdown in America and Europe will weigh on exports from the region. But long-term projections of the World Bank, like those of the CEPII (a French Institute for research in international economics), rely on GDP growth of 3.5% to 4% per annum on average until 2030 (178). However, this increase, although it will be at a higher average level than the euro area, will not necessarily lead to convergence in living standards between the two sides of the Mediterranean.

2.1. The process of convergence-divergence in the Euromed area

Links between implementation of the Euro-Mediterranean policy and convergence in living standards between the two sides of the Mediterranean is one of the most controversial issues because of the opposition between two simplistic visions whereby one would consider international integration as a guarantee for development, while the other vision would see in it the assurance of impoverishment.

But reality is more subtle and especially more complex, for two reasons. First, it would be unfair to use a few simple indicators to summarize a whole set of national processes. Those in favour of the convergence thesis highlight the success of countries that have managed to make a slight economical catch-up or have rather reduced differences in living standards. In fact the number of these countries is small if not limited to one or two countries (Tunisia, Jordan). Critics of this theory of convergence highlight the impoverishment of other countries that have seen their incomes stagnate or decline. Both are right. The neutral observer should however note that catch-up is subject to a number of conditions relating to savings, education efforts, the quality of national institutions or income distribution, which are not fulfilled by many developing countries.

(178) These projections are based on growth potential calculated on the assumption of strong population dynamics, low productivity growth, a little more sustained accumulation of physical capital (investment), and finally a little slower technological catch-up (ability to use modern technologies) than emerging countries.

Several factors speak for convergence between the two sides of the Mediterranean; while others speak for divergence:

- A certain degree of political, administrative and economic modernization in the Southern countries. These countries have largely succeeded to control their inflation and stabilize their exchange rates, they are witnessing the beginning of decentralization, for example in Morocco;
- Significant GDP growth over the last 50 years has prevented an excessive divergence between South and North. Currently, there is less economic discontinuity between North and South of the Mediterranean than between North and South of the Sahara;
- Societal indicators in the South (life expectancy, fertility ...) are rapidly approaching those of the North;
- In a large number of indicators related to commercial, financial and population flows, the region shows a high degree of intra-area integration. In the South Mediterranean, the share of Western Europe in tourism, trade, FDI, bank loans (those due by MPCs are mostly of West European origin, reaching up to two-thirds in the case of the Maghreb), or migrants' remittances, is still around 50, 60 and even 70%, for example with regard to the Maghreb countries' foreign trade. The American influence is much weaker, except for arms sales, FDI in oil and public assistance;
- Firms from the North are starting to appreciate the value of a North-South production system: farmers, manufacturing and service companies (call centers...) are establishing emerging partnerships;
- The Barcelona Process has created real habits of working together, and produced shared diagnoses on the status of the region. This is already an important basis.

Other factors rather indicate divergence:

- The gap between the two shores is widening in the field of training. The South is thus deferring its entry into the knowledge-based economy. In comparison with developing countries from Latin America and East Asia, inadequate training is the most significant weakness for the Southern Mediterranean countries;
- With the exception of oil producing countries in the last few years, economic growth in the South has slowed down since the 1980s. The difference in GDP per capita has increased between the two shores. Some sensitive areas such as health spending have reached an unsustainable gap;
- Modernization of the private sector (including Algeria, Syria, Libya, and others) is not supported by adequate adjustment policies and State disengagement from the economy;

- Despite the recent flow of foreign investment towards the South, reform delays in the South and the inadequate strategic vision of the North vis-à-vis its Mediterranean neighbours have resulted in very weak Trans-Mediterranean investment particularly from North to South. Yet, modernization of the production system has to go through transfer of technology and modern management methods, which in turn must go through transnational investments;
- Investment sectors and the income base in the South are still dominated by revenue-based sectors (oil and other raw materials, tourism, real estate...);
- Most of these countries keep authoritarian regimes which organize the distribution of the country's revenue, take support from national elites which have a vested interest in the status quo, lack of transparency and absence of rule of law; they also rely on European (public or private) partners that help to perpetuate a system from which they derive a certain advantage, even though they recognize democracy and transparency as being "universal".

While the convergence/divergence approach may be a complex one, a look at the trends in per capita growth rates over the period 1995-2007 shows that the gap is widening between North and South (179).

2.2. Monitoring in the Euro-Mediterranean policy: pledges are not followed by relevant mechanisms

In the reference documents on the Euro-Mediterranean policy, there is often much talk about monitoring of socio-economic development and employment issues. But this has remained unheeded.

