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EMPLOYMENT AND LABOR LAW IN THE ARAB MEDITERRANEAN COUNTRIES AND THE EUROMEDITERRANEAN PARTNERSHIP

COMPARATIVE STUDY

MOROCCO, ALGERIA, TUNISIA, EGYPT,
JORDAN, PALESTINE, LEBANON, SYRIA

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CONTENTS

Preface		7
Executive Summary		11
List of Acronyms		19
The “Euromed Employment” Project		23
1. The Labor Market in Arab Mediterranean Countries: Challenges and Prospects		25
1.1 Demographic Prospects		25
1.1.1	Demographic Growth	
1.1.2	Working-Age Population	
1.1.3	Active Population	
1.1.4	Participation of Women in the Economy	
1.1.5	Rural Flight	
1.1.6	Children’s Involvement in Working Life	
1.1.7	Workforce and Education	
1.2 The Characteristics of the Labor Market		37
1.2.1	Employment Structures	
1.2.2	Overall Job Creation Rate	
1.2.3	Jobs by Type of Qualification	
1.2.4	Jobs by Status	
1.2.5	Jobs by Type of Employer	
1.2.6	Jobs and Wages	
1.3 Labor Market Rights and Regulation		53
1.3.1	Labor Law and the Right to Work in the Constitutions	
1.3.2	Labor Legislation	
1.3.3	Labor Market Indicators	
1.3.4	The Regulation of the Right to Strike	
1.3.5	Ratification of ILO Conventions	
1.3.6	The Covenant on Economic and Social Rights	
1.3.7	Labor Market Institutions	
1.4 The Informal Economy		67
1.4.1	A General Framework	
1.4.2	The ILO and the Informal Economy	
1.4.3	Return to the Definitions	
1.4.4	Informal Economy and Employment in the Eight Arab Mediterranean Countries	
1.4.5	Informal Employment in Algeria	
1.4.6	Informal Employment in Egypt	

1.4.7	Informal Employment in Jordan	
1.4.8	Informal Employment in Lebanon	
1.4.9	Informal Employment in Morocco	
1.4.10	Informal Employment in Palestine	
1.4.11	Informal Employment in Syria	
1.4.12	Informal Employment in Tunisia	
1.4.13	Informal Employment Challenges	
1.5	<i>Impact of Migration on the Job Market</i>	81
1.5.1	A General Overview	
1.5.2	Official Data	
1.5.3	International Conventions	
1.5.4	Migration in Algeria	
1.5.5	Migration in Egypt	
1.5.6	Migration in Jordan	
1.5.7	Migration in Lebanon	
1.5.8	Migration in Morocco	
1.5.9	Migration in Palestine	
1.5.10	Migration in Syria	
1.5.11	Migration in Tunisia	
1.5.12	Summary and Prospects	
1.6	<i>Unemployment</i>	101
1.6.1	A General Overview	
1.6.2	Unemployment in the Mediterranean countries	
1.6.3	Unemployment in Algeria	
1.6.4	Unemployment in Egypt	
1.6.5	Unemployment in Jordan	
1.6.6	Unemployment in Lebanon	
1.6.7	Unemployment in Morocco	
1.6.8	Unemployment in Palestine	
1.6.9	Unemployment in Syria	
1.6.10	Unemployment in Tunisia	
1.7	<i>Major Challenges and Employment Policies</i>	115
1.7.1	Sensibilities Expressed in the Country-specific Studies	
1.7.2	The Employment Challenges in the Eight Mediterranean Countries in the Context of Globalization	
1.7.3	Employment Policies in the Eight Mediterranean Countries	
2.	The Place of the Euro-Mediterranean Partnership in Economic and Social Development	123
2.1	<i>The Status of the Barcelona Instruments</i>	123
2.1.1	Highly Diverse Situations with Respect to the Euro-Mediterranean Partnership	
2.1.2	The Barcelona Instruments	
2.1.3	Algeria and the Euro-Mediterranean Partnership	
2.1.4	Egypt and the Euro-Mediterranean Partnership	

2.1.5	Jordan and the Euro-Mediterranean Partnership	
2.1.6	Lebanon and the Euro-Mediterranean Partnership	
2.1.7	Morocco and the Euro-Mediterranean Partnership	
2.1.8	Palestine and the Euro-Mediterranean Partnership	
2.1.9	Syria and the Euro-Mediterranean Partnership	
2.1.10	Tunisia and the Euro-Mediterranean Partnership	
2.2	<i>The Other Partnerships and Free Trade Agreements</i>	129
2.2.1	Regional and Global Agreements	
2.2.2	Arab Maghreb Union	
2.2.3	Greater Arab Free Trade Area	
2.2.4	Free Exchange Agreements with the United States	
2.2.5	Other Bilateral or Regional Agreements	
2.2.6	The World Trade Organization	
2.3	<i>Measures and National Plans in Support of Free Trade</i>	133
2.3.1	General Context	
2.3.2	The Case of Algeria	
2.3.3	The Case of Egypt	
2.3.4	The Case of Jordan	
2.3.5	The Lebanese Case	
2.3.6	The Case of Morocco	
2.3.7	The Syrian Case	
2.3.8	The Case of Tunisia	
2.4	<i>Consultation with and Reactions from Social Actors</i>	139
2.4.1	The Case of Algeria	
2.4.2	The Case of Egypt	
2.4.3	The Case of Jordan	
2.4.4	The Lebanese Case	
2.4.5	The Case of Morocco	
2.4.6	The Syrian case	
2.4.7	The Case of Tunisia	
3.	The Challenges and Impact of the Euro-Mediterranean Partnership in the Areas of Employment and Labor Law	145
3.1	<i>The Challenges of the Partnership in Employment and Labor Law</i>	145
3.1.1	The Barcelona Multilateral Framework	
3.1.2	Employment and Fundamental Social Rights in the Political Process Resulting from Barcelona	
3.1.3	The Content and Conditions Governing Aid Programs	
3.2	<i>Elements for Analyzing the Impact of the Partnership in the Areas of Employment and Labor Law</i>	151
3.2.1	A Difficult Analysis	
3.2.2	The Case of Algeria	
3.2.3	The Case of Egypt	
3.2.4	The Case of Jordan	

3.2.5	The Lebanese Case	
3.2.6	The Case of Morocco	
3.2.7	The Case of Palestine	
3.2.8	The Syrian Case	
3.2.9	The Case of Tunisia	
4.	Partnership Prospects, Conclusions and Recommendations	167
4.1	<i>The Conclusions, Prospects and Recommendations Offered by the Country Studies</i>	
4.2	<i>The Conclusions, Prospects and Recommendations Offered by the Algeria Study</i>	
4.3	<i>The Conclusions, Prospects and Recommendations Offered by the Egypt Study</i>	
4.4	<i>The Conclusions, Prospects and Recommendations Offered by the Jordan Study</i>	
4.5	<i>The Conclusions, Prospects and Recommendations Offered by the Lebanon Study</i>	
4.6	<i>The Conclusions, Prospects and Recommendations Offered by the Morocco Study</i>	
4.7	<i>The Conclusions, Prospects and Recommendations Offered by the Palestine Study</i>	
4.8	<i>The Conclusions, Prospects and Recommendations Offered by the Syria Study</i>	
4.9	<i>The Conclusions, Prospects and Recommendations Offered by the Tunisia Study</i>	
4.10	<i>The Conclusions, Prospects and Recommendations Viewed by the Study of the Process and Instruments of the Partnership</i>	
4.11	<i>The Conclusions, Prospects and Recommendations Offered by the Comparative Study</i>	
4.12	<i>General Conclusions</i>	
	Bibliography	179
	Appendices	185
	Appendix 1: List of the Authors of the Studies	
	Appendix 2: Standardized Questionnaire for the Studies	
	Appendix 3: Provisional Conclusions and Recommendations of the Berlin Conference	

PREFACE

The study we are presenting here, which was prepared with the expert help of a group of qualified professionals from the eight countries represented (Morocco, Algeria, Tunisia, Egypt, Lebanon, Palestine, Syria and Jordan), is the first of its kind: the comparative analysis of the development of employment problems in these countries in connection with the processes of the Euromed association, promoted by the conference held in Barcelona in 1995. An advanced draft of this document was presented to the Euromed Labor Ministers Conference held in Berlin in March of last year. The study was conducted within the framework of the “Regional Euromediterranean Labor Union Cooperation Project” of the “Program for the Strengthening of Labor Union Organizations Phases II”, co financed by the Fundación Paz y Solidaridad Serafín Aliaga (Serafín Aliaga Peace and Solidarity Foundation) of the Comisiones Obreras (CCOO) labor union, and the Spanish government’s International Cooperation Agency (AECI).

In contextual terms, this document is published at a time when signs of economic crisis are being confirmed in the United States, a crisis which is expected to have consequences for the international financial system—and particularly for employment—given the prevailing model of economic globalization. On the other hand, it coincides with the launching by French President Nicolas Sarkozy of a process that we hope will entail the start-up of mechanisms for closer cooperation among the countries of the area that is the subject of this study.

The period that followed the Barcelona Conference was characterized, in the Arab Mediterranean countries, by an intensification of the structural adjustment policies with a dual component: “domestic liberalization”, which has brought a sharp reduction in government spending and the privatization of a major part of public industries and services; and the liberalization of foreign trade through the many bilateral, regional and subregional free trade agreements, as well as those derived from joining the WTO.

The fact that the beginning of the Euromed association processes was accompanied by this predominance of “structural adjustment” policies, at a time in history characterized by the arrival in the labor markets of the baby boom generations of the 1970s and 80s, produced a worsening of unemployment together with an increase in informal employment while part of the jobs in the formal economy became precarious. The absence or weakness of the complementary employment and social policies, which would have made it possible to offset the negative impacts of trade liberalization and reinforce social cohesion, helps us to understand the negative assessment for employment that this study certifies. Only in the case of Tunisia, which not only got off to a quick start in applying the terms of the association process, but also implemented government policies to complement the funding aid granted by MEDA and the EIB, have the results been somewhat positive.

If we add to this the limited role that was accorded to the social interlocutors, and especially to the labor unions, the lack of progress in compliance with fundamental labor principles (ILO, 1998), and “decent work” (ILO, 1999), and the relative deterioration of social protection systems that were already insufficient, we can conclude that, from the standpoints of employment and of labor and social rights, the overall assessment of the Barcelona Process is negative. This has occurred not so much because there was, in and of itself, a decline in employment and a deterioration of working conditions, but rather because the Process has in no way served to compensate the effects, in these fields, of neoliberal policies. In any case, the objectives set out at the Barcelona Conference have not been achieved.

Migratory phenomena are enormously important in the region. Without emigration, the unemployment situation would have become unsustainable. The remittances sent back home by the emigrants from the eight countries studied amount to 35 billion dollars a year. The conclusions of the study are clear: the remittances “...are the real ‘social shock absorber’ against poverty, and a real contribution to investments”. But the Arab Mediterranean countries not only export emigrants; they also receive a copious flow of immigrants and refugees. The data provided in the study indicate that if first-generation emigrants total between seven and 12 million people (of whom only half, the great majority from the Maghreb, have emigrated to Europe), the immigrants and refugees in the southern Mediterranean countries reach a figure between seven and 10 million people (most of whom are in the Mashreq, among whom there are five million refugees, particularly Iraqis and Sudanese). It is thus appropriate to highlight a fact that is little known to European public opinion: the immigrants and refugees received by the Arab Mediterranean countries far outnumber the emigrants they have sent to Europe.

Other objectives that have not been attained are those identified with democratization and good governance. Although a relative improvement has been achieved in democracy and human rights parameters in some countries, such as Morocco and Algeria, the situation is not satisfactory in any of them, and in most of them no significant progress has been noted.

However, while the assessment of 13 years of the Euromed Process is not positive, and its objectives have not been fulfilled, those objectives remain as necessary today—or more so—than when they were formulated. Economic and social development, the development of democracy and human rights, are essential conditions to ensuring peace and good will among neighbors. Because, besides being necessary for the material and moral well-being of their inhabitants—which would be sufficient, we cannot forget that we are speaking of a region of the world that is the site of one of the potentially most dangerous unresolved conflicts, and one with a major global dimension (the Israeli-Palestinian conflict). In the majority of the region’s countries, moreover, the factors of social instability are coetaneous with political expressions of religious fundamentalism and centers of international terrorism.

Will the Mediterranean Union, which has subsumed the Barcelona Process, be able to put right all the errors of approach and application in the policies pursued in that

Process? It is still too soon to issue a judgment that would go beyond evaluating the intentions of its promoters. Finally, what must be clear is that, to achieve that end, as in any trade integration process, the workers' representatives must participate in the various phases of the new project.

Madrid, March 2008

*Javier Doz
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EXECUTIVE SUMMARY

This study is the outcome of the “EUROMED Employment” project. It presents the synthesis of eight studies regarding the issues and challenges presented by employment, the labor market and social rights in Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine, Syria and Tunisia, and the impact on these issues of the Euro-Mediterranean partnership that began with the Barcelona conference in 1995. This synthesis also draws on a study of the development of the Barcelona processes and tools with respect to these issues.

The Job Market in Arab Mediterranean Countries

The eight Arab Mediterranean countries are now home to 200 million people. Although their population growth rate has largely declined recently (<2%), the baby boom of the 1970s and 80s has led to today’s massive wave of working age population, as well as a major flow of refugees—primarily from Iraq and the Sudan. Moreover, due to the deterioration of living conditions, women are driven by need to participate increasingly in the labor market, and young people leave the educational system earlier. This results in a very high rate of growth of the active population (between 2.2 and 3.7%): 1.8 million people come onto the job market each year (at an annual average of +2.7%). This pressure on the employment market is aggravated by rural flight, in addition to the problems connected to child labor and the lowering of new arrivals’ level of skills. Employment is thus the main challenge for the Arab Mediterranean countries, and will continue to be so for another decade or two.

Most of the Arab Mediterranean countries are experiencing a decline in agricultural, industrial and government jobs. These sectors were formerly the main sources of labor demand. Commerce, services and construction must now create nearly all of the jobs by themselves. However, the pace of job creation (1.2 to 2.7% per year) remains well below what is needed to maintain the current unemployment levels, which are quite high. A slight compensatory note is a relatively stronger rate of job creation for women. Furthermore, paid employment is not the prevailing form of employment on the job market, which reflects the ever growing importance of informal work and the weakness of the entrepreneurial structure. Wages and compensations remain very low, and have even fallen in real value, which has dangerously increased the level of poverty. In particular, wage increases (public service or minimum wage, which serve as a reference) are generally not the outgrowth of a social process, but are offered as “manna from heaven” by the authorities; what’s more, they remain well behind inflation growth.

This situation reflects a deterioration since the years immediately following these countries’ independence in the mid-20th century. It is the result of two decades of “structural adjustment” and liberalization of foreign trade, accompanied by a certain “deindustrialization”, without a true development dynamic.

And yet, the constitutions and laws of the Mediterranean countries generally guarantee the right to work. On the other hand, the rights of work (social welfare, rights to free labor

unions, rights to strike, etc.) are not positively guaranteed or respected. Further, labor laws have recently been amended to afford greater flexibility (limited-term contracts, greater ease of firing). Thus, all of the labor market indicators, such as those monitored by the World Bank, are comparable to those of the OECD countries, except for the cost of firing, which is slightly higher. But the consequence for these countries has been a great increase in the precariousness of employment, a prevalence of informal employment and a strong trend to emigration. Moreover, the ILO conventions do not seem to be scrupulously respected, despite their ratification; the same can be said of the United Nations Covenant on Economic, Social and Cultural Rights. The labor market institutions are widely deficient (ineffectiveness of employment agencies, absence or unsuitability of retirement, health and unemployment insurance, controlled labor unions, single-union systems); most of the current public policies replace these institutions with microcredit agencies which favor, de facto, the growth of the informal sector.

Despite the weakness of the local statistics and surveys, informal employment stands out at a major issue in the Arab Mediterranean countries. It is the counterpart of the increased precariousness of paid employment, fed by high unemployment rates: it thus accounts for around 50% of non-agricultural employment. Its presence, as well as a significant informal economy, reduces the capacities of the national governments to act and regulate, at the economic and social level, on the job market.

Moreover, the Mediterranean countries have received some five million (net) refugees, primarily from other Arab countries (Iraqis and Sudanese in particular), in addition to Palestinian refugees. With labor immigration, the stock of immigrants is between seven and 10 million people (nearly all in the Mashreq). Additionally, Jordan and Lebanon, which export labor, currently receive significant labor migration from Asia. The labor rights of these immigrants are not properly respected, even for those who have been established for a long time (Palestinians in Lebanon, for example), despite the relevant international conventions.

The stock of first-generation emigrants from the Arab Mediterranean countries is estimated at seven to 12 million people, of whom only half reside in Europe (coming primarily from the Maghreb). Thus, the Mediterranean countries have received many more immigrants than the number of emigrants from these countries to Europe. Despite restrictions, the current emigration rates are still significant—greater than 300,000 people per year, or around 17% of the new labor market entrants each year.

Without the emigrants, unemployment and poverty in the Arab Mediterranean countries would be even more serious. But the new waves are characterized more and more by their precariousness, even in the Persian Gulf countries: social and political precariousness due to regional conflicts. And yet, the transfers from emigrants are essential to the economies of these countries (in Egypt, they are equivalent to the revenues from the Suez Canal) and to their social stabilization (it is these transfers that constitute the true “social shock absorber” against poverty, and a real contribution

for investments, but also for the informal sector). They currently amount to about €35 billion per year (taking into account both formal and informal transfers), or 12% of their GDP.

Even though they are established according to the strict ILO definition, which does not differentiate informal work, precariousness, or unemployment situations, the unemployment rates in the Arab Mediterranean countries are now two-digit figures, among the world's highest, and have stood between nine and 27% of the active population, with a continual deterioration. Joblessness affects primarily young people, new labor market entrants (thus, unemployment rates for young people between 15 and 25 years are between 16 and 43%), and women, in proportions that are much more serious than in other regions of the world. This unemployment tends to become systemic, since it is nourished by the diversion of new entrants to informal jobs that are essentially not very productive. Thus, productivity and wages have declined in parallel. But economic studies show, for all of the Mediterranean countries together, a high employment elasticity with respect to the GNP, an important potential available for a simultaneous improvement of both employment and productivity. Such an improvement will, however, depend on a change of economic development typology.

These employment market challenges are clearly perceived by the social actors of the Mediterranean countries, although the authorities are not systematically transparent regarding these questions, in particular as concerns statistics. There is sharp awareness of unemployment among new entrants, particularly educated ones, and among women, and of the questions of foreign labor for certain countries, as well as matters linked to the disconnection between the educational system and the labor market. But due to the prevailing views, the issues lined to the segmentation of the labor market (formal / informal work, globalized / marginalized sectors, precariousness of employment, child labor, differentiation of social rights by sectors, emigration and immigration policies) are much less clearly expressed, and are not specifically addressed by public policies, although they have become major issues. The result is a wide variation among these public policies, ranging from a generalized "laissez-faire" approach to a parsimonious, more or less effective reinforcement of labor market institutions (employment agencies, job training institutions and incentives, social protection systems: minimum wage, social security, unemployment insurance, retirement plans, health care, etc.; regulation of inbound and outbound migrations) without truly active employment policies. Certain public policy instruments even tend to encourage the development of informal work and emigrations, to include, in certain cases, the arrival of cheaper labor from Africa or Asia.

The Place of the European Partnership

Following the difficulties caused by the international debt at the end of the 1980s, the Arab Mediterranean countries took up "structural adjustment" policies under which they drastically reduced government budgets, investments in the public production sector (and even in public services), privatized a major part of their public industries

and services and, as a result, blocking government hiring. This “liberalization” of the domestic economy was accompanied by a liberalization of foreign trade, supported by a number of regional free trade agreements (bilateral agreements, Arab Maghreb Union, Greater Arab Free Trade Area) or international accords (free trade agreements with the United States, and entry into the WTO). The effects of this insertion of the Arab Mediterranean countries into globalization have been strongly differentiated. But the countries are rare indeed where global integration has been accompanied by an effective reinforcement of the local productive structures and regional complementarity.

The Barcelona conference of 1995 took place four years after the Madrid conference, which had given the Arab Mediterranean countries some positive impetus, especially on the political level. While that impetus produced beneficial effects on investment and growth, it ran out of steam in the mid-90s. The various countries’ commitments to signing the association agreements with the European Union was markedly differentiated: some signed and implemented their agreements very quickly (Tunisia); most conducted long negotiations due to various thorny issues in their commercial relations with the EU; and the last partnership—Syria’s—has still not been ratified. It is, therefore, for Tunisia and Morocco that the effects of the free trade facet (the main focal point of the association agreements) can be measured.

In addition, the European Union set up some instruments for aid and technical assistance from the time the Barcelona conference concluded: the MEDA program managed by the European Commission and the EIB loans. They represented a significant increase in European aid with respect to the preceding agreements dating from the 1970s.

The MEDA programs have been criticized by the social actors in the Mediterranean countries at several levels: primary focus on “structural adjustment” and the institutional reforms connected with it, low disbursement rates (around 60%) compared with the allocated amounts, excessive amounts channeled to the bureaucracy and to European companies, etc. And while certain programs had aimed to upgrade the private sector, and particularly the SMEs, a key criticism concerns the fact that employment, labor market institutions and social rights were not, from the outset, a main focal point of the association agreements, despite the fact that the very tense situation respecting these subjects was known at the time of the Barcelona conference, and that one of the main objectives of the European Union was to reduce the migratory flows from the Mediterranean countries.

Another key criticism is that these aid programs have not actually conceptualized the characteristics of certain Arab Mediterranean countries’ specific situations (Palestine with the issues of occupation and the Israeli blockades; Lebanon with the aspects of the recovery from the civil war and the vertiginous rise of government debt; Algeria with its rampant civil war; the Iraqi refugees in large numbers in Syria and Jordan), in order to formulate policies and programs addressing these specific characteristics as a high priority. For their part, the EIB loan programs have focused on infrastructure

projects. Several of these have suffered delays due to the lack of budgetary resources in the countries concerned.

The period after Barcelona has thus been characterized, in the Arab Mediterranean countries, by the intensification of the “structural adjustment”, combined with the continuation of the liberalization (progressive or not) of foreign trade, including trade with Europe. The two processes have some potentially important implications for the employment market, unemployment and the tendency to emigrate. The governments in power have not, however, systematically applied suitable policies and supporting measures. They have failed, for example, to take advantage of the time for negotiating the particular terms of their association agreements, and to make use of the transitional periods included in the agreements. And the European aid programs have not given a significant impetus in this regard.

Similarly, consultation with the social actors on the partnership agreements has not really been conducted by the authorities of the Arab Mediterranean countries, nor has it been included in the European Union’s approach. This absence of involvement of the economic and social actors has contributed to strengthening a certain hostility of public opinion toward the partnership with Europe, which is perceived as an unequal exchange, aimed essentially at limiting immigration to Europe and favoring European companies. This negative perception is, in certain cases, reinforced by the greater trade advantages obtained in other free trade accords (in certain cases with the United States) and by the absence of mechanisms in the European partnership that would enable the social aspects and freedoms of expression and organization to be upheld.

It is true that, despite the initial wording of the Barcelona Declaration on the social aspects, ten years of the Euro-Mediterranean political process have had to pass for it to evolve to the point of giving a certain primacy to the employment question. Still, however, this question is not the subject of a specific strategy, and the “fundamental social rights” are still not being addressed in a targeted manner. Despite this recent realization, the mechanisms for the formulation of a coherent approach to these questions, and for clarifying the modes of intervention according to the economic and social realities, are not always implemented. It should be noted, in particular, that human rights and “good governance” had been included as conditions of the aid programs. These conditions, however, have not been enforced. Similarly, “fundamental social rights” were not accorded the status of conditions, except as incentives and only for the categories of “women” and “young people”, without a more structural approach. It is also worth noting that these “social rights” have not been accorded much attention by the European Parliament; they have, on the other hand, been the top priorities expressed by the Euro-Mediterranean parliamentary assemblies, by the economic and social councils and by the labor unions.

As regards the direct impact of the European partnership and programs, the first thing that can be remarked is the rarity of detailed economic and social studies in most of the countries, and even a certain opacity affecting data in some of them. It is true that

various aspects of such studies must be taken into account, particularly the extent of lifting of customs barriers according to Europe's status in the foreign trade of the country in question (very different between the Maghreb and the Mashreq in general), and the more prominent status held by other groups (the Persian Gulf countries, the United States, China) in these countries' trade and investment. But on the whole, it is admitted today that unemployment has worsened over the past ten years in all the Arab Mediterranean countries while social protection has deteriorated, with a trend toward greater aggravation as the customs barriers continue to be lifted. It is also admitted that, although certain European programs have focused on companies and SMEs, the pace of growth of "formal" companies has diminished, and a significant shift can be observed toward the informal sector.

Tunisia and Morocco have experienced the greatest impact of the partnership, in view of Europe's predominant share in their foreign trade and the faster implementation of their association agreements. The relatively more positive results obtained by Tunisia (notably in the areas of company upgrading and labor market policies) can be ascribed more to the ability of its government structures to formulate, implement and directly finance supporting measures, and to manage the various aspects of the association agreement, than to the importance of the MEDA and EIB aids (relative to the size of Tunisia's GDP), although those positive results cannot be denied. But Tunisia's economic and demographic weight is low when compared to Egypt, Morocco, Algeria or Syria, where the results are clearly more disappointing, especially in the light of the fact that, for the latter two countries, the relative pressure in terms of new labor market entrants is much greater than their relative population sizes. For Palestine, Lebanon and Jordan, the impact has been and will be weak; the EU was, in point of fact, led to intervene to assist these countries outside the strict framework of the partnership.

Partnership Prospects, Conclusions and Recommendations

The conclusions of the country studies resound with appeals for aid from the experts of the Arab Mediterranean countries to remedy the deficiencies of their national employment strategies and labor market institutions, as well as to deal with the deterioration of the "fundamental social rights". The issues cannot be reduced to the population growth dimension; they concern all of the national socio-economic conditions and regional policies. And it is in the social domain, and in the realm of the rule of law, that Euro-Mediterranean integration is perceived as an opportunity by the social actors; free trade and the free movement of capital are, on the other hand, perceived as threats. The continuation of the migratory flows toward Europe would thus be due more to the attraction exercised on the other shore of the Mediterranean by the "European social model", despite its current relative decline, than on the real conditions of employment in Europe.

Hope is thus placed in the realization, albeit belated, in the Barcelona process, that the issues of employment and "fundamental social rights" in the Arab Mediterranean countries must occupy a central place among the European action programs and

authorities—not just at the “declaratory” level, but structurally at the “operational” level. We are far from reaching that point; even more so if we take into account the fact that the Barcelona process has not yet applied its specific mechanisms (targeted studies, technical meetings, political meetings, raising public awareness on both shores, concerted action plans) to this central subject.

Thus, the country studies insist on the need to establish Active Employment Policies and social programs addressing the informal sector, the weakening of paid employment, and more generally the “fundamental social rights” in their respective countries. Different detailed recommendations have been made in this regard. It is hoped that the Euro-Mediterranean partnership can focus on aid to the establishment of these policies and programs, leading, for example, to “EUROMED Employment” and “EUROMED Social Standards and Labor Law” programs. This insistence further underlines the need for the economic and social convergence of the two shores of the Mediterranean.

Finally, the necessary work of assistance with institutional reforms cannot make us forget the importance of the political signals from Europe toward the Arab Mediterranean countries regarding social and national rights, especially coming from parliaments and governments, with the aim of making the new European Neighborhood Policy credible.

LIST OF ACRONYMS

AA: Association Agreement	CP: Country Profile Study
ADS: Agency for Social Development (Algeria)	DA: Algerian dinar
AECI: Spanish International Cooperation Agency	DESA: United Nations Department of Economic and Social Affairs
AEP: Active employment policies	DT: Tunisian dinar
AMU: Arab Maghreb Union	EAR: Economic activity rate
ANAPEC: National Agency for the Promotion of Employment and Skills (Morocco)	EC: European Commission
ANETI: National Agency for Employment and Independent Work (Tunisia)	ECES: Egyptian Center for Economic Studies
ANGEM: National Agency for Microcredit Management (Algeria)	EES: European Employment Strategy
ANSEJ: National Agency in Support of Employment for Young People (Algeria)	EIB: European Investment Bank
BTP: Public Works and Civil Engineering	EMFTA: Euro-Mediterranean Free Trade Area
CAP: Algerian Confederation of Employers	EMHRN: Euro-Mediterranean Human Rights Network
CCG: Central Guarantee Fund (Morocco)	EMP: Euro-Mediterranean Partnership
CDT: Democratic Confederation of Labor (Morocco)	EMPA: Euro-Mediterranean Parliamentary Assembly (APEM in french)
CGEM: General Confederation of Moroccan Enterprises	EMSE: Euro-Mediterranean Strategy for Employment
CNAC: National Unemployment Insurance Fund (Algeria)	ENP: The European Neighborhood Policy
	ENPI (IEVP in french): European Neighborhood and Partnership Instrument, which replaces the MEDA programs within the Neighborhood policy framework

ESCWA: <i>United Nations Economic and Social Commission for Western Asia</i>	ICLS: <i>International Conference of Labor Statisticians</i>
EU: <i>European Union</i>	ILO: <i>International Labor Organization</i>
FCE: <i>Corporate Managers' Forum (Algeria)</i>	ILO: <i>International Labor Office</i>
FDI: <i>Foreign direct investments</i>	IMF: <i>International Monetary Fund</i>
FDT: <i>Democratic Confederation of Labor (Morocco)</i>	JOD: <i>Jordanian dinar</i>
FEI: <i>Federation of Egyptian Industries</i>	LE or £E: <i>Egyptian pound</i>
FEMISE: <i>Euro-Mediterranean Forum of Economic Institutes</i>	MDT: <i>millions of Tunisian dinars</i>
FGEM or CGEM: <i>General Confederation of Moroccan Enterprises</i>	MEDA: <i>Financial framework for cooperation between the European Union with the Mediterranean countries</i>
FODEP: <i>Industrial Depollution Fund (Morocco)</i>	MFP: <i>Multifactor productivity</i>
FPE: <i>Particular Forms of Employment (informal jobs)</i>	NGO: <i>Non-governmental organization</i>
GAFTA: <i>Greater Arab Free Trade Area</i>	OEAR: <i>Overall economic activity rate</i>
GATT: <i>General Agreement on Tariffs and Trade</i>	OECD: <i>Organization for Economic Cooperation and Development</i>
GCC: <i>Gulf Cooperation Council</i>	ONS: <i>Algerian National Office of Statistics</i>
GDP: <i>Gross Domestic Product</i>	PPP: <i>Purchasing power parity</i>
GEAR: <i>Gross economic activity rate</i>	QIZ: <i>Qualifying Industrial Zone, for free trade agreements with the United States</i>
GFJTU: <i>General Federation of Jordanian Trade Unions (Jordan)</i>	SIA-EMFTA: <i>Sustainability Impact Assessment Study of EMFTA (Euro-Mediterranean Free Trade Area)</i>
GNP: <i>Gross National Product</i>	SMAG: <i>Minimum Guaranteed Agricultural Wage (Morocco)</i>
HDR: <i>Human Development Report, by the UNDP</i>	SME: <i>Small and Medium-sized Enterprises</i>

SMIC: *Minimum Guaranteed Interoccupational Growth Wage (Lebanon)*

SMIG: *Minimum guaranteed interoccupational wage, non-agricultural (Morocco, Tunisia)*

SNMA: *National guaranteed minimum wage (Algeria)*

SYP: *Syrian pound*

UAE: *United Arab Emirates*

UCW: *Understanding Children's Work*

UGTA: *General Union of Algerian Workers*

UGTM: *General Union of Moroccan Workers*

UGTT: *Tunisian General Workers Union*

UMT: *Moroccan Labor Union*

UNDP: *United Nations Development Program*

UNESCO: *United Nations Educational, Scientific and Cultural Organization*

UNHCR: *United Nations High Commissioner for Refugees*

UNICEF: *United Nations Children's Fund (formerly the United Nations International Children's Emergency Fund)*

UNPOP: *Population Division of the United Nations Department of Economic and Social Affairs*

UNRWA: *United Nations Relief and Works Agency for Palestine Refugees in the Near East*

USD: *United States dollar*

UTICA: *Tunisian Union of Industry, Commerce and Crafts*

WB: *World Bank*

WTO: *World Trade Organization*

The “EuroMed Employment” Project

Employment and social rights are the foremost challenges faced by the economies and societies of the Arab Mediterranean countries. Ten years have gone by since the launch of the Barcelona Process, and no regional-scale study has yet focused on the issues of employment, the labor market and social rights in those countries, and on their connection with the “partnership” proposed by the European Union, which is centered on free trade and “structural adjustment”.

It was, nonetheless, already clear at the very time the Barcelona Declaration was signed that those Mediterranean countries would experience, precisely during that period, the most intense wave of new labor market entrants in their history, while unemployment rates were already at serious levels. The relevant issues have not received the focused attention of the European Commission, the aid programs, the Euro-Mediterranean Study Commission (EuroMeSCo), nor even of the FEMISE research programs, except very recently in the form of the results of the impact study on sustainability devoted to the Euro-Mediterranean free trade area (still in progress).

This focus on employment, the labor market and social rights issues in the Arab Mediterranean countries is, therefore, the objective of the “EuroMed Employment” project: to conduct an initial comparative study of these issues and the impact of the Euro-Mediterranean partnership, both current and expected. The initiative for this project was taken by the Euro-Mediterranean trade union forum and the Spanish “Comisiones Obreras” union, with its “Fundación

Paz y Solidaridad” (Peace and solidarity foundation), in cooperation with the Euro-Mediterranean Human Rights Network (EMHRN), with the financial support of the Spanish Agency for International Cooperation (AECI) and the Friedrich Ebert Foundation, which has also contributed with logistical support in the entire region.

The main objective of the project is to produce a set of elements for the rigorous analysis of the issues of employment, labor market, working conditions and labor law in the eight Mediterranean countries with a view to developing a labor union platform on employment within the framework of the Euro-Mediterranean Partnership.

The “EuroMed Employment” project was pursued mostly over the course of 2005 and 2006. It consisted, first of all, of the making of eight country studies on employment and the Euro-Mediterranean Partnership in Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine, Syria and Tunisia. The country studies were conducted by independent experts, economists and sociologists in compliance with a set of specifications established by the scientific director, Spanish economist Iván Martín, and a steering committee comprised of the five participating organizations. Additionally, a specific study was made by a European expert on the way in which these issues were taken into account in the Barcelona documents, the European institutions and the political, economic and social processes and instruments of the partnership.

The first versions of the studies, carried out on the basis of a prescriptive set of

specifications, were discussed during subregional seminars held first in Rabat (focusing on the Maghreb countries) in October 2005, and then in Amman in December of the same year (more centered on the Mashreq countries). A plenary meeting with the authors of the studies, representatives of the labor unions and human rights organizations, experts and government officials from the region and the European Union, was called in Tunis in September 2006.

A plenary meeting was then held in Madrid in February 2007. And the results of the debates were the subject of various papers and reports at subsequent European and Euro-Mediterranean conferences and seminars.

This summary comparative study was subsequently prepared by Samir Aita with the aim, on one hand, to bring together all of the country data and information in a single framework, and, on the other hand, to reflect the particular characteristics of the approaches taken by the authorities in each country and by the European Commission with regard to these issues. The objective is to give a solid foundation for the official and social actors that will enable them

to effectively address these problems of employment, working conditions and social rights affecting the lives of millions of people.

Thanks

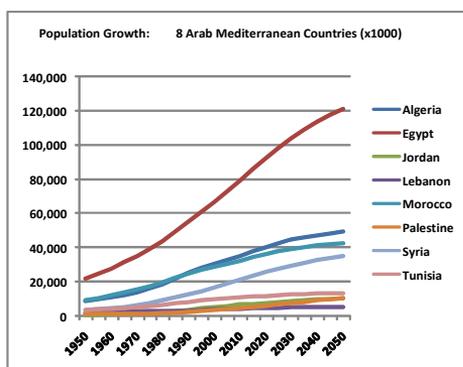
The editor of this study wishes to thank the Fundación Paz y Solidaridad and Comisiones Obreras for having taken the initiative to launch this project, and for having supported it throughout its development, despite certain difficult conditions. In particular, all of our gratitude is due to Francisco Javier Miró, María Romay, Isaías Barrenada and Alejandra Ortega for their unflagging support. Heartfelt thanks are also extended to the Spanish Agency for International Cooperation (AECI), the Friedrich Ebert Foundation, the Euro-Mediterranean trade union forum and the Euro-Mediterranean Human Rights Network for their support and backing of this project. We are also especially grateful to the project coordinator, Mr. Ivan Martin, as well as to all of the country study authors, for their contributions. Likewise, we wish to thank Messrs. Erwan Lannon, Iain Byrne, Khemais Chemmari and Sami Aouadi for their background studies and presentations.

1. The Labor Market in Arab Mediterranean Countries: Challenges and Prospects

1.1 Demographic Prospects

1.1.1 Demographic Growth

The eight Arab Mediterranean countries included in the study have experienced major demographic growth over the preceding half-century. This growth is associated with their access to independence. With a total of only 50 million inhabitants in 1950, the population in these countries reached 178 million by 2005, and could reach over 287 million by 2050¹.



Egypt dominates with a (stable) share of 44%, although Algeria, Morocco and Syria are also emerging as demographic heavyweights.

This demographic growth is the result of the baby boom experienced by all of these countries, primarily in the 1960s and '70s, with population growth rates well above 3% in some of them. The baby boom was the result not only of a

high fertility rate, but also of improved sanitary conditions in the countries, visible most notably in the spectacular increase in life expectancy at birth throughout all these countries. However, the downside has become manifest in the critical job situation in recent years as the baby boomers reach working age.

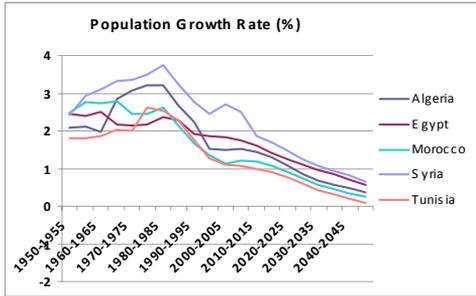
The case of Jordan is aggravated by the influx of Palestinian refugees up to the 1967 war, and then in 1990 (this time from Kuwait). As a result, the country's population increased twelvefold from 1960 to 2005, versus a threefold increase for most of the other countries (except Syria, with a gain of 5.34 times). At the opposite end of the spectrum, Lebanon saw its population shrink due to massive emigration during its civil war. However, the data on this country are no more than estimates, as no accurate population census has been taken since 1923², based on an official study of living conditions (1997) and a university survey on the job market (2003).

In Palestine (the West Bank and Gaza), the first population census was taken by the Palestinian Authority in 1997. The situation is differentiated between the two territories, with the Gaza Strip

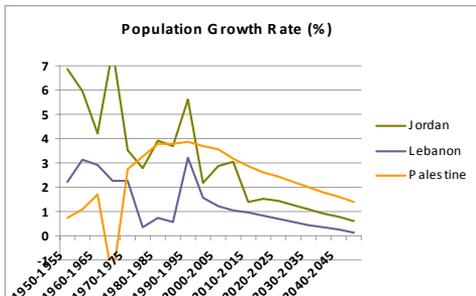
¹ Data from the Population Division of the United Nations Department of Economic and Social Affairs: esa.un.org/unpp/

² The Lebanese political system is based on inter-community balances; a new census showing a change in the distribution of communities could pose the always politically sensitive question of reformulating these balances.

showing the most marked demographic growth.



Growth rates for these countries as a whole, however, are now trending significantly downward. Thus, all of them now have growth rates below 2% (particularly Morocco and Tunisia, with rates currently at around 1.1%). The exceptions are Palestine (3.18%), Jordan (3.04%), and Syria (still at 2.52%).



It should be noted that in certain cases, these statistics do not take into account part of the resident population in “particular” circumstances. Thus, in Lebanon, Palestinian refugees are not included in the statistics, even though they account for about 10% of the Lebanese population. In Syria, the statistics do include the Palestinian refugees (approximately 2.5% of the population), but the status (citizenship or refugee status, from Turkey or from Iraq) of the Kurdish population in north-eastern Syria, which accounts for about

1% of the country’s total, is unclear. Similarly, the United Nations Relief and Works Agency (UNRWA)³ counts 1.8 million registered Palestinian refugees in Jordan in 2005, which represents more than 32% of the population.

Moreover, the American invasion of Iraq prompted a massive wave of immigration from this country to Syria and Jordan. According to estimates by the UN High Commissioner for Refugees (UNHCR)⁴, in 2007 there were up to 1.2 million Iraqi refugees in Syria (accounting for approximately 10% of the country’s population) and some 750 thousand in Jordan (about 13%). This massive influx of refugees is exacerbating the current employment situation in these two countries, already strained by the coming of working age of their baby boomers.

The eight Arab Mediterranean countries already amount to a demographic powerhouse, with a combined population of some 200 million. Their population growth is gradually declining, but the area is still reeling from the effects of the baby boom of the 1960s and ‘70s, aggravated by the Iraqi and Palestinian refugee problems.

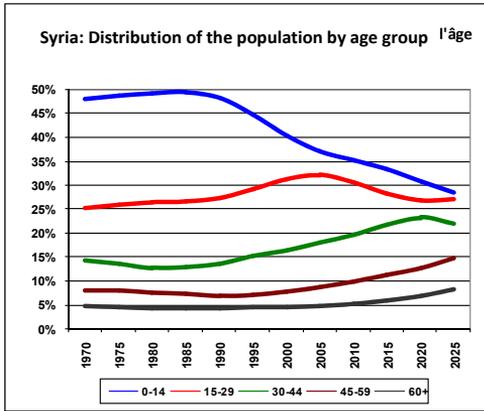
1.1.2 Working-Age Population

The baby boom of the 1960s and ‘70s thus led to the wave, twenty years later, of people reaching working age. In the case of Syria, for example, the disproportion in favor of the 16-29 age group is greatest during the 2000-2010 decade. It will be necessary to wait until the 2020s to begin to see an aging of the

³ www.unrwa.org

⁴ www.unhcr.org

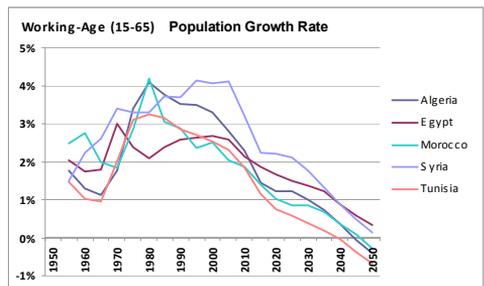
population similar to that of industrialized countries.



Notably, the surge over time of the working-age population is greater than the increase of the general population, since life expectancy has also improved.

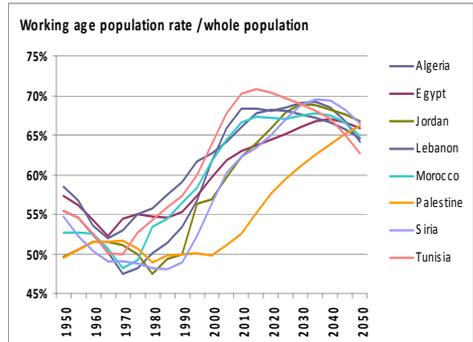
As a result, in most of these countries, the crest of the wave was reached with a 4% growth rate of the working-age population (Algeria, Morocco, Syria).

Also notably, government authorities in these countries tend to exaggerate the effects of the baby boom on the supply side of the job market, to the detriment of other effects; also, the statistics are sometimes exaggerated.



For most of the countries, we are still in the phase of fast growth of the active population as compared to total popula-

tion. Generally, the Maghreb countries (Algeria, Morocco and Tunisia) have already reached their high point, while the Mashrek countries will not reach their peak until 2030-2040, and even later for Palestine.



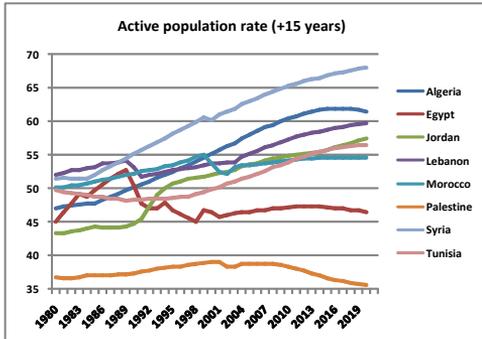
The 2000-2010 decade will bring the highest gains in working-age population for these countries, but the global maximum will not be reached until about 2035. The present decade is not only seeing the coming of age of the baby boomers, but also the effects of improved life expectancy.

1.1.3 Active Population

Different international organizations publish statistics on the active population based on regular workforce surveys conducted in each country. In particular, the International Labor Organization recently published statistics from 1980 with forecasts up to 2020.

The EAR (economic activity rate, defined as the ratio between the population in the job market and the +15 age group) is growing for all the countries except Egypt and Palestine. Syria has the highest EAR, with 63% in 2005, growing to 68%. Algeria is following the same upward trend (58% in 2005), but it should stabilize at 62% by 2015. Leba-

non's EAR is growing more slowly, from 55% in 2005 to 60% by 2020. Morocco, on the other hand, will remain steady at about 54%. Jordan experienced a major jump with the arrival of refugees following the 1991 war in Kuwait. Its EAR is expected to grow at a slower pace, from 54% in 2005 to 57%. After declining through the 1990s, Tunisia's EAR is growing once again, and is expected to climb from 52% in 2005 to 56%. Meanwhile, Egypt's EAR will remain stable at around 47%, and for Palestine, the EAR is expected to drop from its 2005 level of 39% to about 36%. The situations of the countries included in the study are, therefore, very different.



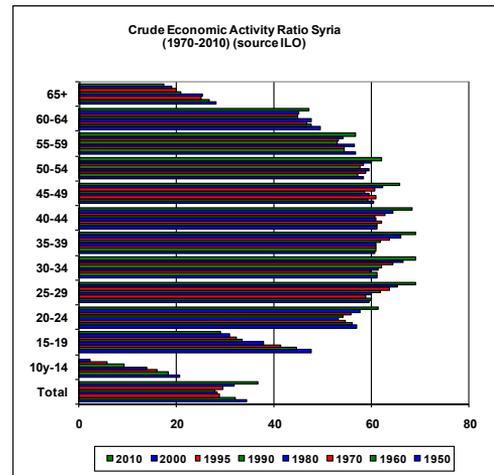
In this regard, ILO data show higher EARs in 1950 than in 1980. In addition, the data also made it possible to monitor statistics for the under-fifteen population (child labor)⁵.

Similarly, certain of the country-specific studies, like the World Bank report, analyze the share in terms of overall economic activity rate (OEAR, covering the entire population and not just those over age 15). This can lead to very different assessments, depending on the country's demographic growth and the

distribution of the population by age groups.

The economic activity rate depends on several economic, social and cultural factors, which explain the major differences between the countries. The approaches used in the country-specific studies that make up this project also reflect this differentiation.

The study on Syria provides detailed data by analyzing the gross economic activity rate (GEAR) for each age group⁶. As a result, we can see the decline in Syria's GEAR for the 15-19 age group from 48% in 1950 to 31% in 2000, basically as a result of this age group's increased integration in secondary and higher education levels. On the other hand, after declining at first, the GEAR for the 20-24 age group rose, revealing an early departure from higher education to join the job market. For the 25-29 age group, there is a clear growth trend.



⁵ Like most in-country workforce surveys. This change occurred between versions 4 and 5 of the EAPEP database: <http://laborsta.ilo.org/>

⁶ In addition, it had access to version 5 of the ILO database and detailed country-specific workforce surveys.

More significantly, this detailed analysis reveals a GEAR of 20.6% in 1950 for the 10-14 age group, thus directly measuring child labor. By 2000, the figure had dropped to just 2.35% (about 52,000 people). In fact, however, official surveys show that their number exceeded 180,000 in 2001; this is confirmed by the drop well below 100% in the schooling rate for this age group, in spite of education being mandatory. They also show a growth trend in child labor over the last years.

This detailed analysis also shows a significant GEAR for the above 65 age group, although the decline was only from 28% to 17%.

The annual growth of the active population (workforce) is thus significant across all age groups in this country — even more so than the growth rate of the population itself, given the general increase of participation in the country's economic process (which, however, still remains moderate overall). However, for all the countries included in the study as a whole, the workforce grew at an annual pace of just +2.73% in 2005, and the pace is expected to decline to +1.72% by 2020. Weak demographic growth in Egypt (the most populous country) and a continued stability of the rate of participation in the country's economic process are largely to blame for this overall result. Nonetheless, the fact remains that **every year 1.8 million new job seekers** join the employment market in these countries.