Thus, the **Five Year Work Programme of Barcelona** refers under several items to the need for the EU to support employment and training policies in the MPCs, sometimes with specific goals:

"To work towards creating more job opportunities for the increasing numbers of young people across the region, reducing regional poverty rates and closing the prosperity gap and raising GDP growth rates, Euro-Mediterranean partners will undertake measures to achieve:

- a) An improved business climate, in particular for SMEs, including by reducing regulatory and administrative obstacles to the creation and operation of businesses, as well as the time taken to create a new business;

(179) See Center for Research on the Economics of the Mediterranean: "Economic Convergence and Divergence of Southern Mediterranean Countries with the European Union", pp. 109-118, in Med.2009, Mediterranean Yearbook, IEMed and CIDOB, Barcelona.

- b) Increased access to bank lending by the private sector through consolidating and liberalizing the financial sector, improving financial supervision and facilitating cooperation between financial institutions;
- c) Improved management and upgrading of public institutions;
- d) Consolidated macroeconomic stability and improved public finance management;
- e) Strengthened social protection systems to ensure a basic standard of living for the most vulnerable;
- f) Developed national capabilities in the field of scientific and technological research and innovation to establish a knowledge-based society through increased cooperation with and access to relevant European programmes and institutions;
- g) Better socio-economic inclusion, in particular in order to face social consequences of sectoral restructuring;
- h) A significant increase in the percentage of women in employment in all Euro-Mediterranean partner countries;
- i) Increased labour force productivity through greater access to vocational and technical training and measures to encourage technology transfer from European partners. An increased role for the private sector in financing and training within the workplace;
- j) An increase in the region's domestic investment and of its share of global foreign direct investment, particularly in non-oil sectors, by inter alia improving its investment climate and supporting efforts to attract foreign and domestic investment that contribute to the creation of new jobs in the region;
- k) An increase in the percentage of the labour force working in the private sector;
- l) An increase in north-south and south-south regional or sub-regional cooperation through financial assistance in fields of mutual interest.

With a view to contributing to the above objectives, Euro-Mediterranean partners will:

- a) Increase significantly funding devoted to education in the Mediterranean region through EU assistance and Mediterranean partners' national plans and raise education as a priority sector within the ENPI;
- b) Increase enrolment rates through increasing the number of schools and rehabilitating existing schools, and by measures to stimulate demand including community involvement;
- c) Expand and improve illiteracy eradication and adult education programmes across society with special focus on females;
- d) Expand and improve education opportunities for girls and women, as a basic right;
- e) Work to strengthen the quality and relevance to the labour market of primary and secondary education and training by increasing the effectiveness of the school system, promoting skills, innovation and active self-learning, providing continuous education and training for the teaching force, making appropriate use of educational materials and information technology and e-learning, and through the monitoring of quality assurance, including support for participation in international assessments (e.g. TIMSS);

- f) Support market based reform of Technical and Vocational Education and Training, the involvement of commerce and industry, and rationalisation of qualifications;
- g) Enhance the capabilities of universities and higher learning institutions, including by encouraging networking between them within the Euro-Mediterranean region, and improve the relevance of their programmes to labour market demands and the knowledge-based society;
- h) Introduce a standard of university education qualification transferable within the Euro-Mediterranean region, encourage distance education and electronic communications and promote student exchanges;
- i) Increase access to the internet and create a Virtual Library to increase the accessibility of textbooks, reference books, publications and documents including in the original Arabic and through translating between Arabic and European languages."

Moreover, in the **Communication** from the Commission on the "**European Neighbourhood Policy – Strategy paper**" (180), the Commission highlighted that the ENP brings an added value, moving beyond existing cooperation, for partner countries as well as for the EU. This added value takes many forms, including:

- The implementation of the ENP brings about the prospect of moving beyond cooperation towards a significant degree of integration. It will also avoid exclusion which could result from enlargement and provide an opportunity to share the profits.
- The ENP will encourage reforms that will bring about benefits in terms of economic and social development. Convergence of economic legislation, opening up of partner economies between one another, and continuous removal of trade barriers will give impetus to investment and growth and will reduce unemployment.

Strategy papers on the European Neighbourhood Policy focus on:

- Democracy, pluralism, respect for human rights, civil liberties, rule of law and key labour standards as a precondition for political stability and sustainable socio-economic and peaceful development.
- The need to reduce poverty and generate prosperity and shared values based on increased economic integration, more intense political and cultural relations, reinforced cross-border cooperation and shared responsibilities between the EU and its partners in the field of conflict prevention.
- Subordinating the EU offer of concrete benefits and preferential relations to progress made by partner countries in political and economic reform and including it in a differentiated framework.