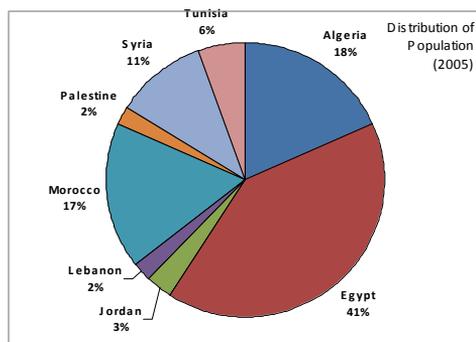
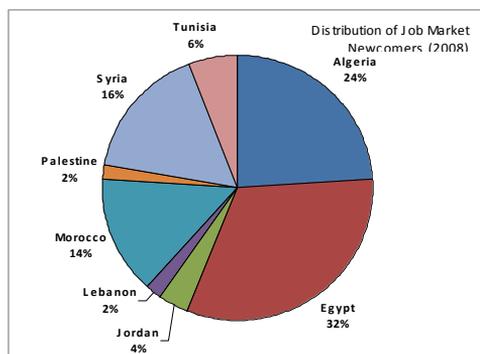
Annual Active Population Growth Rate

	1985	2008	2020
Algeria	4,2%	3,1%	1,5%
Egypt	8,3%	2,4%	1,7%
Jordan	6,2%	3,3%	4,2%
Lebanon	2,9%	2,5%	1,4%
Morocco	4,9%	2,2%	1,9%
Palestine	3,8%	3,5%	4,1%
Syria	6,8%	3,7%	3,8%
Tunisia	3,7%	2,6%	1,7%
Total	4,01%	2,73%	1,72%

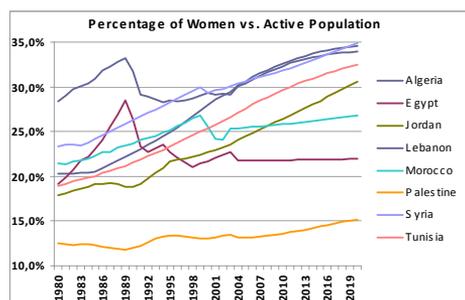
Some of these countries continue to report very strong active population growth rates, particularly Syria, Algeria, Palestine and Jordan, while Tunisia (2.6%) and Morocco (2.5%) come in below the overall average.

Algeria, currently with 440,000 new entry-level job seekers every year, and Syria, with 300,000, contribute quite a bit more than their share of the overall population to the growth of the supply side of the job market.

The eight Mediterranean countries provide 1.8 million new entries in the job market every year, for an annual growth rate of 2.7%. The number of annual entries will decline slightly in spite of the increased rate of participation in the workforce in almost all the study countries, reaching 1.5 million by 2020. However, these figures are riddled with uncertainties concerning the participation of women, child labor, the effects of rural exodus or of economic growth and increased inequalities (increased poverty), and more recent migrations (in particular, Iraqi refugees).



expected to grow even more in all these countries except Egypt (!).



Percentage of Women vs. Total Newcomers

	1985	2008	2020
Algeria	22,3%	44,3%	42,2%
Egypt	40,9%	22,1%	23,1%
Jordan	24,2%	37,9%	45,0%
Lebanon	87,3%	47,8%	38,4%
Morocco	31,3%	29,4%	34,0%
Palestine	10,7%	16,2%	19,9%
Syria	32,1%	37,7%	46,3%
Tunisia	26,7%	43,8%	52,8%
Total	34,27%	33,32%	35,30%

1.1.4 Participation of Women in the Economy

One of the biggest changes since the independence of these countries is the increased participation of women in the local economies. The share of women in the active population, which hovered around 5% in 1950, has crossed the 20% barrier in all the study countries except Palestine.

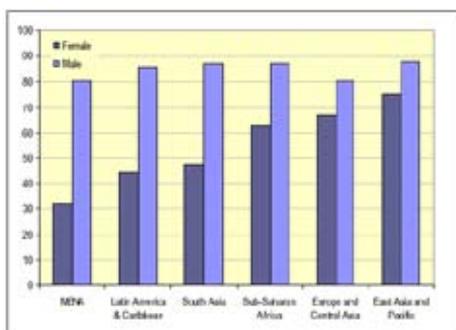
In 2008, the largest percentage of women in the active population was recorded in Algeria (31.9%), Lebanon (31.6%) and Syria (31.3%), compared to Tunisia (26.5%), Morocco (25.7%), Jordan (25.6%) and Egypt (21.8%). Only Palestine languishes behind the rest with just 13.4%. In addition, the female share of the active population is

This means, in particular, that women represent a far larger part of new entries in the workforce than before. Thus, in 2008, the percentage is 47.8% in Lebanon (this phenomenon has been enhanced in this country given the high emigration rate of men, which became quite visible in 1985 statistics during the civil war), 44.3% in Algeria, 43.8% in Tunisia, 37.9% in Jordan, and 37.7% in Syria. However, the figure is just 29.4% in Morocco, 22.1% in Egypt, and 16.1% in Palestine.

Younger women are joining the job market in far higher numbers than before. This increase, however, is still not

enough to make up for lost ground compared to other world regions. Indeed, the GEAR among women (in comparison with the female working-age population) in the Arab countries is still 10 points below the average for the least-developed countries. And the proportion of women among the new arrivals is still well below what is needed to close the gap, particularly in Morocco and Egypt. Consequently, one can speak of failure when it comes to the participation of women in the employment market.

Male and Female Rate of Activity by World Region (World Bank, 2004)



GEAR by sex 2004 (ILO)

	Women	Men
Algeria	34,8%	80,0%
Egypt	20,1%	73,0%
Jordan	27,0%	77,0%
Lebanon	31,7%	79,4%
Morocco	26,7%	81,0%
Palestine	10,3%	66,6%
Syria	38,0%	87,3%
Tunisia	27,9%	74,9%

The high rate of participation of women in the economy in Syria is confirmed by information of a more social nature: women, like men, marry later as a result of increased access to the job market.

Syria: Percentage of Unmarried Workers

per Age Group in the Workforce (2004, source PCBS)					
Age Group	15-19	20-25	25-29	30-34	35-39
Men	98%	84%	46%	19%	7%
Women	94%	81%	57%	38%	27%

The lower figures for Egypt and Morocco can be correlated with the high illiteracy rate among women in the two countries, which currently stands at 56% and 62%, respectively, for women over the age of 15.

All of these considerations are qualified by the inaccuracies observed in country-specific data and the variations in sources from one country to another; with very few exceptions, for instance, there are no statistics dealing with work among under-15 females, which — in those cases where data do exist⁷ — can be significant.

The participation of women in the employment market is increasing, but is still far (particularly in Egypt and Morocco) from making up for the lag in female employment compared to other regions of the world (even when compared to the poorer regions).

1.1.5 Rural Flight

Rural flight is another demographic aspect that has a major impact on employment in these countries. Indeed, many of them are still in the midst of a major shift to the cities⁸. Egypt in particular still has a rural population that makes up 55% of the total. The rural populations in Syria, Algeria and Morocco account for over 40% of the total, while in Tunisia the figure stands at about 35%. This exodus is accelerating urban population growth in comparison

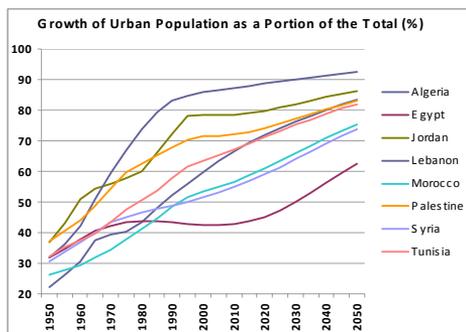
⁷ See the Syria study.

⁸ esa.un.org/unup/

with the countries' general population, creating extra pressure on housing and public services, and above all on the job market. The biggest problem these countries face today is the growth of makeshift suburban slums, home to up to 30% of the total population.

	2007	Growth Rate
Algeria	58,0%	2,5%
Egypt	43,0%	1,8%
Jordan	82,0%	3,1%
Lebanon	87,0%	1,2%
Morocco	55,0%	1,8%
Palestine	72,0%	3,3%
Syria	50,0%	3,1%
Tunisia	65,0%	1,7%

This demographic shift has slowed only in Lebanon, Jordan and Palestine. The other countries, with the exception of Egypt, are in the midst of an urban explosion. Long-term studies forecast increased migration to urban centers in Egypt starting around 2020. This will have major consequences given the size of this country's population.



This rural flight combines with other causes to create significant differences between the regions in terms of the population's involvement in economic activity. The effect is heightened by the

fact that the economic activity rate is generally higher in the countryside than in the cities⁹.

Except Egypt, the Mediterranean countries are in the midst of a rural exodus, and are thus experiencing high urban population growth rates. This gives rise to severe problems resulting from the added pressure on the employment market in the cities and the unrestrained expansion of the outer-city slums.

1.1.6 Children's Involvement in Working Life

Numerous sources point to the involvement of children in the working life of the Mediterranean countries, in spite of these countries' international commitments with regard to child labor.

The ILO estimates that the participation of children (in the 5-14 age group) in the job market ranges from 2% to 11% depending on the country.

The Algeria study does not provide statistics. However, a recent study notes that there are 250,000-300,000 children at work in this country today. 28% of these children work far from their families, 53% state that the main reason is to help their families, and 75% say that the money they earn is handed over to their parents.

The Egypt study points out, in particular, that children accounted for 13% of the job market in 1990, dropping to 8% by 2002 (World Bank data). This means that in 1990 there were more than 2.1 million children at work, and that their number has slipped to 1.7 million in 2002. The study also indicates that non-

⁹ See the Syria study.

governmental organizations speak of even higher figures. Most of these children work in the fields in rural areas.

No data for Jordan were reported, but a recent official study places the figure at 45,000 children in 2005¹⁰, for an activity rate of about 3%. However, the child labor in this country is concentrated in the cities.

Child Labor (ages 5-14) 1999-2006 ILO

	Total	M	F
Algeria	5,0%	6,0%	4,0%
Egypt	7,0%	8,0%	5,0%
Jordan*	3,0%	NC	NC
Lebanon	7,0%	8,0%	6,0%
Morocco	11,0%	13,0%	9,0%
Palestine*	4,6%	NA	NA
Syria	4,0%	5,0%	3,0%
Tunisia*	2,1%	NA	NA
Total			

* unofficial data

The Lebanon study cites official figures indicating an 8.3% activity rate for children aged 10-17, with the rate being higher (9.7%) among girls. Half of these children are salaried employees, and 64.2% work full-time. 48% work in craft industries, and 23% are in sales. The highest child labor rates can be found in the rural areas, particularly in northern and southern Lebanon and in the Bekaa Valley.

The Morocco study insists on the importance of the problem. A 2003 survey by UCW (Understanding Children's Work) placed the figure of children at work at more than 600,000. Even this alarming figure, well above the official estimate of 372,000, could fall short of the actual

figure, since over a million children of school age do not go to school, and domestic work is not usually taken into account in the statistics.

The Palestine study does not provide statistics. However, following a partial survey, an official study¹¹ recently reported a 4.6% activity rate for children aged 7-17: 6.5% in the West Bank and 1.7% in Gaza. Most of these children work for their families and do not earn wages.

The Syria study notes that according to an official workforce survey conducted in 2001, 180,000 children between the ages of 10 and 14 were reported to be working. This suggests that their economic activity rate is higher than the figure reported by the ILO. The survey reported that the rate of participation rose quickly, from 1% to 2% at age 10 (for both sexes) to 25% for boys and 13% for girls at age 14. Other reports place the number of child workers at approximately 300,000.

For its part, the Tunisia study indicates that "although child labor is not widespread, an unacceptable exploitation of children nevertheless exists to a certain degree, primarily in the underground economy, domestic services and farming. Although the Tunisian government's efforts to address this problem should be recognized, the need to perform further research and adopt other measures in this field remains indispensable." Independent studies point to a 3.1% activity rate for children aged 10-14¹². UNICEF estimates place the rate at

¹⁰ <http://www.mp-arслан.com/home/content/view/93/44/> and <http://www.ammannet.net/look/article.tpl?IdPublication=3&NrIssue=5&NrSection=1&NrArticle=7162&IdLanguage=18>

¹¹ Palestinian National Authority, Central Bureau of Statistics, *The Children of Palestine: Issues and Statistics* (in Arabic), 2008 http://www.pcbs.gov.ps/Portals/PCBS/Downloads/Report_A.pdf

¹² FNV, *Eliminating Child Labour*, 1995.

2.1% for children aged 5-15 (hence with a higher total).

Child Labor (ages 5-14) 2006 UNICEF

	Working Children (million)	Participation Rate
Subsaharan Africa	69	35,0%
Southern Asia	44	13,0%
Latin America	12	11,0%
East Asia/Pacific	22	7,0%
Middle East/North Africa	8	9,0%
EEC/CIS	3	5,0%
Developing Countries	157	15,0%
World	158	14,0%

Notably, UNICEF points out¹³ that there are eight million children working in the Middle East/Northern Africa region (of which the eight countries included in the study constitute the bulk of the population), with an average participation rate of 9% (significantly higher than the figure provided by the ILO).

The participation of children aged 5-14 in the job market thus continues to be a real problem in the Mediterranean countries, and is poorly documented in official statistics. Morocco and Egypt are the two countries where the situation is most worrisome.

1.1.7 Workforce and Education

An analysis of the workforce tracking levels of education deserves special attention, since it would reflect various aspects that are crucial to matching supply and demand in the employment market. It could also lead to critical recommendations in terms of policies targeting training and professional qualification.

The Egypt study reported a 23% illiteracy rate among the workforce in 2003. 55% of the workforce had received primary and preparatory schooling, and

the remaining 22% had reached secondary or higher levels of education.

The Lebanon study highlights a spectacular decline in the rate of unschooled members of the workforce, which dropped from 29.4% in 1970 to 3% in 1997 according to official statistics. Meanwhile, independent studies place the rate at 8.7% in 2003, with 44.4% of the workforce receiving primary and preparatory schooling, and the remaining 46.7% reaching secondary or higher levels of education. The study also notes that the percentage of women in the latter group is significantly higher than that of men (65.8% versus 39.4%).

Based on a comparison of workforce surveys over three decades, the Syria study also indicates that, for this country, the share of illiteracy (as a percentage of the total workforce) dropped significantly, from 49% in 1970 to 17.1% in 2002. This reflects the result of public policies aimed at combating illiteracy. Conversely, the proportion of the workforce that had received primary and preparatory education grew during the same period, from 15.1% to 53.9%. Therefore, a large number of young people leave the education system early in order to join the job market. The proportion of the workforce that had completed secondary or professional/university studies rose from 5.8% in 1970 to 21% in 1993, but then declined to 17.7% by 2002. Consequently, the supply side of the job market has lost ground in recent years in terms of qualification. The reasons for this are multiple: the general decline in the standard of living over the last two decades, increased inequalities, a compression of the wage scale, and above all, the decline in the quality of the education system following the "structural

¹³ <http://www.childinfo.org/areas/childlabour/>

adjustment” program (drastic slashing of the government budget as a percentage of GDP, particularly affecting education) that was unilaterally adopted in this country.

There are no detailed statistics regarding this issue. Nevertheless, a comparative approach can be made regarding illiteracy by comparing the illiteracy rate for both sexes in the 14-25 age group in the World Bank database¹⁴. The situation in Egypt and Morocco is particularly worrisome, especially when looking forward.

Illiteracy Rate (14-25 Age Group) - World Bank

	M	F	Year
Algeria	5,9%	13,9%	2004
Egypt	29,1%	49,0%	1990
Jordan	0,7%	1,1%	2004
Lebanon	4,5%	11,4%	1990
Morocco	19,2%	39,5%	2004
Palestine	0,9%	1,2%	2004
Syria	5,7%	9,8%	2004
Tunisia	3,6%	7,8%	2004

The proportion of university graduates in the job market can also be estimated based on UNESCO statistics¹⁵ on university graduates, comparing this figure with the total workforce. In the case of women, the same ratio is estimated in relation to the total female workforce. These ratios approach those that can be deduced from the partial data obtained from the country-specific studies.

In this regard, the situation in Syria, Morocco and Algeria are worrisome. The higher percentage of university-

educated women in the workforce compared to men is notable throughout the region, even in the knowledge that, as in the case of Palestine, where the participation of women in the job market is low, the ratio can exaggerate the actual facts (since a percentage of female university graduates do not work).

Number of University Graduates/Workforce

	Total	F	Year
Algeria	7,7%	15,2%	2006
Egypt	16,3%	NC	2002
Jordan	23,7%	51,2%	2006
Lebanon	21,1%	37,3%	2006
Morocco	4,6%	7,7%	2006
Palestine	27,0%	117,7%	2006
Syria*	4,0%	NC	2002
Tunisia	14,2%	29,9%	2006

* data from local survey in this case

After an initial period of spectacular improvement in workforce qualification thanks to the generalization of education, the situation has deteriorated in recent years. Thus, the illiteracy rate remains high in Egypt and Morocco, and is also significant in the other countries, except Jordan and Palestine. Conversely, the proportion of university-educated workers is highest in the latter two countries, while the situation remains worrisome in Syria and Morocco. A trend toward dropping out of the education system has been noted in recent years, and is linked to the worsening economic conditions of the population.

¹⁴ See <http://devdata.worldbank.org/>

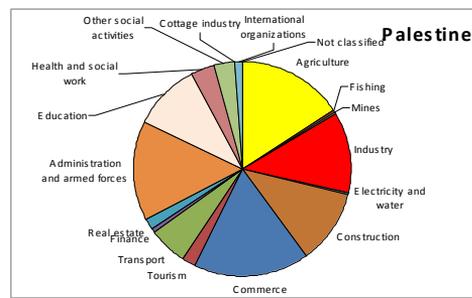
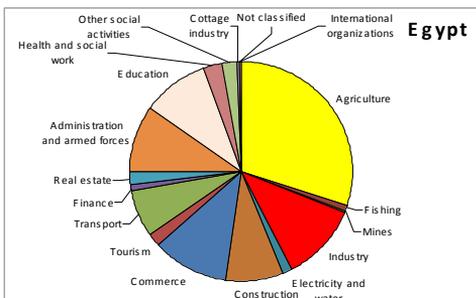
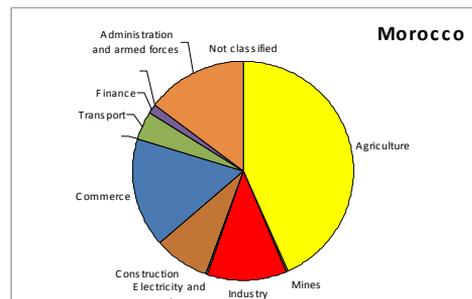
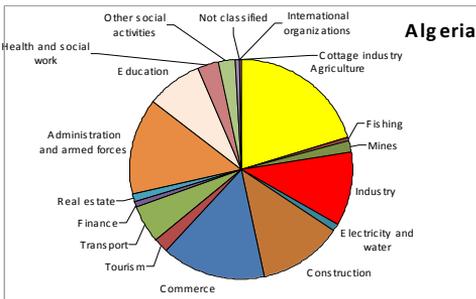
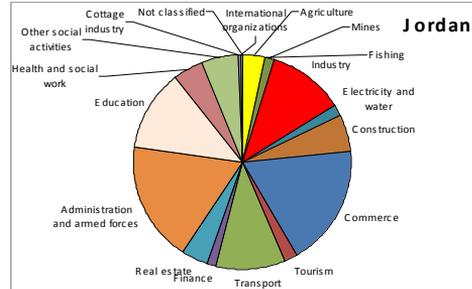
¹⁵ <http://stats.uis.unesco.org/>

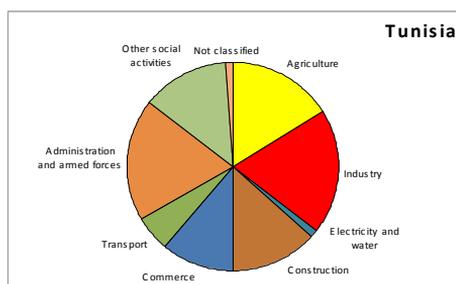
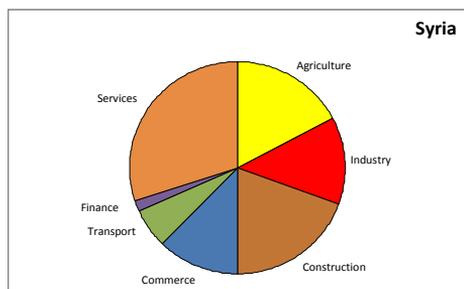
1. The Labor Market in Arab Mediterranean Countries: Challenges and Prospects

1.2 The Characteristics of the Labor Market

1.2.1 Employment Structures

Employment structures vary widely among the eight Mediterranean-region Arab countries under study here. Certain countries (Morocco, Egypt) remain highly agricultural. Except in Tunisia, industry is very poorly developed. In all the countries except Morocco, the public services (Administration, education and health) represent a major part of the employment market.





It should be noted that not all the countries supply the details of their employment structures by activity type as defined by the ILO classifications.

Employment in agriculture

Agriculture continues, to employ a large percentage of workers, particularly in the heavily populated countries. Thus, more than 43% of those who have an occupation in Morocco work in agriculture, as do roughly 31% in Egypt and 21% in Algeria. This percentage for Morocco is even more significant in the light of the fact that its rural population is similar to Algeria's¹.

Percentage of Workers

	Agriculture	Year
Algeria	20,73%	2004
Egypt	30,88%	2005
Jordan	3,30%	2005
Lebanon	6,70%	2001
Morocco	43,35%	2006
Palestine	16,06%	2006
Syria	17,10%	2004
Tunisia	16,30%	2004

The Algeria study points out that, after a decline until the 1990s due to a massive rural exodus, the agricultural sector and the fishing industry revived voluntarily, with job creation, particularly from 1990 onward. Thus, to the benefit of the country's agricultural development program, 250,000 new agricultural jobs were created from 2000-2002 alone. In Egypt, on the other hand, the trend continues to be a declining one: the share of agriculture in overall employment fell from 34% in 1990-1991 to 28% in 2001-2002. This same negative trend is seen in Morocco, where the share held by agriculture decreased from 64.5% in 1961 to less than 50% in 2004². The trend is similar in Syria, where the decline in the share of agriculture is even more spectacular, since it amounted to 52% in 1971.

In many countries, agricultural employment involves primarily women. Thus, in Syria 25.5% of agricultural jobs are held by women, while the figure for men is only 15.6% (2004). In Egypt, the shares are 39% for women and 27% for men (2001). It is also worth noting that Lebanon employs many immigrant workers, primarily Syrians, in agriculture.

¹ See § 1.1.5 above

² Morocco study

Most of the Mediterranean countries are experiencing a rapid decline in the number of jobs in the agricultural sector; this trend adds pressure, in the area of job creation, on the other sectors, in addition to the pressure brought to bear by demographics.

Employment in industry

Industry's share of total employment stands at around 13%, except for Tunisia, where it is around 21%. This reflects limited industrialization in all of the countries.

Percentage of Workers

	Industry	Year
Algeria	13,60%	2004
Egypt	12,95%	2005
Jordan	14,50%	2005
Lebanon	13,00%	2001
Morocco	12,33%	2006
Palestine	12,81%	2006
Syria	13,40%	2004
Tunisia	20,61%	2004

The Algeria study indicates that industry, which was one of the sectors driving growth in the 1970s, is progressively losing its role as a provider of jobs, and has recorded, since 1993, losses of jobs at an annual rate that remained around -0.6% until 2002. In Egypt, the percentage of industrial employment declined from 13.5% to 11.5%, according to the ILO³, during the period from 1997 to 2005. In Jordan, the slice of the employment pie held by industry has stabilized in recent years, thanks particularly to the recent special free trade agreements (Qualifying Industrial Zones, QIZ), but with a significant portion of the

jobs occupied by immigrant workers⁴. The Lebanon study points to industry's shrinking share of jobs, which fell from 17.8% to 14.5%, and then to 13%, between the years 1970, 1997 and 2001, respectively. A somewhat similar trend is seen in Morocco, where the percentage of employment in the secondary sector (industry and construction) grew from 13% to 25.8% between 1960 and 1982, subsequently to fall to 20.1% in 2004; construction was by far more dynamic than industry. The Palestinian situation has its particularities, since a major segment of employees in the secondary sector work in the Israeli territories; the percentage working in industry in the West Bank and the Gaza Strip dropped from 14.9% in 1997 to 12.2% in 2006⁵. The Tunisia study also reflects a fall-off, although less steep, of industrial jobs between 1994 and 2004. By contrast, the decline has been more pronounced in Syria: from 18.7% to 15.2% during the 1970s, and then to 13.6% from the 1990s to 2004.

Women's share of industrial jobs is extremely variable from country to country. Thus, in Algeria 42% of industrial employees are women, while the figure is a meagre 6.8% in Egypt. The Egypt study even points out a decline between 1990 and 2000 of women's share of industrial jobs (from 10% to 7%). In Morocco, the portion of women workers in industry is 33%; in Syria, it is reported to be on the order of 10%; and in Tunisia, it is the strongest at 46%.

Most of the Mediterranean countries, after enjoying a period of industrial growth after their independence, are now experiencing a decline in indus-

³ <http://laborsta.ilo.org/>

⁴ See Kardoosh & al. 2004.

⁵ <http://laborsta.ilo.org/>

trial employment—significant in some cases—which reflects their deindustrialization. The Maghreb countries stand out from the others because of the high proportion of women employed in industry.

Public service employment

The available data allow us to point to Jordan as the country with the greatest proportion of employees in public administration and the armed forces (18% of the total). This same statistic is 15% in Palestine, 14% in Algeria, 10% in Egypt and 8% in Lebanon.

If jobs in education and health are included, all “public service employment”⁶ comes to 34.8% in Jordan, followed by 29.9% in Syria. On the other hand, the public service percentages are low in Tunisia and Morocco, with 19.09% and 14.6%, respectively. Moreover, the budgetary reduction (“structural adjustment”) plans applied in all of these countries from the 90s onward have led to a relative reduction of public service jobs, including, in some cases, education and health.

	Public Services	Year
Algeria	25,31%	2004
Egypt	22,03%	2005
Jordan	34,80%	2005
Lebanon		2001
Morocco	14,60%	2006
Palestine	28,66%	2006
Syria	29,90%	2004
Tunisia	19,09%	2004

⁶ In some countries, such as Lebanon, the private sector plays a significant role in education and health.

In all the countries under study, public service employment accounts for a major part of the jobs held by women. Their presence is much greater in the public sector than in all the other sectors of the economy taken together, especially in health and education.

	Total	Adminis.	Education	Health
Algeria	24,12%	10,30%	41,20%	42,60%
Egypt	33,71%	26,92%	40,59%	51,48%
Jordan	NC	NC	NC	NC
Lebanon*	NC	51,50%	66,50%	70,90%
Morocco	29,89%	NC	NC	NC
Palestine	25,69%	6,30%	49,53%	38,18%
Syria**	33,37%		56,09%	58,65%
Tunisia	NC	NC	NC	NC

*According to a Lebanese study

**According to official Syrian statistics

In many countries, the public services have been a major job reservoir, particularly for women, and in the education and health fields. However, the share of public service jobs has stagnated at best as the result of the budgetary restrictions imposed in these countries.

The commerce, construction and private services (tourism, transport, etc.) sectors are, therefore, left to themselves to keep up with the pace of job creation enabling the demand wave generated by the baby boom to be absorbed.

1.2.2 Overall Job Creation Rate

Employment generation rates remain low in all of these Mediterranean countries, well below the growth rates of the labor force. Thus, according to ILO statistics, only Algeria has managed to sustain a job creation rate in recent years that outstrips increasing demand arising from labor force growth. Egypt's employment generation rate is slightly below demand growth. The pace of job

creation in Morocco, Palestine, Syria and Tunisia has fallen well behind demand growth, which means that these countries are experiencing a structural trend of worsening unemployment.

Average Annual Job Creation Rate - ILO

	Creation	Year
Algeria	5,05%	2001-2006
Egypt	2,20%	2000-2005
Jordan*	2,70%	2006
Lebanon		
Morocco	1,20%	2001-2006
Palestine	1,70%	2000-2006
Syria	1,90%	2001-2002
Tunisia	1,52%	2000-2005

* According to recent Jordanian statistics

In Jordan, recent statistics⁷ distinguish between gross and net employment generation, showing a net annual job creation rate of 2.7%, well below the rate of employment demand growth. Thirteen per cent of these creations goes to non-Jordanians, primarily to Egyptians. The percentage for foreigners is 23% when only private sector creation is considered, and 57% for cottage industry jobs. The education industry alone supplies 43% of new employment opportunities for women, while women's share of the net total of new jobs generated is 21.7%. The statistics also show a trend to the replacement of Jordanians by foreigners in the industrial sector.

In many countries, the pace of growth of employment offers for women is faster than for men. Thus, in Algeria the average annual rate is 8.2% for women, and only 5.3% for men (2001-2006). In Egypt, these average rates are, respectively 2.7% (W) and 2.1% (M) (2000-2005). In Morocco, the difference is

even more pronounced, with 1.8% for women and 0.88% for men. The situation is similar in Syria and Tunisia: in the latter country, the average annual employment generation rates (1994-2004) were 3.21% (W) and 1.74% (M).

Finally, it should be noted that the ILO and other officially available statistics do not allow the growth of paid employment to be measured.

With respect to 1.8 million new job applicants currently coming into the labor market each year, the economies of the eight Mediterranean countries can barely generate 1.2 million new jobs. This means a structural trend toward aggravating unemployment in these Mediterranean countries. The only positive trend is the stronger overall growth of the job creation rate for women. It should be noted that the new jobs created are not always paid employment.

1.2.3 Jobs by Type of Qualification

Data on the distribution of jobs by type of qualification are not available for all the countries under study. However, an important element in this regard is the percentage of unskilled jobs ("elementary" jobs, according to the ILO definition).

The data available show a still significant percentage of unskilled positions in most of the countries. They also show that this unskilled work involves more men than women.

⁷ See <http://www.dos.gov.jo>

Percentage of Unskilled Labor - ILO

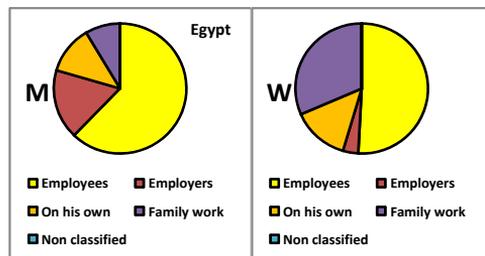
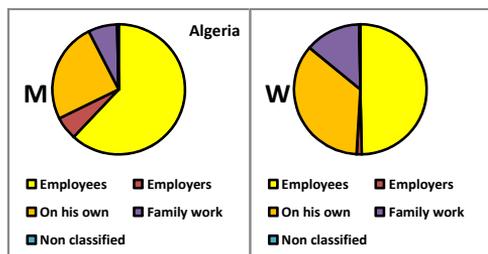
	M	W
Algeria	19,55%	12,76%
Egypt	4,09%	1,05%
Jordan*	21,00%	7,30%
Lebanon	NC	NC
Morocco	17,17%	10,40%
Palestine	17,40%	4,12%
Syria	NC	NC
Tunisia	NC	NC

*According to official Jordanian statistics

In many of the eight countries, the share of total employment attributed to unskilled work is significant—on the order of 20%.

1.2.4 Jobs by Status

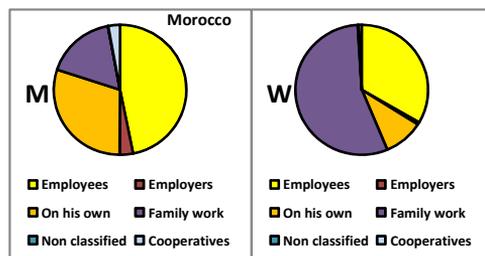
The distribution of jobs by status is also differentiated among the countries under study, and between men and women. In Algeria, for example, women are more likely to work “on their own account” (self-employment) or as contributing family workers. They are also less likely than men to be employers.



The same remark can be made for Egypt, with a clearer prevalence of family work for women. For this country, it should be pointed out that there is a significant proportion of male “employers” (!).

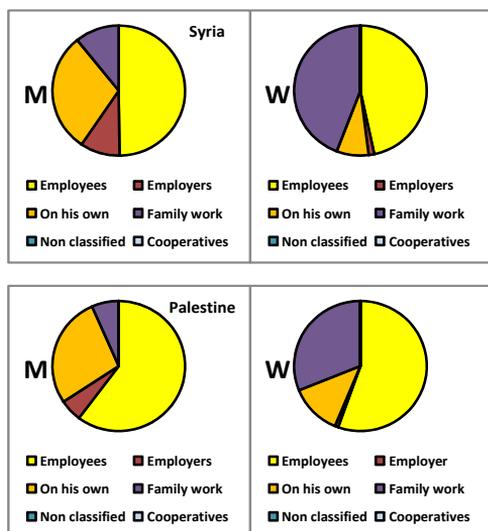
The statistics published by the Jordanian government⁸ seem extremely different from the standard ILO data for the other countries, and do not take into account “family” work in particular.

In Morocco, family work takes on greater importance, even for men; it accounts for more than 55% of women’s jobs.



As in Algeria, Syria shows a high percentage of unpaid work (“self-employed”). By contrast, women’s situation reflects a high proportion of family work. The statistics available for Tunisia indicate a 75% overall share for paid employment (this information is open to doubt).

⁸ See <http://www.dos.gov.jo>



And finally, in Palestine the percentage of paid jobs held by women is the highest among the countries under study.

The percentage of paid employment is not dominant in the Mediterranean countries. A major portion of existing jobs, especially for women, are self-employment, or family or unclassified jobs. This reflects the importance of the informal sector (underground economy) and the weakness of entrepreneurial structures in the labor market.

1.2.5 Jobs by Type of Employer

The distribution of jobs between the public and private sectors is also quite differentiated according to the country studied, since the countries under study have not had the same history since their independence. Thus, some countries are home to large public industrial and business enterprises that have played a major role in employment (paid employment, we should add).

The Algeria study indicates that the public sector offered 65% of the formal sector jobs in 1987. The government's economic reforms led to the loss of 360,000 jobs from 1994 to 1998, and the private sector was unable to offset that loss.

The Egypt study reports that the public sector offered 34% of the total jobs (formal and informal) in 1990-1991; this implies that the public production sector (industry, banks, etc.) accounts for approximately 8% of the jobs. The economic reforms and privatizations undertaken by the Egyptian government reduced this total to 31% in 1999-2000. The fact that the share of jobs found in "public services" remained stable implies that the public production sector saw its share of jobs reduced to 5%. This should be associated with the percentage decline of industrial jobs observed in Egypt.

In Jordan, the public sector employs 35.5% of the men and 50.8% of the women workers; but these statistics cover only government administration, education and health, since this country does not have a public production sector.

Similarly, in Lebanon, the public sector offered only 15.3% of the country's total jobs in 2003, despite undergoing considerable development after the end of the civil war in 1991. Regarding this country, it should also be borne in mind that the employees of mixed state-owned / private companies are essentially considered to hold public sector jobs. It should also be taken into account that the recruitment for these jobs is done along formal or informal denominational lines.

The Morocco study reveals that the portion of jobs attributed to government administration rose from 7% in 1960 to 12.9% in 1994, only to fall back to 9.02% in 2002, after a "structural adjustment".

Palestine does not have a public production sector.

The Syria study reports the results of the most recent survey of the labor force, conducted in 2004, which broke employment down neatly into three sectors: the public sector (27%), the formal private sector (35%) and the informal private sector (38%). In agriculture, the distribution is 2%, 16% and 82%, respectively. For industry: 16%, 76% and 8%. In the construction industry: 9%, 32% and 58%. The share accounted for by the public sector remains significant, around 16% for transport, communication, and real estate. Here again, it must also be pointed out that the total percentage of jobs accounted for by the public sector declined drastically after 1984, when it stood at 36%, and was reduced again as a consequence of the recent reforms adopted in the country since 2003.

Tunisia does not have a public production sector.

Since their independence, certain countries (Algeria, Egypt and Syria) have seen the rise of a public production sector that has provided significant employment opportunities. The economic reforms undertaken since the 1980s have led to a wage freeze, and to a reduction of government budgets which initially gave rise to a loss of effectiveness at work (absenteeism, fictitious work, moonlighting, etc.) in this sector, as in the public service sector. Subse-

quently, the de facto and de jure privatizations and the "structural adjustment" have greatly reduced the role of the public sector as an employment generator.

1.2.6 Jobs and Wages

The data on wages are quite varied from country to country.

The Algeria study registers a significant shrinkage of the share of wages in the value added produced by the public sector, from 54% in 1990 to 39% in 1999. The human development report on Algeria⁹ highlights a decrease in the share attributed to wages of the gross household income from 40.3% in 1995 to 37.7% in 2004; the portion covered by social transfers from the State rose during that same period from 19.7% to 22.5%. This report also records a lowering of the purchasing power of the average wage of 1.7% per year from 2001 to 2004. Thus, the average real wage fell 20% between 1989 and 2004. A gender disparity is noted in favor of men, of 12% for the average wage, and 20% for the median wage.

The Algeria Country Profile¹⁰ shows an evolution of the national guaranteed minimum salary (SNMA) of 4,000 Algerian dinars (DA) per month in 1994 to 8,000 DA on 2001 (or in equivalent 1997 US dollars, \$2.30 and \$4.6 per day).

The Egypt study reports that Law 53 of 1984 set the minimum wage in the public sector to 53 Egyptian pounds (LE), or USD 9.86 per month (!); but that, when various benefits are taken into

⁹ See CNES 2006.

¹⁰ See CP Algeria 2005.

account, this salary would reach 168 LE in 2005-2006 (that is, around USD 31 per month), compared with 154 LE (or USD 28.9 a month) in the private sector. The human development report on Egypt¹¹ reflects a decline in real wages from 1982 to 1992, at the average annual rate of -5.4% in the public sector companies and -4.5% for the private sector. This decline continued during the following "structural adjustment" period. Current trends, punctuated by occasional general increases, are not clear¹², but the increased incidence of strikes and social struggles in Egypt shows real tensions arising from wage levels¹³.

The Egypt Country Profile report¹⁴ notes that wages in public enterprises began to rise again from 1995 onward, reaching their 1978 level in 2003 (!). This report indicates that, on the other hand, wages in the private formal sector remained stagnant; but this indication mixes small and medium-sized enterprises with modern ones. In addition, the Egypt study compares the shares represented by wages in public expenditures¹⁵, showing that Egypt is not in the most difficult situation.

¹¹ See INP 2005.

¹² These increases, such as the 20% money wage raise given in May 2005, are handed out as a presidential windfall. The National Wage Council, which should impose and maintain a relationship between wages and inflation, was reduced to the status of an empty shell.

¹³ See Joel Benin: *L'Égypte des Ventres Vides* (The Egypt of empty stomachs), *Le Monde Diplomatique*, May 2008.

¹⁴ CP Egypt 2004.

¹⁵ According to FEMISE 2003.

Part des salaires dans les dépenses publiques

	1995	2001
Algerie	24.00%	19.40%
Egypte	17.10%	19.40%
Jordanie	45.70%	46.10%
Liban	21.20%	22.60%
Maroc	34.20%	36.30%
Palestine	NC	NC
Syrie	NC	NC
Tunisie	31.10%	34.60%

The Jordan study gives a table of the average monthly wages in 2003. It notes that the average wage paid to employees in subordinated occupations is roughly USD 3.5 per day.

Jordan

Average Wages in Jordan (USD, 1 USD = 1.14 JOD)

	M	W
Manager	553	304
Professional	290	189
Technician	191	166
Administrative employee	170	136
Service rep., sales rep.	111	94
Skilled agricultural worker	109	-
Artisan	123	89
Machine operator	134	70
Subordinate occupations	105	114

The human development report on Jordan¹⁶ points to an increase of the minimum wage in 2003 of 80 Jordanian dinars (JOD) (USD 113, or about USD 3.8 per day) to 85 JOD (USD 120, or about USD 4 per day). This report also indicates that this wage is average in the QIZ industrial zones.

The Jordan Country Profile report¹⁷ states wage data that are slightly different regarding the average wages recorded in the 2003 survey.

¹⁶ See MPIC 2004.

¹⁷ CP Jordan 2005.

The Lebanon study details the history of the wage decline in that country, particularly since the collapse of the exchange rate at the end of the 1980s (from 1 USD = 2.5 Lebanese pounds (LL) to 1,500)¹⁸. This collapse plunged all wage earners into a situation of extreme poverty. With the revival of the country after the end of the civil war, the minimum monthly wage climbed from 45,000 LL (USD 50) in 1990 to 300,000 LL (USD 156.60) in 1996. But afterwards, the minimum wage remained frozen while inflation gnawed at purchasing power.

In 1997 the average monthly wage stood at 2.3 times the minimum wage, or 689,000 LL (approximately USD 448). There are very wide disparities among wages and salaries in Lebanon. For example, women's wages are 28% lower than men's. Wages in southern Lebanon are 35% below those paid in the capital. The various surveys show that 80% of families spend more than their income (here it must be mentioned that, because of colossal government debts, the interest rates in Lebanon are extremely high), and 78% of the employees earn less than €546 per month.

In 1997, wages were roughly 26.2% of the GDP. In industry, wages were about 25% of the price of goods produced.

The Lebanon Country Profile report¹⁹ reflects disparities between men and women that are greater in agricultural employment; men's wages in the sector are twice what women earn. Likewise, the study points out that a civil service reform conducted in 1999 led to a 25%

to 40% decline in money wages. The low wages also draw closer to the minimum wage, "raising the number of employees who move inexorably closer to the poverty line.... Thus, in the first years of the current century, the wage revenues entering an average household fell below the upper boundary of the poverty line."

What all of these studies on Lebanon fail to report is the case of numerous Palestinian refugees residing in Lebanon (and who cannot benefit from official work permits), as well as the significant number of Syrian workers (permanent or seasonal), whose wages are even lower.

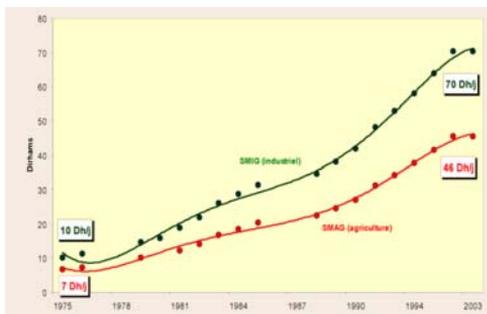
While the Morocco study does not detail salary levels, it reports that the minimum wage (SMIG, or minimum guaranteed interoccupational wage, non-agricultural) represents 50% of the mean salary and 90% of the median salary. Between 1970 and 2003, the SMIG increased in real terms by 1.4% per year. But the Moroccan SMIG is not respected in the private sector (formal and informal). Wages are therefore generally higher in the public sector.

The Morocco human development report²⁰ gives the details of changes in minimum wages (SMIG and SMAG, the minimum guaranteed agricultural wage), without stating their real values in terms of purchasing power:

¹⁸ It should be noted that the other Mediterranean countries also suffered exchange rate collapses, but to a lesser extent.

¹⁹ See CP Lebanon 2005.

²⁰ See RDH Morocco 2006.

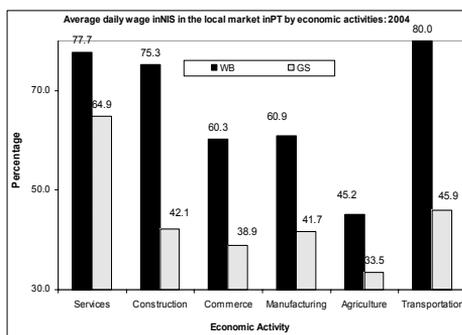


It should be pointed out that the daily wage of 70 Moroccan Dirhams (Dh) is roughly equivalent to USD 9.50.

This report further states that “the combination of the State as an employer...and the wage levels applied have for a long time diverted talented people from the private sector and discouraged the creation of businesses, to the detriment of the job supply” (?!). We have to remark that it is an ideological argument.

The Morocco Country Profile report²¹ calls the institution and increase of minimum wages into question. The report also discusses the “advantages” of reducing the minimum wage in Morocco. It nevertheless confesses the paradox between the flexibility of the minimum wage (to balance labor supply and demand) and its role in the battle against poverty (insofar as the proportion of persons who are remunerated at or near the SMIG level is significant: 41% of women and 31% of men). Thus, even in this country, where the minimum wage institution is well established, it suffers “ideological” critiques showing the “neo liberal” evolutions taking place in all the Mediterranean countries.

The Palestine study reports that wages constitute 80%²² of governmental expenditures. The survey conducted in 2004 shows a median daily wage in the Palestinian territories of USD 17 for men and USD 14 for women. The women play a more important role in the Israeli territories, leading to a propensity to work on the other side of the “green line”. The difference in wages between the West Bank and the Gaza Strip is very large. The highest wages are paid in the service and transport industries; the lowest are found in agriculture.



The study points to “high wages” as one of the problems affecting the competitiveness of the Palestinian economy; wages are pulled upward by government remuneration. A study²³ made by the World Bank, and which is referred to in this document, asks the Palestinian Authority to reduce the government employee wage bill, specifically by canceling the raise promised in 2004 of the lowest wages from USD 154 per month to USD 240. In the end, half of that raise was applied.

On the other hand, the Palestine human development report²⁴ points to low

²¹ See CP Morocco 2004.

²² 60% according to the human development report, BZ 2004.

²³ See World Bank 2004

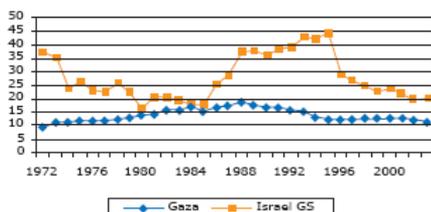
²⁴ See BZ 2005.

wages (with respect to the cost of living) as one of the causes of the generalized poverty. The wage increase would be eroded by the devaluations of the Israeli shekel (NIS). On the average, women’s wages are 20% less than men’s. The average daily wage in Palestine can be broken down as follows:

Average Wage USD/j		M	W
West Bank	20,9	21,7	18,3
Gaza Strip	15,3	15,3	15,3
Israeli colonies	36,2	36,3	27,5

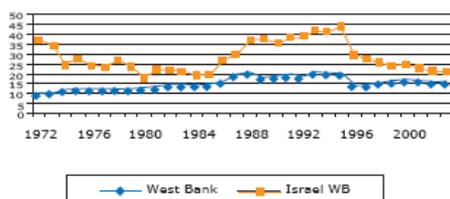
Comparative Wage Tables: Israeli colonies

Gaza



Source: Based on data from PCBS and the Statistical Abstract of Israel

West Bank



Source: Based on data from PCBS and the Statistical Abstract of Israel

wages remains stronger in Palestine for most of the manufacturing industries. The study also shows that things have been changing recently: in particular as regards the lowest wages offered to Palestinians in Israel, as the result of competition from Asian workers. Wage levels in Palestine are thus strongly affected by the levels of remuneration offered in the colonies, and by the conditions imposed by the blockade and the difficulty faced by Palestinians needing to move about inside the occupied territories.

The Syria study reports that, in 2004, 56% of employees (57% of public sector workers and 77% of the formal private sector employees) earned less than 7,000 Syrian Pounds (SYP), or USD 140, per month (USD 4.80 per day). This wage level is clearly insufficient to sustain decent living conditions. The logical consequence is that 10% of the population lives below the poverty line of USD 2 a day; that figure rises to 30% if the family threshold is considered. The wage scale has been compressed for a long time, according to workers’ qualifications, squeezing people out of the educational system prematurely.

Average Wages in Euros by Sector and Educational Level

	Public	Private formal	Private informal	Average
Primary	86	79	81	82
Preparatory	90	90	94	91
Secondary	96	106	107	99
Professional	94	104	83	95
Technical Schools	102	105	98	103
University	125	143	102	127
Average	99	86	84	93

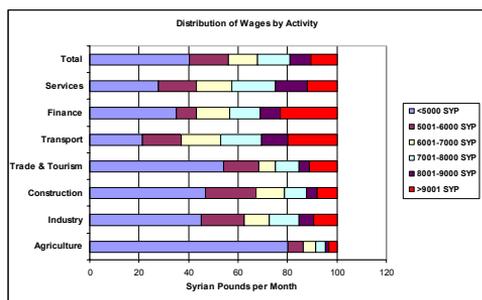
Wage compression differs from one economic sector to another; the lowest wages are paid in agriculture, and the highest in the finance and transport industries.