(180) Communication from the Commission COM (2004) 373 final, Brussels, 12.5.2004.

- An approach to conditioned, differentiated and gradual reform, based on national and regional action plans with clear and public objectives and benchmarks, defining what the EU expects from its partners. These benchmarks include the ratification and implementation of international commitments demonstrating respect for common values and, in particular, values codified in the UN Declaration on Human Rights as well as in the standards of OECD and the Council of Europe. These action plans could be completed by more detailed sectoral programmes.
- The need to develop a prosperous civil society to promote fundamental freedoms such as the freedoms of expression and association;
- Fighting corruption, enhancing the rule of law and independence of the judiciary;
- The long term objective of free movement of people; the need to consider extending visa exemption regimes.

The Action Plans should identify priorities and focal points for the implementation of existing agreements. The key priorities of an Action Plan will cover two broad areas: first, commitments to specific actions which confirm or reinforce adherence to shared values and certain objectives in the area of foreign policy and security; secondly, commitments to actions which will bring these partner countries closer to the EU in a number of priority areas. These Action Plans will identify key actions in a limited number of fields which need to be addressed as a particularly high priority, as well as actions in a wider range of fields, relating to the scope of the bilateral agreements in force. These priorities will be as specific as possible, given the subject matter addressed and will therefore constitute benchmarks which can be monitored and evaluated.

In these Action Plans, strengthening dialogue and cooperation on the social dimension should, in particular, cover socioeconomic development, employment, social policy and structural reforms. The EU will support efforts made by partner governments to reduce poverty, create jobs, promote key labour and social dialogue standards, reduce regional disparities, improve working conditions, enhance the effectiveness of social aid, and reform national systems of social protection. The idea is to initiate a political dialogue on employment and social policy in order to analyse and assess the situation, identify key challenges and promote policy responses.

When the monitoring process shows significant progress in achieving the set priorities, these incentives could then be revised to take further steps towards greater integration with the internal market and other EU key policies. **Monitoring the ENP** should be done through bodies established within the framework of the Partnership and the Cooperation or Association Agreements. These have the advantage of bringing together representatives of partner countries, Member States, the European Commission and the Council

Secretariat. Monitoring in this context should reinforce co-ownership. Partner countries should be invited to provide detailed information as the basis of this joint monitoring exercise. Sub-committees focusing on specific issues and political dialogue should be of particular use for monitoring.

The Commission committed to draw up periodic progress reports indicating areas requiring further efforts, taking into account assessments made by the authorities of partner countries:

“The Commission will report periodically on progress accomplished. On the basis of this evaluation, the EU, together with partner countries, will review the content of the Action Plans and decide on their adaptation and renewal. Decisions may also be taken, on this basis, on the next step in the development of bilateral relations, including the possibility of new contractual links. These could take the form of European Neighbourhood Agreements whose scope would be defined in the light of progress in meeting the priorities set out in the Action Plans.

Upon examination of the European Commission reports on the implementation of the European Neighbourhood Policy, one notes that the monitoring approach proposed by the Commission remained unheeded. These reports just take note of developments in employment policy and social policy in partner countries.

For example, the progress report on Tunisia in 2008 is limited to monitoring some aspects of social policy by pointing out facts or decisions that relate to the social field. Thus, the document in question refers to a series of provisions including:

- Holding the meeting of the Working Group on Social Affairs, while pointing to interruptions that have characterized the meetings of this body, which means that dialogue on major social reforms is not regular.
- Continued fight against poverty through the creation of basic infrastructure in rural and disadvantaged areas, supporting business creation and promoting investment in these disadvantaged regions.
- Efforts made to reduce unemployment: modernization of the education system to curb unemployment among youth and young graduates (a dominant phenomenon: more than 25% for some categories of graduates) and announcement of the employment policy in-depth reforms to better meet market needs, as well as a training programme for job seekers.
- The entry into force of the second phase of the health insurance reform on ambulatory care.

Another example, namely the report on the implementation of the neighbourhood policy in Morocco (2008), confirms that monitoring the implementation of this policy is still rudimentary. At best, the report on social measures taken by Morocco is followed by brief comments on the objectives

of social policies, an allusion to the obstacles faced and a quick evaluation on the level and effectiveness of cooperation.

The report underlines the fact that “The Moroccan government continued to implement a proactive and ambitious social policy aimed to reduce social deficits.” The report notes that the social situation remains worrying despite a decline in the poverty rate to 9% (2.8 million people) and that Morocco is facing a difficult social climate. This observation is followed by some suggestions: the need for reflecting on the reform of the compensation fund and better targeting of subsidies so as to effectively fight poverty.