The study appeals to prudence in the interpretation and use of the results of the official surveys, since the private

The Palestine Country Profile study²⁵ informs us that, despite the higher wages paid in comparison with the neighboring countries (Egypt and Jordan), pulled up by the wages paid in the Israeli territories, the productivity of

²⁵ See CP Palestine 2006.

sector has a tendency to reduce the declared value of the wages paid.



Public sector wages have been frozen since the crisis of 1986, despite a major increase in inflation. Their real value has thus been heavily eroded. And it has not been until the year 2000 onward that some catching up has begun with some raises of 20 or 25%. However, today's wages are far below their real value in the 1960s and 70s.

Expressed as a percentage of GDP, wages fell from 46% in 1980 to 38% in 2003. The IMF reported that governmental wages, also stated as a percentage of the GDP, were stagnant around 4% before climbing approximately 6% recently. In 2004, the minimum wages imposed ranged from USD 73 per month (for an unskilled worker) to USD 127 (for a worker in the best qualified category).

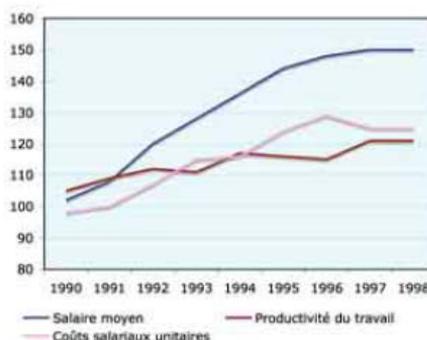
The Syria Country Profile study²⁶ reports an average wage in 2003 of 4,500 SYP (approximately USD 90, or USD 3 per day). The wage differences between genders are the greatest for illiterate workers.

The Tunisia study points to a large number of people who are prepared to work for market wages, but who cannot find employment. The minimum wage in

2003 was 50% of the average salary, and 69% of the median salary (!). Of workers declaring their wages, 23% earned less than 1.1 times the legal minimum wage (the SMIG, the minimum inter-group wage). The SMIG suffered a loss in real terms of 0.7% per year between 1985 and 2003, with a certain tendency to recover its real value in recent years. In 2003 the SMIG stood at 192 Tunisian Dinars (DT), or about USD 162 per month; this was barely enough to maintain an urban family of five members above the poverty line.

The Tunisia human development report²⁷ deals specifically with the access to wage-earning status, which was extended to 68% of the working population in 1999, from 64.4% in 1984. This extension essentially affected women, who saw their participation in paid employment increase from 13.6% in 1984 to 24% in 1999. That result is presented as a result of making corporate wages more flexible from 1990 onward, a policy which led to the maintenance of the average real wage.

Cost of work in the manufacturing Industry 1989 =100



²⁶ See CP Syria 2006.

²⁷ See MDE 2002.

The report gives comparative data for these industrial salaries with the other countries, as follows:

1998, Tunisia = 1

	Textile et vêtements	Machinerie et matériel électrique	Total secteur manufacturier
Tunisie	1	1	1
Maroc	1,27	0,96	1,25
Egypte	1,37	0,96	1,2
Jordanie	0,81	0,93	0,89
Inde	1,09	1,09	1,1
Indonésie	0,39	0,48	0,62
Malaisie	0,79	0,78	0,86

The Tunisia Country Profile report²⁸ details the official wage statistics. Excluding public administration, the average wage was purported to have grown by 1.5% per year in real terms. Important differences were pointed out in that average wage, depending on the size of the companies: the companies of more than 200 employees paid 65% more on the average than the small companies of less than 10 employees. The public sector paid an average of 20% more than the private sector. Women earned 14% less than men. The average wages in the manufacturing industry were reported to have risen substantially after 1990, much faster than productivity; but that growth stabilized at the end of the decade.

Furthermore, the companies are reported to have paid supplemental welfare costs amounting to 28% of wages.

The World Bank also made an analysis of public sector wages in these Mediterranean countries²⁹, and has published two aspects of that study in particular:

²⁸ See CP Tunisia 2005.

²⁹ See WB : Cross National Data on Government Employment and Wages, <http://web.worldbank.org/WBSITE/EXTERNAL/TO>

- *The government's salary expenditures as a percentage of the GDP*

The Central Government

	1991-1995		1996-2000	
	No.*	Wages**	No.*	Wages**
Algeria	1,4%	9,7%	2,1%	8,6%
Egypt	1,8%	8,4%	2,3%	6,1%
Jordan	0,8%	14,4%	1,7%	16,0%
Lebanon	0,2%	1,5%	0,2%	7,0%
Morocco	0,8%	11,0%	0,6%	10,7%
Pales tine	1,5%	NC	0,8%	13,0%
Syria	NC	8,7%	0,9%	10,0%
Tunisia	1,4%	7,1%	1,8%	11,0%

* As a percentage of the population

** As a percentage of the GDP

It should be pointed out that these data slightly contradict those cited above for the percentage of employment in public services. Egypt is presented here as the country with the most developed central government services. Nonetheless, Jordan remains the country with the highest ratio of salary expenses with respect to the GDP; and Egypt has the lowest.

- *The average real wage of a central government employee (in units of local currency, at 1977 prices)*

Average Real Wages in Government Employment

	1991-1995	1996-2000	% change
Algeria	202	169	-16,3%
Egypt	14	4	-71,4%
Jordan	3	3	0,0%
Lebanon	NC	NC	NC
Morocco	43	NC	NC
Pales tine	NC	NC	NC
Syria	78	35	-55,1%
Tunisia	6	7	16,7%

* 1997 flat rate x 1000 units of local currency

The statistics reveal a significant decline of real wages in Syria and Egypt. Only Tunisia has seen a relative increase of government wages.

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In all the Mediterranean countries under study, we are far from a convergence of wages with those of the European Union. Wages remain low, and even fell drastically in real value during the 1980s and 90s—decades of “structural adjustment”—a development that dragged a large part of the employed population down to the poverty line.

All of the wage structures of these countries are positioned relative to public service wages set by their governments. It is these public sector wages that have dragged the real average wage down. The average wages in the private sector remain lower than government salaries, and

cede to the pressures of a market marked by unemployment; the institution of minimum wages is systematically called into question.

Wide disparities in average wages have appeared recently, particularly among the very large private companies, the small and medium sized companies and the informal sector offering the lion’s share of employment opportunities. These disparities are also present according to regions, and between men and women. But the debate on gender equality tends, in the literature on the subject, to overshadow the debate on the low level of wages in general.

1. The Labor Market in Arab Mediterranean Countries: Challenges and Prospects

1.3 Labor Market Rights and Regulation

1.3.1 Labor Law and the Right to Work in the Constitutions

The constitutions of the eight Mediterranean countries offer, to different degrees, a guarantee (which is often only a token guarantee) of labor rights and the right to work.

In Algeria, article 55 of the Basic Law (constitution) of November 28, 1996¹ provides that "all citizens have a right to work. The right to protection, safety and hygiene at work is guaranteed by the Law. The right to rest is guaranteed." This constitutional Law recognizes the right to free labor unions (Art. 56), as well as the right to strike, but allows these rights to be limited for reasons of national security or to ensure the delivery of vital public services (Art. 57). The State is based on the principles of democratic organization and social justice (Art. 14), guarantees equality before law, and positively prohibits all discrimination toward women (Art. 29)².

The Egyptian constitution³ (Art.1) defines the country as a "socialist democratic republic founded on the alliance of working class peoples". "Social solidarity is the basis of society" (Art.7); and "work is a right, a duty and an honor guaranteed by the State. (...) No work may be imposed on citizens, except by virtue of law for the performance of a public service, and compensated by a just remuneration" (Art. 13). In addition, "the State guarantees the social and health insurance" as well as disability, unemployment and old age pensions (Art. 17). Also, the State guarantees the right to create labor unions (Art. 56), with the proviso that "the law organizes the participation by labor unions and federations in the execution of plans, social programs..." But the right to strike is not explicitly and positively guaranteed. Similarly, equality of opportunity for women in the realm of work is restricted in a way that is open to multiple interpretations: "The State provides women with the means to reconcile their duties to the family with their work in society, their equality with men in the political, social, cultural and economic domains, without prejudice to the provisions of Islamic law" (Art. 11).

¹ The constitution adopted on November 19, 1976, amended on November 28 1996. We have to remark that article 1 of the constitution, as well as others, was changed in 2007 through a parliamentary vote and a referendum, run to redefine the country as "a Democratic State, based on citizenship". We here refer to the text of the Egyptian Supreme Constitutional Court, see http://www.hccourt.gov.eg/Constitutions/Egyptian_Constitution.asp

² See <http://www.servat.unibe.ch/icl/aq00000.html>

³ See <http://www.egypt.gov.eg/english/laws/constitution/index.asp>

The Jordanian constitution⁴ prohibits discrimination “on the basis of race, language or religion” (Art. 6), without explicitly extending this prohibition to the basis of gender. On the other hand, it is very explicit regarding the right to work, which is guaranteed in the same way as education (Art. 6 (2)): “work is a right for each citizen, and the State must create work opportunities for all citizens by orienting the national economy and by raising its standards” (Art. 23), guaranteeing equitable wages, work and rest schedules, pensions in case of lay-offs, family support and retirement pensions, and health conditions in workplaces. The encouragement of women to work is, on the other hand, mentioned in a context that is open to interpretation: “Special provisions must be formulated for the employment of women and children” (!). Finally, the right to organize labor unions is also guaranteed. But the right to strike is not explicitly guaranteed.

The Lebanese constitution⁵ establishes the foundations of the country on the “respect for public liberties, and, in the first place, on social justice and equal rights and obligations of citizens without distinction or preference”. The economic regime is liberal, guaranteeing private property; but no mention is made of labor rights, the social safety net, nor to a positive guarantee of women’s rights.

The preamble to the Moroccan constitution⁶ states the obligation to subscribe “to the principles, rights and obligations of the Charters” of the international organizations, and “to reaffirm its adherence to Human Rights as they are universally recognized”. It is thus the only constitution of the countries under study to give these charters a leading role. The country is defined as a “constitutional, democratic and social monarchy”. The constitution recognizes the rights of the labor unions, political parties and local groups “to organize and represent citizens”. Positively, “men and women enjoy equal political rights” (Art. 8). Political freedom and membership in all labor organizations is guaranteed (Art. 9). “All citizens also have the right to education and to work”. (Art. 13). The right to strike is positively guaranteed (Art. 14). However, the constitution does not positively guarantee citizens’ rights to social services.

Between 1993 and 2000, a lot of work was devoted to the drafting of a Palestinian constitution⁷. The third draft, which is awaiting ratification⁸, states that “work is a right of all citizens”, and that “the State shall work to provide employment opportunities to all those who are able to work”. “The Law shall regulate labor relations so as to guarantee justice for all and to furnish protection and safety to workers. Work may not be imposed on citizens by force. The Law shall regulate the suitable re-

⁴ Initially established in the form of an Organic Law in April, 1928 (Emir Abdallah), converted into a constitution after independence in 1947, and subsequently made more liberal in 1952 (under the brief reign of King Talal).

⁵ See <http://democratie.francophonie.org/IMG/pdf/Liban.pdf>

⁶ See <http://unpan1.un.org/intradoc/groups/public/documents/cafrad/unpan004848.pdf>

⁷ See <http://www.gremmo.mom.fr/legrain/constitutionpal.htm>

⁸ See <http://www.jmcc.org/documents/palestineconstitution-eng.pdf>

muneration for obligatory work. Workers have the right to establish labor unions and professional associations at work" (Art. 51). "The rights to protest and to strike shall be exercised within the framework of the Law" (Art. 52). "Women have their own legal status and enjoy their financial assets independently. They have the same rights, freedoms and duties as men" (Art. 22).

The Syrian constitution⁹ defines the country as a "democratic people's socialist State" (Art.1). The Baath party is declared to be the "leader of society and the State" (Art. 8) and "the economy of the State is a planned socialist economy that aims to abolish exploitation in all its forms" (Art. 13)¹⁰. "Work is a right and a duty for all citizens. The State works to provide work for each citizen". Positively, "the State guarantees women all the opportunities enabling them to participate fully and effectively in political, social, cultural. and economic life. The State must abolish all restrictions that prevent the development of women and their participation in the building of the Arab socialist society" (Art. 45). The State also positively guarantees social security, free education and health. On the other hand, workers' freedom to organize themselves in independent labor unions is not positively guaranteed, nor the right to strike.

In its preamble, the Tunisian constitution¹¹ mentions the right to work: "We proclaim that the republican regime is...the most effective way to ensure the

protection of the family and the citizens' right to work, health and instruction". This constitution guarantees the equality of Tunisia's citizens without distinction, as well as the right to organize labor unions, but without positively stating the guarantee of the right to strike, the role of the State in ensuring women's equality, the social safety net or the protection of children.

The constitutions of the eight Mediterranean countries differ widely in their manner of defining the right to work, labor rights, the role of the State in guaranteeing these rights, the right to organize labor unions, the right to strike, the guarantee of equality between men and women, or the rights of children. Depending on the country, these rights are mentioned, positively guaranteed or simply ignored. These constitutions also differ as to the place they give to international charters, and particularly to human rights, in relation to the national jurisdiction.

1.3.2 Labor Legislation

In Algeria, labor legislation¹² underwent extensive development between 1990 and 1994. This development involved giving the labor market greater flexibility, particularly as regards the terms governing layoffs (both individual layoffs and those due to downsizing), the establishment of limited-term contracts and part-time work. Likewise, the State withdrew from wage negotiations, except for the guaranteed minimum wage, in order to let them proceed under col-

⁹

See http://www.servat.unibe.ch/icl/sy00000_.html

¹⁰ Nevertheless, the party's last regional conference in 2005 adopted the "social market economy" principle for the country.

¹¹ See <http://droit.francophonie.org/df-web/publication.do?publicationId=232>

¹² See all of the legislative texts for all the countries concerned at: http://www.ilo.org/dyn/natlex/country_profiles.byCountry?p_lang=en

lective agreements and at the company or business segment level. Unionization rights, the freedom of association and the right to strike are recognized *de jure*, although not always applied *de facto*. Thus, the authorities call recent strikes organized by some independent unions "illegal strikes" initiated by "un-approved" unions.¹³ Despite this, the indicators given by the World Bank (see 1.3.3 below) classify Algeria as more rigid than the average in all employment indicators.

In Egypt, labor laws have remained unchanged since the 1950s and 60s, although the country has launched an economic reform and structural adjustment program (ERSAP). It wasn't until 2003 that a new Labor Act was passed¹⁴ that introduced flexibilities similar to those found in Algeria, for the private sector. But, in fact, a great confusion reigns in labor legislation¹⁵, because employees working in free trade zones and for companies created by laws conceived to encourage investment (the majority of new companies) are not subject to this law, but to the internal regulations governing those zones and companies; a similar problem exists for employees working in recently privatized public sector companies (Law 48 of 1978). Other laws are applicable to the employees of the Administration, and likewise for similar organizations. It should be noted that the World Bank classifies Egypt as a more flexible country than average in all aspects associated with employment, save fringe benefits and the cost of layoffs (it should be remembered that

this country's base wages are below average).

In Jordan, labor law is governed by Law no. 8 of 1996. But a certain laxity in the application of this law is criticized, particularly as regards work in the "special economic zones" (QIZ) and child labor¹⁶. Except for the difficulty of firing, the World Bank classified Jordan as the most flexible of the eight in labor law matters.

In Lebanon, work is regulated by the Law of September 23, 1946, by the Social Security Act of 1965, and by the Collective Agreement Act of 1964. These laws are old and do not match current practice in social life. Likewise, since 1991 labor union practice has not kept up with workers' demands¹⁷.

Initially governed by the Code of Obligations and Contracts, labor law in Morocco has gradually evolved with the ratifications of ILO conventions. Having ratified Convention 98 in 1957, but not Convention 87, the Moroccan government passed a law that same year to regulate the way in which the right to unionize is exercised. The civil servants and magistrates are not authorized to engage in labor union activities, while agricultural workers have inferior rights. Moreover, this right to unionize is not respected in several companies, both national and multinational¹⁸. A new Labor Code was passed in 2003 (Law no. 65-99), essentially applicable to the private sector.

¹³ Algeria study.

¹⁴ See

www.egypt.gov.eg/arabic/laws/labour/index.asp

¹⁵ See www.kefaya.org/reports/041020ecacaz.htm

¹⁶ See Jordan study and the report of the Jordanian observatory and human rights: www.jordanwatch.net/arabic/archive/2007/2/164564.html

¹⁷ See Lebanon study.

¹⁸ See Morocco study.

The Palestinian Authority and Parliament recently drafted and passed several laws regulating work¹⁹: The Labor Code, Law no. 7/2000, the Social Security Act of 19/10/2003, and the Public Service Act (Law no. 4 of 1998).

In Syria, the Labor Code dates from the period of the union with Egypt (Law 91 of 1959), but has benefited from numerous amendments. It governs private sector employees. Firing is regulated by decree no. 49 of 1962. In 2004, a new law was drawn up to regulate employment in the public sector (Law no. 50/2004, replacing no. 1/1985). Social security is governed by Law 92/1959, and the labor unions by Law 84/1968. Organizing free labor unions is not authorized; the two workers' federations (one for industrial and other workers, the other for farmers) are under the control of the Baath party in its role as "manager of the society and the State". Strikes are forbidden²⁰. A recent attempt to establish a new, very liberal labor code gave rise to a wave of protests joined by the official unions, which led to its abandonment for a time (!).

In Tunisia, work is regulated by a labor code established in 1996, and which has undergone numerous amendments tending to create greater market flexibility. The social safety net is ensured by a series of laws, the latest of which extends the social welfare net to cover people working under insecure conditions in the informal sector. A single labor union, the UGTT, presides over all union activity; it has never managed to wrest the capacity for independent action from the authorities²¹. Likewise, the

dialog between labor and management is instituted by a National Commission which has never actually met. Collective bargaining agreements are negotiated with the Minister of the Interior acting as mediator (!). The Tunisia Study notes that the "limited margin of autonomy of the parties engaged in labor negotiation in a context of generally deficient governance is at the core of the problems surrounding fundamental labor rights".

It must also be mentioned that the eight countries under study here are obligated to comply with 19 conventions of the Arab Labor Office, approved at various Arab labor conferences²². Convention 8 of 1977 guarantees, in particular, union freedoms and rights, to include the right to strike, in a much more positive way than most of the national legislations considered here. But these conventions remain practically unknown and unapplied.

Labor legislation in the eight countries has evolved in recent years in the direction of greater market flexibility: fixed-term contracts, part-time contracts, ease of firing. At the same time, the right to free labor unions and collective bargaining, while granted in law, is still not respected, or is strongly controlled in most cases. Wage increases are often godsend from the authorities.

1.3.3 Labor Market Indicators

In 2004, the World Bank and the IFC established a comparative labor legislation database²³. This database can be used to compare questions relative to hiring and firing. The comparison is

¹⁹ See <http://www.le-militant.org/international/rapportieftu3.htm>

²⁰ See Syria Study.

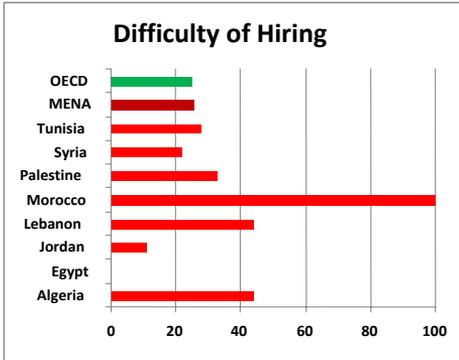
²¹ See Tunisia Study.

²² See www.alolabor.org

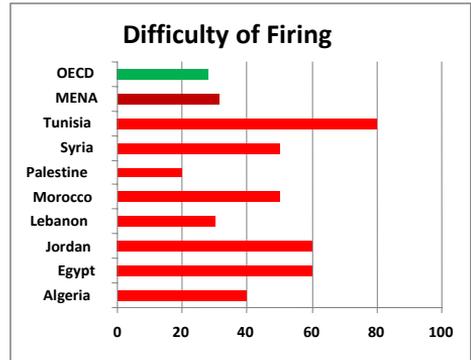
²³ See www.doingbusiness.org

presented in the form of indicators²⁴ concerning:

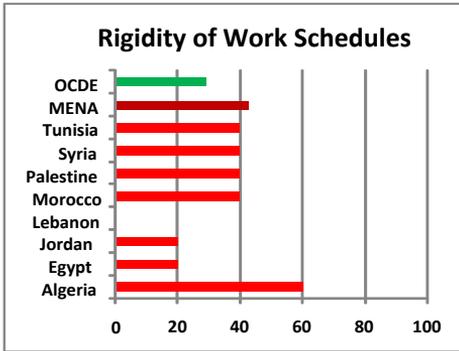
- The difficulty of hiring workers: this difficulty is conspicuously great in the case of Morocco



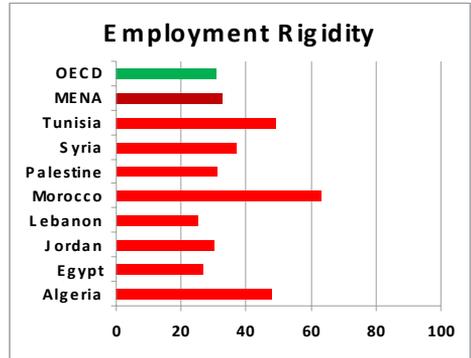
- The difficulty of firing Tunisia stands out in the statistics for this indicator



- The rigidity of work schedules

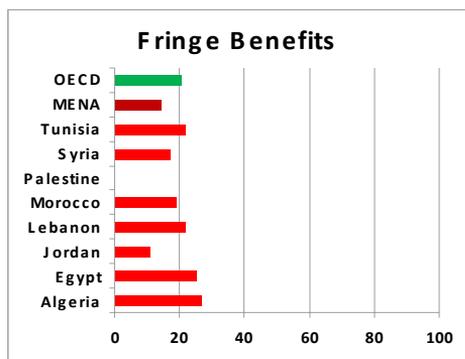


- Employment rigidity

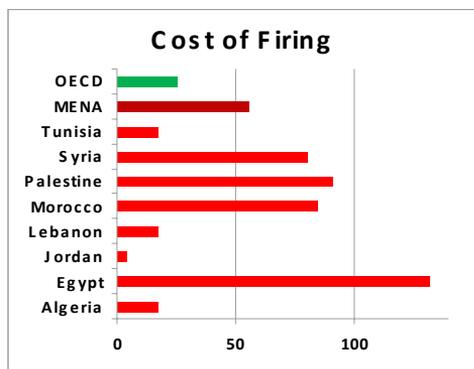


²⁴ Based on the methodology developed by BO-TERO et al. http://français.doingbusiness.org/documents/labor_June04.pdf

- Costs of fringe benefits (as a percentage of wage costs)



- Cost of firing (weekly salary)



As the World Bank sees them, all of the indicators seem comparable among the OECD countries and the Middle Eastern and North African countries (MENA), except for the higher cost of firing among the MENA countries. A finger is pointed at Morocco because of its high incidence of hiring difficulties and employment rigidity. Egypt stands out because of the costs of firing, Tunisia due to the difficulty of firing, and Algeria because of the rigidity of work schedules. No exhaustive study

is available that analyzes job insecurity—the precariousness of employment.

1.3.4 The Regulation of the Right to Strike

Strikes and social demands are not new phenomena in the Mediterranean countries. From the 19th century onward, major strikes organized by tobacco industry workers in Egypt have enabled new labor union freedoms. Similarly, the Ottoman constitution of 1912, the Syrian constitution of 1919 and the Egyptian constitution of 1923 granted workers the freedom to unionize.

Today, the right to strike is guaranteed in Algeria by the Constitution and Law 2/1990, for all workers except those employed in the national defense.

In Egypt, the right to strike is defined by articles 192 to 195 of the Labor Act (Law 12 of 2003). But article 4 of that act forbids civil servants that right. Additionally, decree 1158/2003, issued by the Prime Minister, also defines certain “strategic institutions” in which strikes are forbidden, as does article 24 of the Penal Code. But Egyptian justice has decided in favor of the illegality of such prohibitions, since in 1982 Egypt ratified the International Covenant on Economic, Social and Cultural Rights, whose article 8 guarantees the right to strike²⁵.

While Law 8/1996 regulates and guarantees the right to strike in Jordan, the Human Rights Observatory in Jordan has detected the non-compliance of these provisions with Conventions 87/1948 and 154/198, which have not

²⁵ See www.hinfo.net/hotcase/2008/0308.html

yet been ratified by the Jordanian authorities.

Neither the Lebanese Labor Act nor its Constitution mentions the right to strike. It is implicitly accepted in the sense of right to public freedoms and freedom of opinion. The 1943 Penal Code forbids strikes, which it describes as an attack on the freedom of labor²⁶ (Art. 340 to 344). But the Collective Agreement Act (decree 17386 of 2/9/1964) indirectly accepts the right to strike by mentioning the terms of its regulation. On the other hand, the right to strike is forbidden to civil servants.

In Morocco, although the right to strike is guaranteed by the Constitution, the Penal Code puts constraints on it as an attack on the freedom of labor (Art. 288). The new Labor Code of 2003 remains vague on the subject in the absence of an implementation order²⁷.

The right to strike and the freedom to unionize are guaranteed in Palestine by the Labor Code.

The right to strike is forbidden in Syria, and the freedom to organize is not guaranteed, despite this country's ratification of the ILO conventions and the Arab Labor Organisation Conventions.

In Tunisia, although the right to strike is guaranteed in principle, it is very limited in practice due to the vagueness of the law in this area, and also due to the draconian conditions imposed on organizing strikes, the lack of freedom of

association and the dissuasive penalties for illegal strikes²⁸.

The right to strike, while positively recognized in some of the Mediterranean countries, remains tightly restrained. Despite this, these countries, such as Egypt, can have extensive social movements and demands²⁹.

1.3.5 Ratification of ILO Conventions

The eight Mediterranean countries are fully committed to the activities of the International Labor Organization. Algeria has ratified 59 conventions (53 put into effect), Egypt 64 conventions (63 put into effect), Jordan 24 conventions (23 put into effect), Lebanon 50 conventions (48 put into effect), Morocco 49 conventions (48 put into effect), Syria 49 conventions (all in effect), and Tunisia 58 conventions (52 put into effect)³⁰. By way of comparison, Saudi Arabia has only ratified 15 conventions and the Arab Emirates nine.

For the essential conventions on eliminating forced labor and ensuring freedom of association, it can be observed that these countries made their ratifications during the first decades following their independence. Only Jordan, Lebanon and Morocco have still not ratified convention 87 of 1948, on the freedom

²⁶ See

www.lebarmy.gov.lb/article.asp?In=ar&id=11255

²⁷ See Morocco Study, [http://www.droits-fondamen-](http://www.droits-fondamen-taux.prd.fr/codes/modules/articles/article.php?idEIm=784365578)

[taux.prd.fr/codes/modules/articles/article.php?idEIm=784365578](http://www.droits-fondamen-taux.prd.fr/codes/modules/articles/article.php?idEIm=784365578) and <http://www.le-militant.org/international/rapportictfu3.htm>

²⁸ See the annual Tunisia report on violations of labor organizing rights: <http://survey07.ituc-csi.org/getcountry.php?IDCountry=TUN&IDLang=FR>

²⁹ See: Joël BEININ: *L'Egypte des Ventres Vides* (The Egypt of empty stomachs), *Le Monde Diplomatique*, May 2008.

³⁰ See

<http://webfusion.ilo.org/public/db/standards/norme/s/appl/index.cfm?lang=EN>

of association and the protection of the right to unionize. This does not mean, however, that the countries that have ratified it fully apply it.

	Freedom of Association		Elimination of Forced Labor	
	87/1948	98/1949	29/1930	105/1957
Algeria	1962	1962	1962	1969
Egypt	1957	1954	1955	1958
Jordan	-	1968	1966	1958
Lebanon	-	1977	1977	1977
Morocco	-	1957	1957	1966
Palestine	-	-	-	-
Syria	1960	1957	1960	1958
Tunisia	1957	1957	1962	1959

	Discrimination		Child Labor	
	100/1951	111/1958	138/1973	182/1999
Algeria	1962	1969	1984	2001
Egypt	1960	1960	1999	2002
Jordan	1966	1963	1998	2000
Lebanon	1977	1977	2003	2001
Morocco	1979	1963	2000	2001
Palestine	-	-	-	-
Syria	1957	1960	2001	2003
Tunisia	1968	1959	1995	2000

Moreover, all these countries have ratified the other essential conventions on the elimination of discrimination and child labor. But there again, there are problems affecting their strict application.

It should be pointed out that the ILO maintains, and publishes on its website, archives of the complaints lodged by employees and labor unions of the eight countries under study, for failure of the authorities to uphold their commitments³¹, as well as the appeals made

by the ILO to the authorities to live up to those commitments.

Among the examples of flagrant non-compliance, we can cite the case of the refusal by the Tunisian authorities to legalize the journalists' labor union. More essentially, the legislation in all these countries is out of compliance with the commitments they made under convention 87.

The eight Mediterranean are formally committed to the ILO conventions, but they do not comply scrupulously with them.

1.3.6 The Covenant on Economic and Social Rights

The International Covenant on Economic, Social and Cultural Rights (CESCR) and the International Covenant on Civil and Political Rights (CCPR) were adopted by resolution 2200 A (XXI) of the General Assembly of the United Nations on December 16, 1966³². These covenants provide a certain number of fundamental rights relative to work (right to a decent life, to a home and to health and work, non discrimination, freedoms of association and unionization, rights to strike, etc. Their application is currently monitored by the Committee on Economic, Social and Cultural Rights³³ and by the United Nations High Commission on Human

³²

http://www.unhcr.ch/french/html/menu3/b/a_cescr_fr.htm

³³ See

<http://www2.ohchr.org/french/bodies/cescr/index.htm>

³¹ See, for each country, the following chapter: Application of International Labor Standards at http://www.ilo.org/dyn/natllex/country_profiles.byCountry?p_lang=en

Rights³⁴, and involves several instruments.

It is interesting to note that the eight Mediterranean countries have ratified this Convention but that, in doing so, some of them have stated interpretative reserves³⁵: Algeria thus defends the supremacy of its national laws, Egypt cites the conformity of the Covenant with the Sharia, or Islamic law. Further, neither of these countries has ratified the optional protocol relating to the CCPR, which enables any citizen to start international legal proceedings in case of violation.

The eight Mediterranean countries are committed to the terms of the United Nations Covenant on Economic, Social and Cultural Rights, but they do not adhere to it scrupulously.

1.3.7 Labor Market Institutions

In Algeria, the organization and regulation of the labor market comes under the Ministry of Labor, Employment and Social Security³⁶. A National Employment Agency (ANEM) also exists, with 167 offices around the country, and has the legal monopoly of the employment intermediation role (although this role is not effectively carried out)³⁷. Only 10% of the employment applications are processed by this institution, which is currently undergoing reform³⁸. There is

a National Agency in Support of Employment for Young People (ANSEJ),³⁹ which has been operational since 1997; it was created to combat unemployment among youths. It has 53 branches around the country. Similarly, a National Microcredit Agency (ANGEM) was created in 1999 (with 49 representative committees in the Wilayas), as well as an Agency for Social Development (ADS). An Unemployment Insurance Fund looks after the payment of the benefits (CNAC). The UGTA (General Union of Algerian Workers) holds a virtually total monopoly over labor union activity. It is established mainly in the public sector, where its affiliates are approximately 50% of the employees; by contrast, less than 5% of private sector workers are members. The other independent “unions” are professional associations: teachers, doctors; they have difficulty operating, and do not participate in the tripartite negotiations with the government and the employers.

In Egypt, the labor market comes under the Ministry of Manpower⁴⁰ and Emigration⁴¹. The Ministry has a hundred-odd employment offices distributed throughout the country. These offices deal with the placement of job seekers both in and outside of Egypt. According to official statistics, of the total opportunities created, these offices have placed 31% in the local private sector, compared with 42% abroad, while 10% were hired directly by local private companies, and 17% were placed by private placement bureaus⁴². A single federation of labor unions exists in Egypt: the

³⁴ See

<http://www2.ohchr.org/french/bodies/cescr/index.htm>

³⁵ See

http://www.unhcr.ch/french/html/menu3/b/treaty4.asp_fr.htm

³⁶ www.mtss.gov.dz

³⁷ See Barbier 2006.

³⁸ See CP Algeria 2005.

³⁹ www.ansej.org.dz

⁴⁰ <http://www.manpower.gov.eg/>

⁴¹ www.emigration.gov.eg

⁴² Period from 1/9/2005 to 30/9/2007, during which a total of 1.4 million opportunities were created; see http://www.manpower.gov.eg/act_work.htm

"Egyptian Trade Union Federation"⁴³; it has 2.5 million members in 23 industrial unions (trade unions). This federation is controlled by the authorities.

In Jordan, the labor market comes within the competence of the Ministry of Labor⁴⁴. 22 labor exchanges distributed around the country are managed by the "National Employment Center"⁴⁵. But they are thought to be ill-adapted to their role⁴⁶. Likewise, 34 private placement companies are active and registered with the Ministry of Labor⁴⁷. But nearly 90% of job seekers have never gone to these public or private agencies⁴⁸. This reflects the fact that 63% of job seekers make direct visits to companies, 13% respond to advertisements published in the media, 12% turn to direct or family contacts, and 6% await the announcement of a vacancy in public administration. Thus, in 2006, 81,541 new opportunities were created in Jordan, while 46,375 employees left their jobs, for a net opportunity figure of 35,166 (of which 13% are occupied by non-Jordanians). For those who have changed their occupations (21% of whom have left work to retire), the net direction of the movement is toward the public sector⁴⁹ (30% for reasons linked to working conditions). It should also be noted that the authorities have worked to create an "employment development fund"⁵⁰ that makes loans to young entrepreneurs, as well as a "National Hu-

man Resources Development Center"⁵¹ that focuses primarily on training. There are 17 labor unions and professional associations in Jordan, grouped together under the umbrella of the "General Federation of Labor Unions of Jordan"⁵². The Federation has been described by the Mine Workers Union as being "more like a company than a federation.... It's on the employers' side, not on the employees' side". There is an absence of democracy; while only six unions are active, the rest are only formal family groupings⁵³. Additionally, the influence of the labor union has been limited to the special economic zones (QIZ)⁵⁴.

Lebanon also has a Ministry of Labor⁵⁵. A National Employment Agency exists as well, but it has suffered greatly from the consequences of the civil war. Over the period from 1998 to 2005, it only processed 1,370 applications and 450 job offers⁵⁶. The Lebanon Study notes that its action only accounts for 1% of the movement in the labor market, while family or political networks create 60% of the employment opportunities, media advertisements 16% and private placement agencies 2%. The labor union movement in Lebanon has a history of vigorous activity from the beginning of the century; its action has led to the promulgation of the Labor Code. The General Federation of Labor Unions was made legal in 1966. But since the Taef accords, the union movement has weakened, undermined by the struggles

⁴³ <http://www.etufegypt.com/>

⁴⁴ <http://www.mol.gov.jo/>

⁴⁵ <http://www.nec.jo>

⁴⁶ See Bardak 2006.

⁴⁷

<http://www.mol.gov.jo/indexA.asp?id=116&pid=115>

⁴⁸

⁴⁸ See Bardak 2006.

⁴⁹ See Jordan 2007

⁵⁰ <http://www.mol.gov.jo/>

⁵¹ <http://www.nchrd.gov.jo/>

⁵² CP Jordan 2005.

⁵³ See

http://www.antiimperialista.org/index.php?option=com_content&task=view&id=5174&Itemid=93

⁵⁴ Jordan Study

⁵⁵ <http://www.labor.gov.lb/>

⁵⁶ See Bardak 2006.

between denominational parties, and it “has not succeeded in assuming its essential role in the protection of workers’ well-being, so badly has it been paralyzed by these internal divisions manipulated by the government”⁵⁷. Only 14% of employees in Lebanon are unionized; strikes have become rare, and tend to be more political than demand-oriented.

In Morocco, the Ministry of Employment and Professional Development⁵⁸ takes care of the labor market. The National Agency for the Promotion of Employment and Skills (ANAPEC)⁵⁹ was recently created and reformed on the French model. Unfortunately, ANAPEC always operates with limited means, and as “a government enterprise in service to employers and employees”. Twenty-four agencies cover the national territory. There are also many private employment agencies in the country. Of the 17 existing trade union federations, four dominate the Moroccan union scene: the Moroccan Labor Union (UMT), the General Union of Moroccan Workers (UGTM), the Democratic Confederation of Labor (CDT) and the Democratic Federation of Labor (FDT). The figures on union density are subject to debate, varying between 200,000 and 1 million union members (6.7 to 33% of the total number of employees). But on the whole, “unionization is having difficulty withstanding the negative effects of its division, its excessive politicization, its lack of professionalism and its incomplete institutionalization”⁶⁰.

Palestine has had a Ministry of Employment since 1994⁶¹. Its role is a weak one⁶². It has 26 employment offices which are not highly effective. There are numerous unions under the umbrella of the Palestinian General Federation of Trade Unions⁶³, covering all the economic sectors, but heavily involved in political action to the detriment of claims in favor of workers. “Job search practice lacks openness.... Most of the jobs (in the public sector) are not publicized, and employment decisions are largely made on the basis of personal connections, family relations or political affiliation.” Various international institutions (in particular, the UNRWA agency) and international aid programs (European Union, NGOs, etc.) play a vital role in palliating the combined effects on the labor market of the Israeli occupation, the blockade, and the ineffectiveness of the relevant institutions.

In Syria, the Ministry of Social Affairs and Labor deals with both the regulation of associations in civil society (authorizations of the creation of associations, etc.) and of employment. Several organizations have criticized the confusion of roles that this combination of responsibilities involves⁶⁴. The Ministry has several employment offices in the country, which must be notified of all employment opportunities and hiring procedures. But this is rarely enforced in practice, and these offices have only a formal role. Similarly, there is a Social Security Institute that must receive the obligatory contributions of employers and employees (public and private). But there again, the law is not being ap-

⁵⁷ Lebanon Study.

⁵⁸ <http://www.emploi.gov.ma>

⁵⁹ <http://www.anapec.org/>

⁶⁰ Morocco Study.

⁶¹ <http://www.mol.gov.ps/>

⁶² CP Palestine 2006

⁶³ <http://www.pgftu.org/>

⁶⁴ <http://www.nesasy.org/content/view/1218/84/>

plied, and only 86% of the public sector employees and 22% formal private sector employees (!) actually pay these contributions⁶⁵. Two different retirement pension insurance funds exist; one has a very large surplus and the other a deficit, and no overall system reform has been undertaken. Likewise, the professional associations have created their own contributory sickness and retirement funds. In 2001, an Agency for Combating Unemployment⁶⁶ was created to provide training and microcredits. After some debates over its operation and effectiveness, in 2006 it was transformed into a General Organization for Employment and Project Development. Despite the significant resources devoted to the Organization, its impact on the employment market remains minimal. Syria's only two labor unions control union activities for workers and farmers, respectively. They are tied to the single political party in power, whose role is "to manage the society and the State", but they were recently sidelined when this party adopted the "social market economy" principle. The other professional associations (lawyers, doctors, engineers, etc.) are also tightly controlled by the authorities.

In Tunisia, the labor market is under the authority of the Ministry of Employment and the Professional Insertion of Young People⁶⁷. This Ministry has a National Agency for Employment and Independent Work (ANETI)⁶⁸, which monopolizes the management of job applications and offers. This agency has a large network of 83 offices covering the country and enabling each agent to manage 450

unemployed job seekers. It makes 100,000 placements per year⁶⁹. Microcredits for the creation of small businesses are granted by the Banque Tunisienne de Solidarité (Tunisian solidarity bank)⁷⁰ (founded in 1997). Likewise, a "National Employment Fund" was organized in 2001; its aim was essentially to facilitate the insertion of young people into the labor market. The union landscape in Tunisia is marked by the monopoly of the Tunisian General Union of Labor (UGTT)⁷¹. The UGTT is strongly structured (600 base unions, 24 regional unions, 50 industry federations or unions). 48% of union members work in the public sector (union density: 31.5%). In the private sector, the union density is only 27%, 14% in the manufacturing industries, and 8% in the textile industry⁷². This Union is extensively supervised by the authorities.

It should be noted that a recent study compared intermediation in the labor market in the Maghreb countries⁷³. The Algerian case is described as "segmented intermediation" (civil service, different private sector industries); the Moroccan case is classified as "limited perimeter public intermediation" (ANAPEC deals essentially with young unemployed people while neglecting the other categories); the Tunisian case is described as "public service in a monopoly situation". The deficiencies of the three intermediation models are pointed out. The intermediation structure is presented as follows:

⁶⁵ Syria Study and CP Syria 2006.

⁶⁶ <http://www.acu-sy.org>

⁶⁷ <http://www.info-emploi.tn>

⁶⁸ <http://www.emploi.nat.tn>

⁶⁹ Barbier 2006.

⁷⁰ <http://www.bts.com.tn/>

⁷¹ <http://www.ugtt.org.tn>

⁷² Tunisia Study.

⁷³ Barbier 2006.

	Algeria	Morocco	Tunisia
Placement	ANEM, CNAC, Private Agencies	ANAPEC, Private Agencies	ANETI
Labor Market Information	ANEM, ONS, Observatory	Ministry of Planning	ANETI, INTS, Observatory
Unemployment Benefits	CNAC		
Management of Active Programs	CNAC, ADS, ANSEJ, ANGEM	ANAPEC, National bodies	ANETI

Recommendations are formulated to improve these intermediation systems.

Labor market institutions are glaringly deficient in the eight Mediterranean countries: there is confusion regarding the role of the supervising

ministry, ineffectiveness in the employment agencies, weakness of unemployment insurance systems, single unions controlled by the authorities or multiple unions that are highly politicized. These deficiencies have a critical impact in relation to rising unemployment. Instead of undertaking deep reforms of these institutions, the authorities have essentially adopted the ambient ultra-liberalism with respect to the micro-credit agencies and the creation of micro-enterprises.

1. The Labor Market in Arab Mediterranean Countries: Challenges and Prospects

1.4 The Informal Economy

1.4.1 A General Framework

In developing countries, informal employment accounts for half to three fourths of non-agricultural employment. Its incidence in the industrialized countries is rising at an ever faster pace. But attempts to study this phenomenon collide with obstacles such as differing definitions, measuring difficulties and, too often, the political treatments given to the statistics by the economists and public officials who are responsible for economic policies.

Certain countries include informal agricultural employment in their estimates. This has the effect, in a country like India, of inflating the share of informal employment to 83% of the non-agricultural jobs and 93% of total employment¹. Likewise, the development of self-employment, part-time work and temporary employment gives rise to a growing share for these non-standard types of employment (25% of total employment in the United States, for example) becoming informal: without a contract and without social welfare provisions (up to 80% of the regular part-time jobs in the United States).

Informal employment covers both self-employment in an informal enterprise (generally small and not registered; it is

the prevalent employment mode in the developing countries) and paid employment that is not formally declared (without a contract or social safety net, in formal or informal companies, in a cottage industry or other occupation pursued at home or without fixed employers; it is the dominant mode in the developed countries, and is growing with the precariousness of non-standard jobs and neoliberal trends).

Women are more particularly affected by informal employment (43% of the total number of employed women in the Maghreb countries, excluding agriculture²). They are also the largest group of home, or cottage industry, workers (self-employed or in families), and of part-time workers.

The studies focusing on informal employment in the eight Mediterranean countries under study here suffer, as in other parts of the world, from the difficulty of making statistical measurements, and too often from ideological treatments of the question. Nevertheless, informal employment has been on the rise in recent years with the advent of globalization and neoliberal policies.

¹ See: International Labor Office 2002.

² ILO 2002, Op. cit.

1.4.2 The ILO and the Informal Economy

"The informal economy" has quite recently become a major focus of activity for the ILO³. The organization had initially adopted the restrictive definition of "informal sector", following the resolution adopted in 1993 by the International Conference of Labor Statisticians (ICLS): "...all of the production units that...are part of the institutional sector of households as individual enterprises or, what amounts to the same thing, individual enterprises belonging to households"; the informal sector comprises informal enterprises of self-employed persons, that is, individual companies "belonging to self-employed persons and managed by them, individually or in association with members of the same household or different households, and who do not continuously employ paid workers, in enterprises operated by informal employers who give continued employment to one or more paid workers"⁴. This definition allows a great deal of flexibility in statistical treatments, depending on the circumstances of each country.

But the ILO points out that: *"it is not so much the existence of the informal sector that is worrisome today, but the fact that it remains very widespread in the developing countries [55% of the workforce in Latin America, from 45% to 85% in various Asian countries, and around 80% in Africa], that it has literally exploded in the countries in transition and that, contrary to what one might*

think, it is beginning to gain ground in the advanced countries".

In fact, a change of perspective occurred toward the middle of the 1960s. Observers became aware that the transformation of "traditional" economies into modern ones did not happen naturally. The "traditional" sectors were not being transformed into modern "formal" capitalist sectors. It was at the time of a mission on employment to Kenya in 1972 that the term "informal sector" was used for the first time instead of "traditional sector". But its use had a positive connotation, reflecting its dynamism and creativity. The concept was broadened to include "flexible specialization" activities in the developed countries: the draining of formality from labor relations, changing standard paid jobs into non-standard, precarious employment without legal or social welfare protection. It was at this point that economic observers became aware that the "informal economy" is a permanent phenomenon subordinated to the capitalist economy. It has also been observed that the size of this "informal economy" grows during crises (the Asian crisis, structural adjustments, liberalization of the economies of eastern European countries)⁵.

It is in this context that the definition adopted by the ICLS took the viewpoint of the enterprise, and not the labor relations standpoint. And it was very quickly recognized that this definition does not enable the "informal employment" dimension to be measured.

The ILO notes the multiple facets of the "informal economy": urban informal

³

<http://www.ilo.org/public/french/employment/infeco/index.htm>

⁴ International Labor Office 2000

⁵ ILO 2002, Op. Cit.

sector, non-agricultural activities, in rural or urban environments, moonlighting between the formal and informal sectors because companies do not comply with regulations, or do so only partially. An international conference of the International Labor Office in 1999, devoted to labor unions, classified informal sector workers into three broad groups: 1) proprietors or operators of micro-enterprises with some employees, with or without apprentices or trainees; 2) self-employed workers who own or operate their own individual enterprise, either by themselves or with the help of unpaid workers who are generally members of the owner / operator's family and trainees or apprentices; 3) dependent paid or unpaid workers, to include paid employees of micro-enterprises, unpaid family workers, workers under contract, home workers or paid domestic workers (International Labor Office, 1999d, 1999e).

All these aspects pose both the problems of the status of workers (undeclared workers who do not collect the social security benefits to which they have a right), and the problems of working conditions (health and safety risks). And these dilemmas, such as the notion of "employment", are at the heart of the debate (between neoliberals and the socially aware), as expressed by the Director-General of the International Labor Office in 1991: *"Must the unstructured sector be favored under the pretext that it provides work and income, or must we seek, on the contrary, to apply the existing regulations and social welfare provisions to it, at the risk of reducing its capacity to sustain an active population that is growing incessantly?"* We are thus in the midst of the debate over the choices of economic policies,

but also over the prospects for actions and intervention by the ILO. It was not until 1999 that the International Labor Office proposed to extend its action beyond the official labor market, without limiting itself to workers occupied in informal production units, in accordance with the current statistical definition. Its action then found a new orientation, with the notion of "decent work" (promotion of the right to work for everyone, including the informal sector through the encouragement of micro-enterprises). There was a simultaneous thrust to reinforce workers' fundamental rights, the social safety net, the freedom to organize and be represented, and the dialog between labor and management. That thrust included (especially in those times) extending these fundamental rights to the people employed in the informal economy.

But the ILO Conventions and Recommendations have only very partially and indirectly addressed informal employment, notably through:

- Convention 122 of 1964, inviting representatives of the informal sector to labor-management consultation (ratified for our purposes by Algeria in 1969, Jordan in 1966, Lebanon in 1977, Morocco in 1979 and Tunisia in 1966, but not by Egypt or Syria);
- Recommendation (non-binding) R169 of 1984, inviting the member countries to extend the social safety net, with caution, to the informal sector;
- And Convention 182 of 1999 on the worst forms of child labor, mentioned above, and aimed particularly at children working in the informal sector.