These findings on the current developments of the social situation is followed by a general evaluation of policies implemented with the support of the European Commission, including the National Initiative for Human Development (INDH), while stressing the fact that poverty alleviation remains too fragmented and suffers from a lack of convergence between sectoral programmes.

In terms of employment, the monitoring report highlights the latest figures on employment and unemployment, adding that “Morocco is still facing underemployment of youth, including young graduates, which leads to brain drain.” A list of measures taken in the framework of social dialogue, in the area of protection and social inclusion, and sustainable development is presented without any comment on their nature.

The same comments can be applied to the reports on Jordan or Egypt. The approach in these reports is the same for all partner countries. Examination of these monitoring reports reveals their shortcomings if not their “weakness” in monitoring of cooperation in the field of employment and social policy. In contrast, in the field of human rights the European Commission has not only developed a monitoring framework, but has made significant efforts for its implementation.

As a matter of fact, on May 21, 2003, the European Commission published a Communication on “Reinvigorating EU actions on Human Rights and democratisation with Mediterranean partners. Strategic guidelines” (181). This Communication deals with human rights under the Barcelona Process with a bilateral and regional perspective, and contains a set of concrete recommendations for the EU action to improve the situation. These provide for the systematic inclusion by the EU of human rights and democratization issues in all the dialogues taking place on an institutional basis.

(181) COM(2003) 294 final, Brussels.

To ensure effective realization of this objective, a monitoring system has been in place through:

- The establishment, under the Association Agreements and later on the Neighbourhood Agreements, of technical sub-groups to address issues related to Human Rights and democratisation. A better operational focus should be sought including co-operation on issues such as legal reforms and the legal frameworks governing the operation of NGOs and other Non-State actors.
- Commission Delegations in close co-ordination with Member States' embassies should draw up an "état des lieux" in each country, on the basis of a standard grid of analysis, and provide regular updates through periodical reports. The conclusions reached therein should be translated into concrete proposals in the various formats of the dialogue, as outlined above.
- The Commission should aim to ensure coherence and consistency inter alia working to ensure a more active role in the implementation of UN Resolutions and recommendations in the area of Human Rights.
- Dialogue with civil society at national level by organizing regular workshops.
- The development of national action plans for human rights concerning, in particular, legal and regulatory reforms, implementation of human rights treaties, adherence to international instruments, and strengthening NGOs participation and capacity. These plans should include specific actions accompanied by measurable performance criteria, with clear timelines and appropriate financial resources.
- The development of regional or sub-regional action plans whenever two or more partners wish to strengthen cooperation, e.g. in the field of women's rights or co-operation in the field of justice.
- Further mainstreaming the promotion of good governance, Human Rights and democracy in the MEDA programme. A financial incentive (not necessarily directly linked to human rights) could be allocated to partners implementing such National Action Plans.
- Supporting promotion of human rights and involvement of civil society at regional level, as well as increasing the operational impact of the Euromed Civil Forum meetings.
- The European Initiative for Democracy and Human Rights's (EIDHR) strategy as regards the Mediterranean partners should be revised with a view to strengthening the capacity of civil society on a regional basis and to further enhancing the complementarity between EIDHR and MEDA programmes.

This monitoring and tracking device in the area of human rights could be duplicated by extending it to the social fields covered by the Euro-Mediterranean policy. This requires developing a relevant monitoring methodology and an appropriate set of indicators for monitoring these policies. In this sense the experience of the Open Coordination Method implemented in the process of harmonization of European social policies can be a source of inspiration for the design of a monitoring device for these policies under the Euro-Mediterranean Partnership. However, the success of this approach is linked to the ability of actors to remove constraints to its implementation.

3. Constraints to the Implementation of a Monitoring Strategy in the Mediterranean

The development of Euro-Mediterranean indicators for monitoring employment policies implies the need to address the methodological constraint of comparability, which cannot be ignored in the Euro-Mediterranean context.

3.1. The constraint of comparability and the nature of indicators

This constraint involves considering two indicators properties: their empirical and normative characters.

The distinction between the ultimate functions of indicators has a significant impact on meaningful indicators of employment policies because each of these groups of indicators is entrenched in a different normative spatial, socio-political and legal context (the European Union and the MPCs), which has particular implications on their level of comparability.

Given the current lack of a social statistics system that is broadly accepted from a conceptual angle, any list of indicators is to a certain degree purely conventional. The format (perimeter, structure) of such a list reflects its authors' vision and understanding of the social status, activities and processes, and therefore defines relevant areas and detailed information likely to characterize behaviours.