Initially used to describe the traditional sectors, the terms "informal economy, informal sector and informal employment" became the subject of a realization that they are constant, subordinate characteristics of the capitalist economy. Further, they develop during periods of economic crisis and transition, and with the advance of globalization.

In the light of its scale, which tends to grow, the informal sector is at the core of the ideological debate between neoliberals (who point to the rigidities of the employment market and the social safety net, which they say must be deregulated) and the socially-oriented (who point to the risks of precarious employment, as well as health and safety risks, while insisting on the role of the State in the regulation and guarantee of the right to work and labor law). Its scale poses dilemmas today to both nation-states and international organizations such as the ILO, which has only addressed it peripherally in its recommendations and conventions. It has only approached it through the notion of "decent work".

1.4.3 Return to the Definitions

The ILO now defines the "informal sector" by opposition to the "formal sector": all paid activities pursued outside companies and labor relations regulated by law. Following the same logic, the "informal economy" is defined by opposition to the "formal economy" (stable, legal jobs with social welfare provisions in duly regulated companies), but also by opposition to the "criminal economy" (in undertakings providing illegal prod-

ucts and services), and the "assistance economy" (unpaid home workers).

The "informal economy" is, by definition, part of the market economy, and is broken down into several categories, depending on the type of production unit⁶ :

- Formal sector enterprises: family workers and employees, without employment contracts;
- Informal sector enterprises: self-employed persons, employers, family members and employees of informal enterprises, as well as the employees of informal cooperatives;
- Home based work: self-employed persons and informal employees.

This broadened definition thus includes all employment that is paid but not regulated by contracts nor social welfare provisions, and thus bereft of representation. It can be seen that the boundaries between the informal and the "formal economy" are vague, since the distinction is made essentially on the basis of precariousness. Also, most people working in this informal economy are...poor.

However, the recent clarification of these definitions raises considerable challenges involving the measurement and statistics of the informal sector, economic analyses and policies to be adopted. As regards statistics, an important forward stride was made in 1997 with the founding of the Delhi Group on Informal Sector Statistics (generally

⁶ ILO 2002, Op. cit.

known as the Delhi Group⁷) by the United Nations Statistics Division.

The definitions of the informal sector and economy were recently clarified. But these clarifications have had only a weak follow-up in terms of standardizing statistics among countries.

1.4.4 Informal Economy and Employment in the Eight Arab Mediterranean Countries

A study conducted by the World Bank⁸ gave an estimate of the "informal economy", defined as a percentage of GDP in 1999/2000:

Informal Economy as % of GDP 1990/1992

Algeria	34%
Egypt	35%
Jordan	19%
Lebanon	34%
Morocco	36%
Palestine	
Syria	19%
Tunisia	38%

Most of the eight Arab Mediterranean countries show "informal economies" of significant dimensions (similar to the averages found in Africa, Asia and Latin America), except for Jordan and Syria (whose informal economies are similar to those found in the OECD countries).

⁷See

<http://unstats.un.org/unsd/methods/citygroup/delhi.htm>

⁸See Schneider 2002.

More significantly, in one of the pivotal studies⁹ on the subject, the ILO issued estimates on "informal employment" in the eight countries under study in this document.

The study gives an initial estimate for total informal employment (formal and informal enterprises, not including agriculture) for the period stretching from 1994 to 2000. It indicates that its size is significant in all the countries: greater than 40% of all non-agricultural jobs. Egypt is the most heavily affected, Syria the least. Except for Morocco, men are more likely to work in the informal sector than women, contrary to the global trend. The estimate also revealed that informal employment was less prevalent in these countries than in Latin America (51% of the total), Asia (65%) or Sub-Saharan Africa (72%).

Informal Employment as a Percentage of Total Non-agricultural Employment,

	Total	Women	Men
Algeria	43%	41%	43%
Egypt	55%	46%	57%
Jordan			
Lebanon			
Morocco	45%	47%	44%
Palestine			
Syria	42%	35%	43%
Tunisia	50%	39%	53%

The second estimate separates paid employment in the informal economy from self-employment. As happens elsewhere in the world, paid employment in the informal economy is generally less prevalent than self-employment. It is, therefore, less a problem of non-regulation of enterprises than one of the precariousness of the

⁹ ILO 2002.

economy in general. And the situation of the Mediterranean countries under study here is comparable to that of other regions (Asia: 41% of paid workers in informal employment, Latin America: 40%, Sub-Saharan Africa: 30%). The cases of Egypt and Tunisia, where the lack of regulation of enterprises is more significant, are exceptional in this regard. With respect to Tunisia, the study states that 56% of the informal employees work in the formal sector (this statistic refers to the period from 1997 to 2000, and does not include agriculture).

Paid Employment as a Percentage of Non-agricultural Informal Employment,

	Total	Women	Men
Algeria	33%	19%	36%
Egypt	50%	33%	53%
Jordan			
Lebanon			
Morocco	19%	11%	22%
Palestine			
Syria	35%	43%	33%
Tunisia	48%	49%	48%

The study shows that, in the world at large, including the eight countries under study, the share of paid informal jobs has diminished significantly between the 1980s and the 1990s. The share of self-employed informal workers has risen from 13% to 24% for western Asia (the Mashreq countries) and from 23% to 31% in North Africa (the Maghreb); this phenomenon affects primarily men. These estimates reinforce the correlation with the general increase in precariousness of the economy, rather than with the regulation of enterprises. Two thirds of the jobs affected are in commerce and services, and one third in industry. Thus, in Tunisia, for example, 88% of all jobs in the

commercial sector are informal, producing 56% of the GDP in that sector. Street vendors alone constitute 6% of the total non-agricultural workforce.

1.4.5 Informal Employment in Algeria

The study of the informal economy in Algeria has benefited from the work of several economists¹⁰, as well as from a major awakening at the Office National des Statistiques (ONS, the Algerian national bureau of statistics)¹¹.

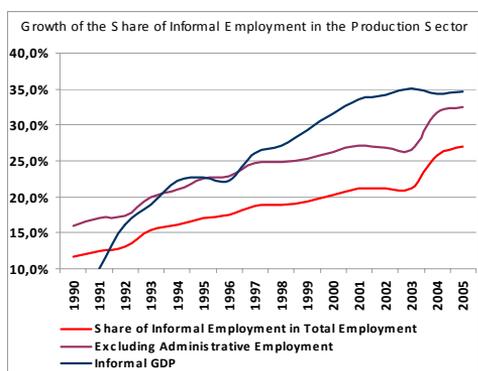
Informal employment ("unstructured employment" according to the official terminology), has grown considerably since the 1990s ("structural adjustment"). From roughly 12% of all jobs in 1990 (16% if administrative jobs are excluded), the share reached 27% of the total in 2005 (32.5% when government administration is excluded).

Some estimates have even been made¹² of the size of the informal economy (as a percentage of the GDP in constant Algerian Dinars). From 10% in 1991 (initial hypothesis), the informal GDP reached 35% of the formal GDP in 2005.

¹⁰ See Hammouda 2006, Zidouni 2003 and 2007, and Bouklia-Hassan and Talahite 2007.

¹¹ <http://www.ons.dz/>

¹² Method of estimation based on the work of Kaufmann and Kaliberda 1996, whose basis was the observability of the inputs from the informal economy, particularly through the elasticity of electric power consumption; see Bouklia Hassan and Talahite 2007, Op. cit.

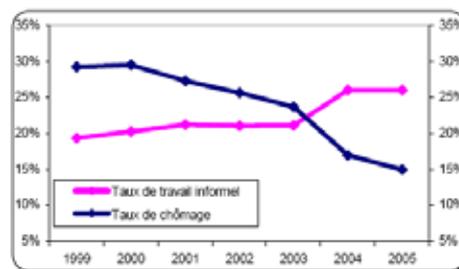


The HDR of Algeria¹³ indicates that 21.5% of active women are employed in the informal sector¹⁴ (compared with 60% in the public sector). Women thus account for only 11.3% of informal employment. This document also reports that paid workers declared to the social security system only amount to approximately 15% of the active population in the private sector, and only 12% of the contributors. The service sector is the largest provider of informal jobs (33%), followed by agriculture (30%), and the construction industry (public works and civil engineering: 25%). Industry contributes less than 12%.

The Algeria Country Profile study¹⁵ notes that the informal sector developed the most during the 1990s, with the "structural adjustment" policies and the decline of the public sector (to include the seeking of a second job as a reaction to low salaries). The report points out that, *"the illegal immigration phenomenon could be considered as an outward extension of the informal economy"*. It also notes that the development

of microcredit policies has acted as an accelerator for the growth of the informal sector¹⁶.

The Algeria Study points to the different causes evoked for the significant growth of the informal sector in Algeria (bureaucratic procedures, corruption, taxation, liberalization of the economy), but *"it is, above all, the strong impact of unemployment, with a 'reserve army' willing to be paid for its marginal productivity, to be excluded from the social safety net and to accept indecent working conditions that feeds the informal sector"*. The authors of the study show, in a later paper,¹⁷ the marked correlation that exists between the unemployment rate and the rate of informal employment:



source : ONS diverses années et FMI 2007.

They point out, as the IMF does, that the encouragement by the State, from 2004 onward, of "particular forms of employment" (FPE in its French abbreviation, or informal jobs), led in 2005 to the creation of twice the number of informal jobs as formal ones:

A return to the earlier 10% unemployment rates and the 21% "computeriza-

¹³ CNES 2006.

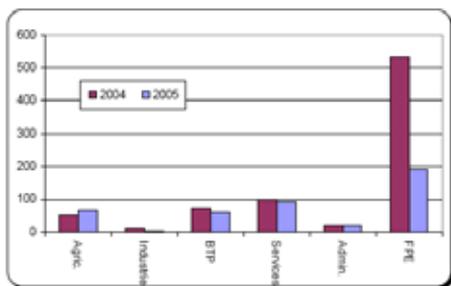
¹⁴ A recent study by the World Health Organization gives a higher figure: 40% of active women; see <http://www.algerie-dz.com/article12968.html>.

¹⁵ CP Algeria 2005.

¹⁶ In addition to the difficulties that they create for the banks; see <http://www.algerie-dz.com/article2731.html>.

¹⁷ Bouklia Hassan and Talahite 2007, Op. cit.

tion" rates (compared with the current 26.6%) would require growth rates in real terms (excluding hydrocarbons) greater than 6.3% per year. This is why "the measures taken to make the labor market more flexible had no observable impact" and "it is a structural growth policy whose objective was to bring together the conditions for increased private investment and for an improvement of the MFP (multifactor productivity)" that would be needed.



source : FMI, 2007

1.4.6 Informal Employment in Egypt

Egypt has received particular attention in the context of the ILO's efforts at conceptualizing "the informal economy". A reference study¹⁸ dealt with informal enterprises as well as informal employment. Eighty-four percent of the country's SMEs are informal (1998) and their number is growing faster than the number of formal enterprises. Twenty percent of the informal enterprises are held by women, with an even faster growth rate. And the informal enterprises develop more in rural areas. The declining role of the State, privatizations and Egypt's weak economic growth are

the main reasons. Ninety-five percent of the informal enterprises employ fewer than five people.

Outside the public sector and agriculture, 83% of male employees and 71% of women employees are informal employees. Of the male employees in the informal sector, 2.8% are children and 7.8% of the female informal employees are also minors. The male informal employees work primarily in industry (29%) and construction (26%); most female informal workers are employed in service occupations (37%) and industry (31%). The conditions of informality at work are characterized (for the employees of formal and informal enterprises) by: the absence of employment contracts (85% of the cases), when employment is stable and mostly full-time; the lack of social security (only 26% of formal employees in the private sector are registered); very low salaries, especially for women (53% of the salary they could earn in a formal job).

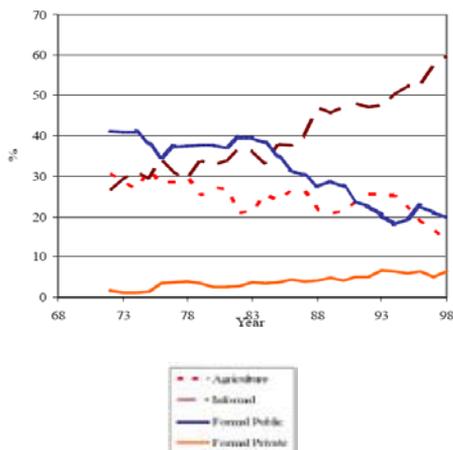
The Egypt Country Profile study¹⁹ indicates that 65% of the jobs taken by the new labor force entrants were informal in 1998 (compared with 40% in the mid-80s). But little information or statistical measurements have been published since. However, the general tendency has been presented²⁰ as follows:

¹⁸ See Mahdi 2002.

¹⁹ See CP Egypt 2004.

²⁰ See Assaad 2006.

Distribution of newcomers by kind of first employment (1969-1998)



Worth noting, however, is the study inciting the Egyptian authorities to undertake fundamental, substantial reforms to promote the regularization of informal enterprises²¹, by means of tax breaks and financial advantages.

1.4.7 Informal Employment in Jordan

The HDR Jordan²² reports that in 2001 more than 2,000 micro-enterprises were operating in Jordan, most of which were informally organized, in the retail trade and service sectors. They are vulnerable and produce little income. Women are heavily involved in these micro-enterprises.

The Jordan Country Profile study points out that, despite the growing importance of the informal economy, there are no studies or statistics enabling its size to

²¹ See Galal 2004.

²² See MPIC 2004.

be estimated. The report attempts an estimate through the analysis of employment in micro-enterprises (most of which are informal). Thus, informal employment in 2000 was estimated to account for 41% of the total jobs in the private sector, and 25% of the total number of jobs (excluding agriculture). This estimation was confirmed by the ILO study mentioned above²³ and by the Jordan Study. It traditionally affects men, but increasingly involves women. The Jordan Study points out, in this regard, that "*the changes taking place in Jordanian society are speeding up, and illegal activities involving women, to include prostitution, affect more and more Jordanian and foreign women, especially in the capital and in the port society of Aqaba*".

A recent study²⁴ gives an estimate of the size of the informal economy as 20% of the GDP, and informal employment as 25%.

It should be emphasized that informal employment has considerably worsened in Jordan since 2004, with the arrival of a large number of Iraqi refugees in the country; most of them currently have informal jobs.

1.4.8 Informal Employment in Lebanon

Like Jordan, Lebanon suffers from the absence of detailed statistics on informal work. The ILO reference study gives a size assessment for informal employment as a percentage of total

²³ See ILO 2002, Op. cit.

²⁴ Conducted by the Al Urdun Al Jadid Research Center, cited by Shawabkeh 2006.

employment excluding the agricultural sector: 34% (average of the figures from 1990 to 2000, 39% for men and 14% for women).

The Lebanon Study points to the importance of the problem, which is made even greater by the fact that entire sections of the economy are illegal, well beyond the micro-enterprises. It offers some recent, lower estimates of informal employment: exclusive of agriculture, 29% of the total, 33% for men and 14% for women; 53% in agriculture, 57% for men and 33% for women. The Study does not state whether these estimates concern only Lebanese citizens or also take into account the many Palestinians living in Lebanon (and who do not have access to legal work in the country), and the very numerous immigrants from neighboring Syria, tens of thousands of whom cross the border illegally, mainly to participate illegally in construction and agricultural work²⁵, or immigrants from other countries (Egyptians, etc.).

1.4.9 Informal Employment in Morocco

Close to 50% of jobs in Morocco are estimated to be informal²⁶. The HDR of Morocco²⁷ estimates a level of informal employment of 40% of total non-agricultural employment, and reports it as dominant in the urban realm (72% of the production units). Informal employment rises as a consequence of rural

migration, the decline of the wage-earning population (the proportion of paid employees in the active population fell from 43% in 1987 to 39% in 2002), and the rise of precariousness, poverty and the failings of the educational system.

The Morocco Country Profile study²⁸ further reveals that, on the basis of a specific national survey conducted in 2003, it is Moroccan men who are the most affected by informal employment (73% of the working population employed in urban environments, and only 27% in the rural environment). Most of this informal employment concerns people who are self-employed in unipersonal companies, or who work with family workers; the wage-earning population is only 14.2% of non-agricultural informal employment. Forty-eight percent of the working population employed in commerce is informal, and 25% in industry. The average work week is 46.6 hours. The informal sector is directly correlated with poverty.

The Morocco Study also reports that the national accounting assesses the share in the GDP held by the non-agricultural informal sector at 17%. The study details the characteristics resulting from the 2003 national survey. And it points, in particular, to the failure to uphold social rights (annual vacations, sick leave, maternity leave, social security and retirement, legal minimum salary).

²⁵ Some highly controversial figures have circulated regarding their number, ranging from 300,000 to 1,500,000; which would represent from 21% to 107% of the country's total workforce.

²⁶ See Barbier 2006.

²⁷ See RDH Morocco 2006.

²⁸ See CP Morocco 2004.

1.4.10 Informal Employment in Palestine

The HDR of Palestine²⁹ reports that *“microfinancing has the potential to play a significant role in the expansion of the informal economy on the West Bank and in the Gaza Strip, above all because the informal economy has the capacity to absorb the surplus workforce—especially the unqualified workers—in the labor market”*. The document, however, gives no data.

Based on official statistics for 2003, the Palestine Study states that informal employment accounts for 16% of all jobs, essentially on the West Bank (65%). Informal employment is found primarily in commerce and the services (80%). It is a phenomenon that affects men above all (95% of the total). Other studies³⁰ indicate, on the other hand, that women make up more than 50% of informal workers. These studies further point out that 5% of working men and 28% of employed women are not paid (family workers), and that 20% of the men and 15% of the women are self-employed. Also, 47% of women who are informally employed work at home.

1.4.11 Informal Employment in Syria

The HDR of Syria³¹ points out that 23.5% of paid employees work in the informal sector (in 2002, compared with 24.2 in the public sector, and 52.1% in the formal private sector). The document adds that 86% of the informal sector employees are among the least

educated. The report also reflects the growth of informal employment from 32% of the total in 1995 to 35.6% in 2002, with a rising trend that was expected to bring it to 40% in 2005 and to 43% by 2010. “Structural adjustment” and liberalization were identified as the principal causes. The phenomenon would seem primarily to effect men, since only 11.6% of women work in the informal sector. The report shows that the gap between women’s and men’s wages is the narrowest in the informal sector (-5%), compared with the formal private sector (-21%) and with the public sector (-30%); the average wages earned in informal employment are higher than in the formal sector.

The Syria Country Profile study reports that, in 2003, 38% of the country’s jobs were informal. The size of the informal economy varied between 11% (during recessions) and 59% (during growth periods) of GDP between 1990 and 2002³², and the informal economy affected the great majority of activities (from foreign trade to industry). The study also points to a large difference, in the official statistics on informal employment, between 2001 (39%) and 2002 (23%). More significantly, the study reports that only 14% of formal private sector employees are registered with the social security (which is, nonetheless, compulsory). The industries that are the most heavily impacted by informal employment are construction, transportation and agriculture. In 2002, the informal employee’s average work week was 46 hours, compared with 51 hours in the private formal sector and 41 hours in the public sector.

²⁹ See BZ 2005.

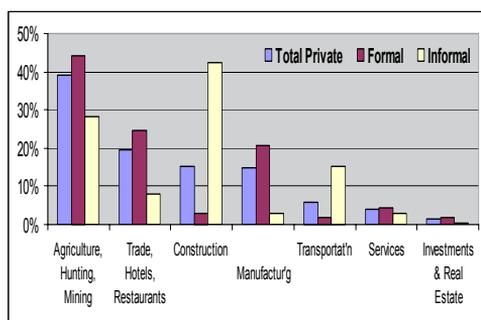
³⁰ See Esim and Kuttab 2002, based on a FAFO/FALCOT survey conducted in 1993.

³¹ Barout 2005, devoted essentially to education.

³² Method of estimation based on the share of currency in circulation in the money supply.

The Syria study reports that, according to official statistics, 56% of informal jobs are in agriculture (82% of all agricultural jobs, 68% of which are held by women). Because the official definition of industry excludes small companies, only 7.5% of the jobs in the industrial sector are informal.

Distribution of employment in the private sector, per economic activity (2003)



It should be emphasized that, as in the case of Jordan, informal employment has considerably worsened in Syria since 2004, with the arrival of a large number of Iraqi refugees³³ in the country; most of them currently have informal jobs.

1.4.12 Informal Employment in Tunisia

The Tunisia Country Profile report³⁴ estimates informal employment at 49.9% of non-agricultural jobs (1997). Micro-enterprises are said to represent 11.5% of the total GDP and 13.3% of the non-agricultural GDP. Paid employees hold only a fourth of the jobs in

micro-enterprises. The average wage is 1.1 times the SMIG (women are paid 25% less than men).

The Tunisia study indicates that between 1975 and 1996, the share of informal jobs grew from 38.4%³⁵ to 48.7% of the non-agricultural total. Informal employment in Tunisia consists primarily of jobs in micro-enterprises (between 54.7% and 61.7%); these micro-enterprises are 81.5% of all companies, and involve mainly self-employed workers. On the other hand, informal employees' share of jobs in manufacturing industries fell from 42.6% to 25.3%. Most of the informally employed workers are women.

1.4.13 Informal Employment Challenges

The informal economy offers several major challenges in the employment domain in the eight Mediterranean countries under study here:

- **The growth of informal employment arises from the increase in unemployment; the lack of job opportunities pushes entrants toward the informal economy;**
- **In the majority of cases, informal employment takes the form of self-employment in individual or family micro-enterprises (people have to survive, after all!) more than in paid jobs in others' companies.**

³³ Certain estimates reach as high as 1.5 million in 2007.

³⁴ See CP Tunisia 2005.

³⁵ This figure does not include workers who pursue more than one activity.

- The rise of unemployment weakens paid employment and makes it precarious, pushing the job market toward the generalization of informal paid work, both in informal companies and in formal enterprises.
- Informal employment constitutes the largest portion of the current supply of jobs for new entrants. Women are more and more affected, due to their increasing participation in the economy.
- In some countries, informal employment is made worse by its immigrant worker component (Iraqi refugees in Syria and Jordan, Syrian workers in Lebanon).
- The great challenge in these countries concerns the role of the State in matters of employment and labor law. Not only has the State abandoned the role of main provider of jobs, but, above all, it no longer exercises its roles as regulator of enterprises (informal or formal) and labor law enforcer. Its main tool has become microfinancing,

which only foments the further growth of the informal sector.

Faced with these challenges, the following impediments remain:

- Official statistics address the informal employment question in a fragmentary, incomplete manner; the lack of focus of the international institutions (including the ILO) on these matters reduces even more the motivation to collect more complete statistics;
- This lack of data and of economic and social studies on their bases, make it impossible to clearly identify the specific facts and conditions by country and to adopt suitable economic policies to deal with them;
- The prevailing neoliberal atmosphere and the pervading positions center more on promoting the informal working population and its economic consequences (low productivity) and social effects (disguised unemployment and social crisis).

1. The Labor Market in Arab Mediterranean Countries: Challenges and Prospects

1.5 Impact of Migration on the Job Market

1.5.1 A General Overview

Migration is one of the most sensitive subjects, both for the economic life of Mediterranean countries and for their relations with the European Union. The impact of these migrations on the job market in Arab countries in general, and in the eight Mediterranean countries included in this study in particular, is very significant. However, these migrations take on different forms, each of them weighing in to distort classic analyses and policies. Moreover, statistics are often confusing and subject to political manipulation.

All of the countries involved continue to experience major **internal migrations**, particularly in the form of **rural flight**, marking their demographic transitions. This aspect, which was discussed in section 1.1.5 above, plays a major role in the development of the outer-city slums, where a significant part of the urban population lives, accentuating the pace of growth in the demand for jobs in the cities, which is basically covered by the informal economy. In addition, we are also witnessing **internal refugee** situations stemming from conflicts and foreign occupation. This is the case of the Palestinian territories following the occupation and isolation policies, or of Syria, with the population of the Golan Heights after occupation by the Israelis, etc.