Therefore, the question is: when can an indicator be considered truly comparable?

An indicator is generally defined as a single figure which more or less validly represents, from a statistical point of view, a certain picture of social or economic reality, at least from an ideal perspective. We need to define "key indicators" which are by essence superior to common indicators thanks to the concentration of information power they carry for they are derived from more systematic contexts. This idealized vision must however be moderated by certain features that are specific to indicators and to the context of their

use. If these indicators were to be looked at in the context they are supposed to clarify thanks to their relevance, a number of specific characteristics would then be determined as to their effects.

Generally, in terms of indicators, a distinction is to be made regarding the level of utilization of the indicator, i.e. the informative power it represents. Indicators used in the national context are determined by each partner State according to their own respective objectives and to objectives common to all of them. The duality of objectives involves two different contexts in using information provided by this indicator:

– On the one hand, a national context where indicators provide relevant information for assessing employment conditions in the country, and evaluating the effectiveness of policies implemented to fight unemployment at national level;

– On the other hand, a Euro-Mediterranean context where a limited group of indicators should also be identified to provide information on the situation of each country within the Euro-Mediterranean Partnership and its progress in achieving common objectives.

In addition to this distinction between information-related contexts, a subject-related distinction has to be made which applies to each of these contexts. Each of these two contexts deals with information pertaining to the situation, and on information used for policy evaluation.

It is therefore necessary to distinguish between scientific or descriptive indicators, providing information to improve understanding of poverty and social exclusion in their multiple dimensions and dynamics, and indicators used for the evaluation of social policies conducted to combat exclusion or promote inclusion. These two types of indicators or rather these two different information interpretation values are distinct in terms of effects but they are nevertheless highly complementary.

Scientific indicators, in addition to characterization and understanding of the situations involved, tend to define a typology of social groups which, characterized as they are by their respective positions in relation to certain key variables used to distinguish between the poor and/or vulnerable and the non-poor, mainly in terms of income and position in the labour market, are experiencing vulnerability or are vulnerable to poverty and social exclusion.

Policy indicators use social groups highlighted in this way to determine the most appropriate targets of policies to be developed to fight exclusion, broken down in accordance with the level of competence of the respective administrations involved in different intervention areas of social policy, but also to assess the impact of these policies in light of the increase or decrease

in the number of individuals belonging to, or liable to join, these specific social groups.

Two options bring us back to the distinction between scientific and policy indicators and may be considered in the use of indicators:

- Either to use the indicator solely as a source of descriptive information having a scientific character; in this case the distinction between the normative and empirical nature is of little importance if the indicator is seen as being significant, particularly because it relies on common definitions and harmonized sources;
- Or to use it for practical reasons related to policy measures, in which case it should be considered in terms of its internal homogeneity, its dependence vis-à-vis its constitutive components, particularly to demonstrate its adequate stability over time.

Therefore, the diagnosis of the labour market status, for example, is not sufficient information, it may even be misleading; it is rather the level of components involved in building up the information as reflected by the indicator that should be taken into account, for it explains what comes out of it, the result, bearing in mind that each component is homogeneous in itself. In other words it is the level at which the indicator's action is expected which is appropriate for comparison, the level of practical action, yet this level is often largely dependent on the context that generates the indicator. The effectiveness of social policy is contingent upon the structural and legal context in which it operates, and this context is currently exclusively national or even regional.

If the Euro-Mediterranean area was an entity with a uniform legal order underpinned by a social culture and homogeneous values throughout its entire space, there would be no need for such questions. In fact, at this stage no normative Euro-Mediterranean system has been set up, especially with regard to social order.

Policy indicators cannot easily be extracted from their contexts, unless they are based on common definitions and standards widely accepted by all actors involved in the comparison exercise. They are acceptable as a starting point but cannot become legitimate unless they are associated with other information required allowing to look beneath the surface of the indicator, with in-depth digital and methodological data on the conceptual ramifications of this indicator. In this way, comparability will go beyond mere adjustments of definitions.

Such methodological difficulties in comparability are generally left at the roadside of pragmatism, which urges us to ignore such considerations. Indicators which are or will be retained as usable in a benchmarking process contain in part or in whole normative components without truly taking into

consideration the consequences of this normative nature, especially in terms of comparability at the Euro-Mediterranean level.

Standards or benchmarks are subjectively defined and presented in the regional context as purely empirical and not containing normative elements (as is the case for unemployment variables) or implying that their normative content does not present any differences anymore, or has no longer any meaning today (in many socio-demographic variables), thereby avoiding the thorny problem of normativity without really being able to solve it.

However one might consider that this normativity emerges all the time at EU Member State level in their utilization of standards and indicators that are different at the national or European levels. The problem is even more evident within the Euro-Mediterranean Partnership.

We must therefore keep a relativist perspective on the actual comparability of indicators, and also keep in mind that they are often only variable and relative approximations depending on the sources used and their intrinsic qualities and defects.

Another necessary point to mention because it determines the expectation in terms of indicators is the largely economic conceptual focus of the benchmarking process, which may pose a problem when implementing it in the social sector, especially in the field of poverty and social exclusion.

The gap may exist and is quite obvious at the level of perception and methodology between, on the one hand, this economic vision in terms of **comparison of "performances" and "objectives"** based on common indicators deriving from a relatively long common practice, and on the other hand its application in the social field. Social statistics are often still in their early stages, especially for employment, and they still have to cover a long way ahead for convergence which led to some consensus-driven standardization of economic statistics.

The current pressing demand for social indicators is based on the expectation, as legitimized by the methods and processes which have guided economic convergence, to be able to quite rapidly identify common indicators taken from reliable sources on a periodic basis. But the status of statistical sources and systems for employment information is far from being at the level reached by economic statistics. Great expectations for social statistics are contingent upon the fast development of the possibilities of pooling computerized sources of information.

There is also the problem of defining countries or benchmark sets for calibration. Who should we compare with in terms of social and not just economic scope? It is clear that comparison of performances will primarily be made between MPCs. But diversity of views on social issues between current MPCs will make comparisons rather difficult.

3.2. The institutional constraints of monitoring

The European Employment Strategy is based on an institutional mechanism which ensures its credibility.

It primarily relies on a political consensus which emerged in the 90s to describe the structural nature of the employment problem in Europe and the necessity to intensely increase the employment growth. Moreover, the monetary stabilization policy, designed to pave the way for Economic and Monetary Union (EMU), and the common nature of the challenges relating to employment rates and reduction of unemployment, called for a better coordination of employment policy efforts at EU level.

The debate which had begun within the framework of the negotiations on the Treaty of Maastricht (1992), and which strengthened the social dimension in the European model through a social protocol, led at the Amsterdam European Council (1997) to an agreement on new provisions governing employment issues in the Treaty. While reaffirming Member States' competence in the field of employment policy, this issue was declared a matter of common interest under Article 126 of the Treaty establishing the European Community (EC), and Member States were invited to develop a coordinated employment strategy at EU level.

Largely inspired by the Treaty provisions concerning the coordination of economic policies and the coordination of employment policies launched at the Essen European Council in 1994, the new TEC Article 128 introduced a framework for the development of national employment policies based on European shared priorities and interests.

Implementation of the EES has given rise to a range of diverse approaches and advocated the participation of all stakeholders, particularly at the level of national governments, European institutions, social partners, civil society and academia, etc., in accordance with the great diversity of institutional structures and practices of social dialogue at national level. This open process of coordination invited the social partners at national and European level to develop specific actions and initiatives for increasing participation at regional and local levels. Since the entry into force of the Amsterdam Treaty, the European Parliament and other EU institutions, as well as the Employment Committee, have taken an active part in developing employment guidelines.

In anticipation of the entry into force of the Amsterdam Treaty, the Luxemburg Summit on Employment (November 1997) launched the implementation of the new Open Coordination Method provided for in Article 128 of the Treaty by adopting the first Employment Guidelines. These are included in four components for integrated action considered as the pillars of the Employment Guidelines: employability, entrepreneurship, adaptability

and equal opportunities. These actions are a response to global employment challenges integrating essential measures centred on supply and demand.

Even if the Treaty of Amsterdam did not alter the basic principle of Member States' exclusive competence in the field of employment policy, it nonetheless strengthened the role of the Council and the European Commission, giving these two institutions new missions and effective instruments. It also closely associated the European Parliament to the decision making process. Inclusion of the social protocol in the Treaty also gave social partners greater responsibilities, allowing them to increase their participation in the process.

The Treaty stressed that employment is a matter of "common interest". Member States have pledged to coordinate their employment policies at European level. In addition, the manner in which employment measures are implemented in one country inevitably influences policy parameters of other Member States.

It compelled Member States and the EU to work towards a coordinated strategy for employment and particularly for promoting the development of skilled, well trained and adaptable labour, and an employment market responsive to economic change.

It stressed the key principle for the integration of the employment policy in all policies and practices. Article 127 of the Treaty provides for taking into account the impact of employment in all community policies.

It also created a framework for a monitoring procedure in Member States (Article 128). Member States' employment policies are examined through the Joint Annual Report on Employment prepared by the Commission and the Council. Furthermore, every year the Commission proposes Employment Guidelines for Member States, which are subsequently adopted by the Council. This procedure is similar to the one used in the economic and monetary policy field. Based on these Guidelines, Member States draw up national action plans for employment. Finally, the Council may adopt specific recommendations for Member States following a proposal by the Commission.

But above all, it put in place permanent institutional structures, sanctioned by the Treaty (Article 130, Committee for Employment), which allow for a visible, continuous and transparent debate on employment and other structural policy issues at European level. It further improved the preparation of Council deliberations.

It established a legal framework for analysis, research, exchange of good practices and promotion of incentives for employment (Article 129) as well as other actions carried out by the Commission at Community level in this field, which did not exist before.

Multilateral surveillance constitutes a strong point in the Luxembourg process. Based on a system of annual reports and comparable indicators, it has helped to identify States which have recorded the best performance in the EU. Annual reports and monitoring have helped to develop and intensify the exchange of information between Member States, while the peer review process introduced in order to assess the transferability of good practices has paved the way for in-depth assessments. Many Member States have intensified their bilateral relations and have taken inspiration, in their approaches, from other EU countries.

The creation of the Employment Committee which regularly brings together senior officials in charge of developing and implementing national employment policies has been instrumental in intensifying such exchanges.

The EES has recognized the key role of social partners in many areas related to employment. While the first Employment Guidelines involved social partners in their specific fields - namely the ability to adapt - their broader role was recognized after the Lisbon Summit. Participation of social partners in the preparation of national action plans has steadily improved. As to European social partners, they have engaged in an implementation process on key issues such as lifelong learning.

The EES has supported the development of a territorial dimension for employment policies, as demonstrated by the emergence of territorial action plans. Local and regional authorities, be they social service providers or local employers, are increasingly associated with the implementation of employment policies, mainly through the European Social Fund whose priorities were aligned with those of the EES in 2000.

At European level, institutional cooperation was strengthened between different Council formations (including ECOFIN -Economy and Finance- and Employment and Social Affairs) and the relevant committees, as well as between Commission's DGs in charge of designing and monitoring activities in the field of employment (e.g. in the fields of education and training, economic policy, taxation or entrepreneurship). Cooperation between the Commission and the Council, via the Employment Committee, is stronger now. In the meantime, the European Parliament has been closely associated with the annual review process, thus contributing to the development of the strategy; contributions from other institutions have also been valuable. Public services in charge of employment, gathered within an active network at European level, have also been mobilized around these new European priorities.

It is this institutional mechanism, with its dimension of consensus-building and its mutual commitments, which gave credibility to the European Employment Strategy.

Now, the question is whether the existing institutional arrangements in Euro-Mediterranean bilateral or multilateral relations can be activated in relation to

national employment policies implementation and monitoring in the Southern MPCs. It does not seem conceivable to entrust the responsibility of monitoring the indicators thus developed to the Association Councils. This function cannot be entrusted to the European Commission either, since the principle of Partnership requires to design a paritary "management" system for this purpose. At the multilateral level, the issue is even more complex in the absence of a body for consultation, not to mention coordination. Two lines of thought come to mind in considering which body should be entrusted with this task:

- either the Secretariat of the Union for the Mediterranean supported by a network of experts having the technical capabilities in this domain, and supervised by a body of political validation;
- or a network of Economic and Social Councils of the Mediterranean region, backed up by a unit specifically dedicated to the development and implementation of a mechanism for monitoring social policies in the region.

Proposals

Proposal 28

Establish a Euro-Mediterranean Employment Monitoring System

- Set Euro-Mediterranean objectives for social protection and employment and define common indicators to compare best practices and measure progress in achieving these objectives. In this sense, common indicators are not synonymous with common policies.
- Develop a comprehensive methodological framework which consists of a list of primary and secondary indicators constituting a cross-cutting portfolio covering three major themes (employment, poverty, education and health care). Primary indicators are composed of a limited number of key indicators covering the main dimensions of set objectives. Secondary indicators support these key indicators by providing a more accurate picture of the problem.
- Select a set of common indicators for monitoring the social dimension of the Euro-Mediterranean process. It would consist of a portfolio of a score of cross-sectional indicators designed to gauge progress in relation to recently established objectives such as (a) fighting poverty and (b) employment, (c) access to services, (d) education; and two thematic portfolios on social inclusion and health care. A new typology of indicators could be agreed upon, making a distinction between those that can be directly used for comparison, and those that can only be used in following up progress in a particular country.

- Elaborate national reports using these indicators on various social themes and a regional report submitted to the European institutions and governments of partner countries.

Proposal 29

Establish a Monitoring Committee for the Social Dimension of the Euro-Mediterranean Partnership

- Establish a Monitoring Committee for the Social Dimension of the Euro-Mediterranean Partnership based on indicators defined by mutual agreement to monitor progress in achieving common objectives is an essential element in the process of decision makers' accountability. In this context, indicators should be defined on the basis of a consensual approach and a series of criteria including comparability based on harmonized data and solid social statistics, responsiveness to policies, a clear normative interpretation, focus on results, etc.

Appendix 1

Example of guidelines in the European Employment Strategy with its indicators

Guideline 17: Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion. Policies should contribute to achieving an average employment rate for the European Union (EU) of 70% overall, of at least 60% for women and of 50% for older workers (55 to 64) by 2010, and to reduce unemployment and inactivity. Member States should consider setting national employment rate targets

Indicators for Monitoring – Guideline 17

17.M1	– Employment rate – Employment rate by age group
17.M2	– Employment Growth – Annual percentage change in employed population
17.M3	– Unemployment rate – Unemployment rate by age group
17.M4	– Activity rate – Activity rate by age group
17.M5	– Growth in labour productivity
17.M6	– Regional disparities – underperforming regions. Employment rate by region – Unemployment rate by region

Indicators for Analysis

17.A1	– Employment rate in full time equivalents
17.A2	– Real GDP growth rate
17.A3	– Labour supply growth – Annual change in labour supply
17.A4	– Transitions by employment status – Transitions by employment status - Administrative Data
17.A5	– Dispersion of regional employment and unemployment rates. – Standard deviation of employment and unemployment.

List of Abbreviations

AMCs	Arab Mediterranean Countries
ANND	Arab NGO Network for Development
CEPII	Centre of Prospective Studies and International Information
CFSP	Common Foreign and Security Policy
CIDOB	Center for International Relations and Development Studies (Barcelona)
CSP	Country Strategy Papers
CIS	Commonwealth of Independent States
DG	Directorate General
EC	European Commission
ECOFIN	Economic and Financial Affairs Council of the EU
EES	European Employment Strategy
EGEP	Euromed Gender Equality Programme
EMHRN	Euro-Mediterranean Human Rights Network
EMP	Euro-Mediterranean Partnership
EMU	Economic and Monetary Union
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument (IEVP in French)
EOWEL	Enhancing Opportunities for Women in Economic Life
EPG	Economic Policy Guidelines
EPSCO	Employment, Social Policy, Health and Consumer Affairs Council
ESC	Economic and Social Council
ESF	European Social Fund
EU	European Union
EuroMeSco	Euro-Mediterranean Study Commission
FDI	Foreign Direct Investment
FEDL	For an Equal Division of Labour
FES	Friedrich Ebert Stiftung
FESP	Female Employment Support Policies
GDP	Gross Domestic Product
GNP	Gross National Product
GRB	Gender Responsive Budgeting
IAP	Istanbul Action Plan

IDHR	Initiative for Democracy and Human Rights
IEMed	European Institute of the Mediterranean
IEVP	French acronym for ENPI
ILO	International Labour Organization
MDG	Millenium Development Goals
MEDA	MEsures D'Accompagnement, EU cooperation fonds with MPCs (1995-2006)
MENA	Middle East and North Africa
MPCs	Mediterranean Partner Countries
MSAR	Modernisation and Support to the Administrative Reform
NGO	Non Governmental Organisation
NIHD	National Initiative for Human Development (Morocco)
NIP	National Indicative Program
NRP	National Reform Program
OCM	Open Coordination Method
OECD	Organization for Economic Cooperation and Development
RELEX	External Relations (DG RELEX of the European Commission)
RWEL	The Role of Women in Economic Life
SAPP	Support for Implementation of the Action Plan Programme
SAWD	Strategy Against Wage Discrimination
SEMCs	Southern and Eastern Mediterranean Countries
SMCs	Southern Mediterranean Countries
SMEs	Small and Medium Enterprises
TAIEX	Technical Assistance and Information Exchange
TEU	Treaty on the European Union
TIMSS	Trends in International Mathematics and Science Study
UfM	Union For the Mediterranean
UN	United Nations
UNIFEM	United Nations Development Fund for Women
WB	World Bank