Similarly, the Mediterranean countries continue to experience **external migrations**, with **outgoing migratory flows** affecting different workforce categories depending on the country, although a significant portion of skilled labor is involved in all cases. These outbound flows are directed basically toward the Arabian Peninsula and Europe, to the extent that **transfers from emigrant workers** have now become an essential part of the economies of the countries in question. Similarly, some of these countries are experiencing **inbound migratory flows** as a result of the outflow. For some, the inflow is made up of unskilled labor from countries with even lower living standards (Indian Subcontinent, Southeast Asia). And for others, they are comprised by transnational refugees displaced by regional conflicts, including both nationals and non-nationals residing in other countries who have decided to return en masse to their country of origin, like the Jordanians after the Gulf War of 1991.

As is the case with the refugees, a distinction must be made between the temporary movements, which pose short-term difficulties, and the permanent or long-term movements. Older emigrants to Europe are becoming more and more integrated in their host national communities, while emigrants to the Gulf countries stay for shorter periods of time, and a good part of these return following retirement.

The commonly accepted idea is that the most highly skilled are the ones who emigrate, as the transaction cost for emigration of the poor and very poor is too high. A recent study¹ shows the opposite for Egypt, where the poor tend to emigrate more than other income groups. Emigration thus constitutes a way of escaping poverty. But at the present time, it is above all a vital need for populations that face a lack of opportunities in their local job markets.

Migrations in the eight Mediterranean countries are of various different natures, something that needs to be watched when handling statistics.

1.5.2 Official Data

Internal Migration

The aspects linked to rural flight were discussed in section 1.1.5.

With regard to internal refugees, the Internal Displacement Monitoring Centre (IDMC)² publishes statistics on forced internal displacement of populations for reasons linked to conflicts.

Thus, between 1 and 1.5 million people were displaced in Algeria during the civil war that raged in that country in the 1990s. These forced displacements to allegedly safer cities accelerated the rural flight that was already in full swing in this country. In Lebanon, major population displacements occurred during the Israeli aggression of 2006. Most returned home gradually following the

rebuilding of bombarded towns and villages (though 40,000 to 70,000 would continue being displaced). Also, close to 30,000 Palestinian refugees were displaced starting in mid-2007, following fighting and the destruction of the Nahr El Bared camp in Lebanon, with no hope of returning in the near future. They have ended up swelling the ranks of the displaced from Lebanon's civil war.

Forced Internal Population Displacements

	Number	% Population
Algeria	1.000.000	3,0%
Egypt	0	0,0%
Jordan	0	0,0%
Lebanon	90,000 to 390,000	2% to 10%
Morocco	0	0,0%
Palestine	24,500 to 115,000	1% to 3.1%
Syria	433.000	2,3%
Tunisia	0	0,0%
Total	1.547.500	1,0%

In the West Bank and the Gaza Strip, forced displacements took place following the demolition of houses and the confiscation of lands by the Israeli authorities, in particular in relation to the construction of the "separation wall". In Syria, 433,000 people continue to be displaced since 1967 as a result of Israel's occupation of the Golan Heights.

In addition to a major rural flight, the eight Mediterranean countries must address the forced displacement of more than 1.5 million people as a result of conflicts.

Refugees

The UNHCR publishes statistics³ on transnational refugees both in the Mediterranean countries and coming from them:

¹ See Sabates-Wheeler et al. 2005.

² Created in 1998 by the Norwegian Refugee Council; see <http://www.internal-displacement.org/>

³ <http://www.unhcr.org/statistics/45c063a82.html>

In-Country and Outbound Refugees (UNHCR, year-end 2007)

	In-Country	Outbound
Algeria	95.735	11.972
Egypt	112.515	8.431
Jordan	500.658	2.531
Lebanon (1)	250.919	215.670
Morocco	1.457	4.505
Palestine	23	343.680
Syria (2)	1.509.677	20.579
Tunisia	156	2.854
Total	2.471.140	610.222

(1) An additional 200,000 internally displaced people must be added to

(2) An additional 300,000 people without nationality must be added to

In Algeria, numerous Saharawis sought refuge following the crisis on the country's status. A large number of Iraqi refugees found asylum in Egypt, adding to the millions of Sudanese and Somali refugees, whose number is estimated to be far higher than the UNHCR data indicate⁴. Around 2 million Iraqis have found refuge in Syria, Jordan and Lebanon, joining the hundreds of thousands of Palestinians who were forced off their lands.

Refugees from these countries also seek and find refuge abroad: Palestinians from the occupied territories basically find refuge in the neighboring countries; many Lebanese who remain in exile as a result of that country's civil war; and Christian Syrians or Kurds have resettled in Europe.

By the end of 2007, the net balance of registered transnational refugees was estimated at 1.8 million, and the figure grows to at least 5 million if we take into account the unregistered refugees in Egypt and the undocumented immigrants in Syria. Iraqis make up the largest group of these refugees. But the

number of Sudanese and Somalis in Egypt is also very significant.

The eight Mediterranean countries have received a net total of between 1.8 and 5 million transnational refugees, not including Palestinian refugees: basically, Sudanese and Somalis in Egypt, and Iraqis in Syria, Jordan and Lebanon.

Inbound Immigration

The United Nations Department of Economic and Social Affairs (DESA)⁵ keeps a database of inbound migrant flows and stocks alone. The figures, which seem to take into account incoming refugees, underestimate the number of recent Iraqi refugees as registered by the UNHCR and UNRWA. Also, the data do not take into account the massive return of Jordanian immigrants to Kuwait who were expelled from this country after the 1991 Gulf War, or the Egyptians who returned from Iraq.

In all, the Mediterranean countries taking part in the study were home to more than 6.1 million immigrants in 2005. The figure likely exceeds 7 million nowadays.

These data show the major difficulties experienced by Palestine and Jordan, where refugees make up more than 40% of the population.

⁴ Another UNHCR document estimates that Sudanese refugees in Egypt alone number between 3 and 5 million; see <http://www.unhcr.org/home/PROTECTION/46fbc03d2.pdf>

⁵ See <http://esa.un.org/migration/> and UNPOP 2006.

Immigrants in the Mediterranean Countries (2005)

	(thousands)	% Population	% Women	% Refugees
Algeria	242	0,7%	41,1%	17,8%
Egypt	166	0,2%	46,7%	54,9%
Jordan	2.225	39,0%	49,1%	81,0%
Lebanon	657	18,4%	57,5%	61,4%
Morocco	132	0,4%	50,7%	1,6%
Palestine	1.680	45,4%	43,4%	100,0%
Syria	985	5,2%	48,9%	43,7%
Tunisia	38	0,4%	48,7%	0,2%

According to UNPOP 2006

Similarly, Lebanon saw its share of permanent migrants grow (to 20% of the total population) during the years of its civil war, following the exodus of Lebanese and the arrival of Palestinian refugees. Syria had a lower share of migrants (5-6% of the population), which increased thereafter with the continued arrival of Iraqi refugees.

The data point out that this migrant stock is almost equally composed of men and women, except in the case of Lebanon, where women are clearly the larger group.

For three countries, the proportion of migratory flows not linked to refugees has become significant. Thus, the stock of non-refugee immigrants accounts for more than 7% of the population in Jordan and Lebanon. In Syria, they account for more than 3%. Altogether, the migrant stock is estimated to have reached 1.3% of the population on average in the Maghreb countries in 2005, and 4.3% in the Mashreq countries, versus 35.7% in the Gulf countries⁶.

The eight Mediterranean countries are experiencing inbound immigration flows. The official immigrant stock in 2005 exceeded 6.1 million

⁶ UNPOP 2006.

people (5.7 million for the Mashreq and 0.4 million for the Maghreb, compared to 12.8 million for the GCC countries). In 2007, the number of immigrants, including the Iraqi and Sudanese refugees, could exceed 10 million.

The growth with respect to 1990 is 61.9% for the Mashreq and 20.6% for the Maghreb (48.5% for the GCC countries). These immigrants are basically composed of refugees (Palestinians, Sudanese, Somalis and Iraqis). In some countries (Lebanon, Jordan, etc.), a recent increase in Asian immigration in search of jobs has been observed.

Outbound Immigration

Statistics on outbound immigration flows face the problem of assessing transitory and illegal migrations. As a result, the data from countries of origin and host countries vary dramatically; illegal immigration can reach considerable proportions.

Thus, the stock of temporary (and for the most part illegal) immigrants to Europe in the Study countries exceeds 3 million people⁷ out of a total of some 9 million. The differences in statistics from countries of origin and host countries ranges from 29% for the Algerians to 250% for the Egyptians⁸. In all, the Study countries have given rise to a first-generation emigrant flow of 7 to 12 million people⁹, basically toward Europe

⁷ 1.7 million of which are Moroccan, 575,000 Algerians, and 295,000 Tunisians; see Fares 2006.

⁸ See Fargues 2005 and 2007.

⁹ After deducting the number of Turkish emigrants from the data provided by Fargues 2005.

(roughly half the figure, with Germany and France being by far the top-ranked host countries), the Gulf countries and Libya.

Emigrants residing in host countries continue to reproduce, and their numbers are growing. Thus, in Holland¹⁰ the immigrant population from the Study countries has grown to somewhere between double and triple the original figure between 1996 and 2005, with an average annual growth rate of +3.6%. New immigrants account for a third of this growth, and second-generation dual-nationals account for the remaining two thirds.

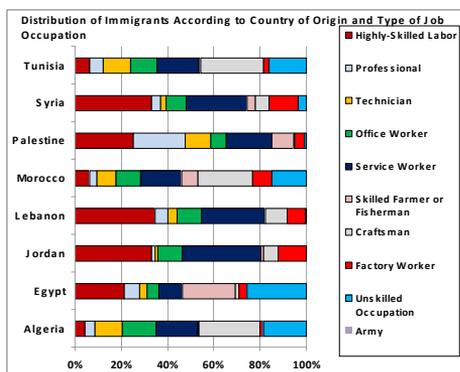
Destination Countries of Migratory Stocks

	Arab Countries	North-western and Southern Europe	Other
Algeria	0,9%	85,5%	13,6%
Egypt	68,4%	8,2%	23,4%
Jordan			
Lebanon	20,0%	26,0%	54,0%
Morocco	1,1%	79,2%	19,7%
Palestine	88,0%	6,2%	5,8%
Syria			
Tunisia	14,3%	71,7%	2,2%

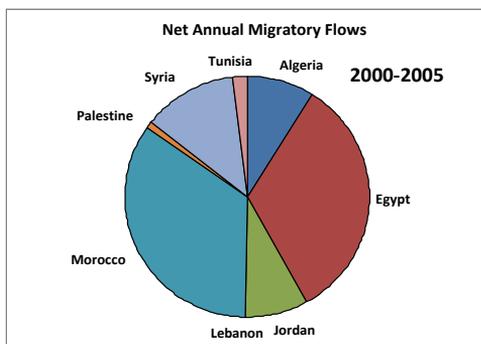
As for occupation¹¹, the less-numerous immigrants from the Levant countries tend to occupy more skilled job positions than those coming from Egypt or the Maghreb. This is confirmed by statistics relating to the initial levels of education, knowing that the best-educated tend to emigrate to the United States and Canada.

¹⁰ The only country publishing statistics on this aspect; see Fargues 2007.

¹¹ According to Fargues 2005, tracking the partial statistical sources of certain host countries.



DESA data on migrations also indicate net migratory flow estimations. The flows of 6 countries currently show a net surplus. Syria and Jordan have a net deficit in this area due to the massive arrivals of Iraqi refugees. The total net flows currently exceed 200,000 people per year. The gross outbound flow is approximately 300,000 people per year (compared to 1.8 million new job market entrants per year, at least 17% of new entrants emigrate).



These outbound migratory flows basically originate in Egypt and Morocco, and to a lesser degree in Algeria, Syria and Jordan.

In addition, over the last few years, these countries have developed a large

volume of transit migrations¹²: They receive immigrants from other regions (Sub-Saharan Africa in the Maghreb, Iraqis in the Mashreq) who attempt to immigrate — legally or illegally — to other countries (basically Europe and Turkey).

The eight Study countries have given rise to a first-generation flow of emigrants numbering from 7 to 12 million. Half of them have emigrated to Europe, and most of the rest have gone to the Gulf countries and Libya. The current pace of emigration remains strong at over 300,000 people per year (more than 17% of the new job market entrants per year), basically from Morocco, Egypt, Syria and Jordan.

Temporal Aspects of Migrations

The migratory flows of the Study countries have undergone several phases, and have suffered the countershocks of different regional conflicts.

Three phases can be seen to characterize the migrations in the Mashreq countries¹³ since gaining independence:

- **The Massive Phase:** This phase started with the oil finds in the Gulf countries. As a result, for instance, Palestinians came to represent a significant part of the Kuwaiti population, as did people from all the other Arab countries in the various Gulf countries.

- **The Recession Phase:** The collapse of oil prices in the 1980s, combined with the economic recession, stemmed the migration flow to the Gulf countries and prompted a large number of emigrants to return to their countries of origin. As a result, Arab labor began to face direct competition from cheaper Asian labor. In addition, various political conflicts (1991 Gulf War) led to a tightening of immigration policies, and even to mass expulsions of Arab emigrants from the Gulf countries.

- **The Globalization Phase:** The new rise of oil prices with the arrival of the new millennium, together with the more complex exchanges resulting from the globalization trend, has led to a resurgence of immigration toward the Gulf countries (and elsewhere). However, this new wave has a number of specific characteristics: more selective with regard to the qualification of immigrants and less permanent immigration, often through multinational companies under specific projects.

In general, this characterization applies equally to migrations toward the traditionally immigrant-friendly Europe. Europe also underwent a golden era¹⁴ (from the turn of the 20th century up to the 1973 oil crisis), a recession phase (up to the mid-1980s), a growth phase (up to the Barcelona process), and a globalization phase (in particular, with the Euro-Mediterranean Partnership).

¹² See IOM 2008.

¹³ Nassar 2006.

¹⁴ See OSCE 2007.

Migrations in the globalization phase are characterized by illegal immigration and the situations of job insecurity that this entails for a significant portion of the immigrant workers.

Moreover, migrations are influenced by the consequences of regional and political conflicts in neighboring countries. The great migratory flows of Palestinians are thus the result of the various Israeli-Arab wars (1948 and 1967), which plunged millions of Palestinians into a situation of precariousness with regard to their places of residence, their living conditions, and their right to work (particularly in Lebanon). Similarly, Lebanese, Syrians and Egyptians have suffered the consequences of these and other conflicts (invasion and occupation of southern Lebanon, the Lebanese civil war). Algerian immigration was severely affected by the civil war in this country starting in the 1990s. Hundreds of thousands of Jordanians were expelled from Kuwait after the 1991 war, and hundreds of thousands more Egyptians and Palestinians were thrown out of Iraq after this country was invaded. And hundreds of thousands more Iraqis have joined the ranks of job seekers in Jordan and Syria.

The current migration patterns of the Mediterranean countries taking part in the Study are different from those of past decades. Globalization (and European and Gulf country policies) have prompted a significant precariousness of their situations in the various host countries. This, added to regional conflicts, has put huge pressure on the labor markets.

Transfers from Immigrant Workers

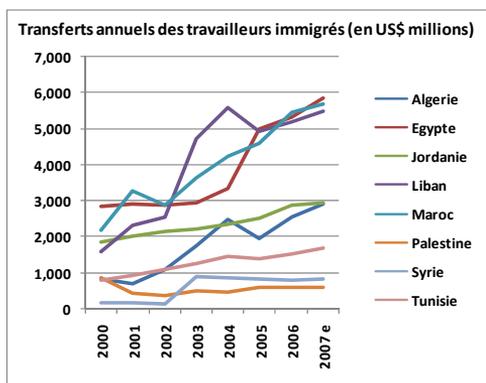
The World Bank provides estimates of transfers by immigrant workers to their countries of origin, based on surveys conducted by the International Monetary Fund (IMF). For the eight Study countries, the total figure of these transfers has grown from USD 11 to USD 26 billion between 2000 and 2007. The estimate is very low, as it takes into account only official transfers¹⁵ through the traditional banking system. A study by the EIB¹⁶ estimated the scope of informal transfers at 57% for Algeria, 56% for Egypt, 53% for Jordan, 7% for Lebanon, 34% for Morocco, 79% for Syria, and 20% for Tunisia. According to these estimates, the total volume of transfers would have amounted to USD 40 billion in 2004, instead of the officially documented USD 21 billion.

These transfers of funds are essential contributions to the economies of these countries, accounting for anywhere from 3% to 23% (Lebanon) of the GDP. Egypt¹⁷, Morocco and Lebanon are at the forefront in this regard.

¹⁵ According to a World Bank study, depending on the country, informal flows could range (depending on exchange controls, etc.) from 35% to 250% of the official flows. See Freund and Spatafora 2005.

¹⁶ See FEMIP 2005.

¹⁷ Egypt has suffered the full brunt of the Iraqi invasion of 2003. Iraq was home to up to 1.8 million immigrant workers, most of them Egyptians. An increase in the pace of immigration to Arabian Peninsula countries has helped offset the negative effects. See Fares 2006.



Significantly, the volume of transfers from emigrant workers toward the countries in question exceeds that of international aid and foreign direct investment (FDI) by a wide margin¹⁸. (Official transfers account for¹⁹ anywhere from 2.9% (Syria²⁰) to 26.2% (Lebanon) of the local GDP. Exports (FOB) represented between 6.1% (Algeria²¹) and 296% (Lebanon).

Transfers from Emigrants (2004)

	% GDP	% FOB Exports
Algeria	3,6%	6,1%
Egypt	3,4%	27,2%
Jordan	17,9%	71,4%
Lebanon	26,2%	296,0%
Morocco	8,4%	43,4%
Palestine	NA	NA
Syria	2,9%	13,4%
Tunisia	4,9%	14,3%

Transfers from emigrants from the eight Mediterranean countries are vital to the local economies. At pre-

¹⁸ See

http://www.escwa.un.org/divisions/div_editor/Download.asp?table_name=other&field_name=ID&FileID=928

¹⁹ See Fares 2005.

²⁰ However, the volume of informal transfers is largest to this country.

²¹ Although primarily hydrocarbons account for these exports.

sent, they could reach approximately USD 50 billion, or 12% of the overall GDP. They have a major influence on the level of investment and, therefore, on the job market, the development of the informal sector (given the large proportion of informal transfers), and all aspects relating to the population's living standards.

1.5.3 International Conventions

Several international conventions govern the status and rights of migrants and refugees:

- ILO Convention 97 on Migration for Employment (1949)
- ILO Convention 143 on Migrant Workers (1975)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990, went into effect in 2003)
- Protocol to Prevent, Suppress and Punish Trafficking in Persons, specially Women and Children (2000)
- Protocol against the Smuggling of Migrants by Land, Sea, and Air (2000)
- Convention Relating to the Status of Refugees (1951)
- Protocol Relating to the Status of Refugees (1967)

The table below reflects the ratification status of these international instruments for six of the eight Study countries²² :

²² See UNPOP 2006 and NATLEX (ILO Database of National Legislation).

Ratification of International Conventions

	ILO 97	ILO 143	1990	2000P	2000P2	R 1951	R 1967
Algeria	1962		2005	2004	2004	1963	1967
Egypt			1993	2004	2005	1981	1981
Jordan							
Lebanon				2005	2005		
Morocco			1993			1956	1971
Palestine							
Syria			2005				
Tunisia				2003	2003	1957	1968

The eight Mediterranean countries are sluggish when it comes to ratifying the ILO conventions on immigrant work. Cases in which work and social protection are being denied to long-term immigrants are observed, particularly in Lebanon. This failure to legislate only contributes to the development of informal labor and the gray economy, which are already rampant in these countries.

1.5.4 Migration in Algeria

According to the World Bank, Algeria had a stock of emigrants numbering over 1.8 million in 2005, accounting for 5.4% of the total population, with outflows primarily targeting France, Spain and Israel. 6.5% of those with a higher education (university) background will emigrate every year. The estimates for doctors having been trained in the country who emigrate abroad every year range from 2.9% to 44%²³. For nurses, the figure approaches 9%. The stock of immigrants in this country is composed of 242,000 people (7% of the population), 69% of whom are refugees, primarily Saharawis. In 2006, transfers from emigrants accounted for over 2.2% of the GDP.

Outbound migratory flows continue to be significant, with the equivalent of at

²³ See

<http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/Algeria.pdf>

least 6% of new job market entrants emigrating every year. As a result, the stock of Algerian emigrants in the primary destination countries is not increasing. However, its nature is changing. Thus, in France, the proportion of new arrivals in this stock has grown from 9% in 1994 to 15% in 2003. Older emigrants are excluded from these statistics on obtaining French citizenship²⁴. 90% of new arrivals are due to family reasons.

European restrictions and historic considerations regarding Algerian immigration to Europe have led to it being more family-oriented than economic in nature.

1.5.5 Migration in Egypt

According to the World Bank, Egypt had a stock of emigrants numbering over 2.4 million in 2005, accounting for 3.2% of the total population, with outflows primarily targeting Saudi Arabia, Libya and the United States. 4.2% of those with a higher education (university) background will emigrate every year. The estimates for doctors having been trained in the country who emigrate abroad every year range from 2.1% to 4.7%²⁵. For nurses, the figure approaches 0.5%. The stock of immigrants in this country is composed of 166,000 people (0.2% of the population), 55% of whom are refugees, primarily Sudanese and Somalis. In 2006, transfers from

²⁴ See Nacer-Eddine Hammouda: *Algérie la dimension démographique et économique des migrations*; in Fargues 2007.

²⁵ See

<http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/EgyptArabRep.pdf>

emigrants accounted for over 5% of the GDP.

Distribution of Egyptian Emigration by
Destination Country

Destination		%
Total	2.736.729	100%
Arab Countries (1)	1.912.729	69,9%
Saudi Arabia	923.600	33,7%
Libya	332.600	12,2%
Jordan	226.850	8,3%
Kuwait	190.550	7,0%
UAE	95.000	3,5%
Iraq	65.629	2,4%
Other Countries (2)	824.000	30,1%
USA	318.000	11,6%
Canada	110.000	4,0%
Italy	90.000	3,3%
Australia	70.000	2,6%

(1) 2001 data

(2) 2000 data

Egyptian emigration has undergone three major waves: toward Libya in the early 1970s, toward Saudi Arabia since the second half of the 1970s, and toward Iraq in the 1980s. However, following the Gulf Wars, 700,000 Egyptians returned from Iraq, Jordan and Kuwait to join the ranks of local job-seekers²⁶. Emigration toward the Arab countries is considered temporary in Egyptian statistics, while emigration toward the United States and Europe is viewed as permanent²⁷. Educated and skilled labor emigrates primarily toward the GCC countries and Libya (41% to 69% of the total), while essentially unskilled labor largely relocates to Lebanon, Iraq and Jordan (63% to 75%).

Moreover, UNHCR reports and unofficial studies point to the existence of 3 to 5 million Sudanese refugees, who are

not recognized as such²⁸, in addition to numerous Somalis, Palestinians and others. Therefore, there are an estimated total of 5 million immigrants in this country, making Egypt a country with a net positive immigration balance.

Also, Egypt took in some 700,000 Iraqi refugees after the American invasion of Iraq (September 2007)²⁹.

At present, the outbound migration flow corresponds to about 20% of the new job market entrants every year. The phenomena of emigrant settling and naturalization is taking place primarily in the Gulf countries, as well as in the Americas and Australia.

In spite of its significant migratory outflow, Egypt's migratory balance is positive given the millions of refugees admitted into the country. The opportunities stemming from migratory movements are vital to the Egyptian economy.

1.5.6 Migration in Jordan

According to the World Bank, Jordan had a stock of emigrants numbering over 641,154 people in 2005, accounting for 11.2% of the total population, with outflows primarily targeting Palestine (mixing of the population between Jordan and Palestine), Saudi Arabia and the United States. 6.4% of those with a higher education (university) background will emigrate every year. An

²⁸ Regarding this issue, see: Howaida Roman, *Egypt: the Political and Social Dimension of Migration*, in Fargues 2007.

²⁹ <http://www.unhcr.org/cgi-bin/texis/vtx/home/openssl.pdf?tbl=SUBSITES&iid=470387fc2>

²⁶ Egypt study, citing Baldwin-Edwards 2005.

²⁷ See Baldwin-Edwards 2005.

estimated 6.4% of doctors trained in the country emigrate abroad every year³⁰. For nurses, the figure approaches 0.5%. The stock of immigrants in this country is composed of 2,224,890 people (39% of the population), 81% of whom are refugees, primarily Palestinians. In 2006, transfers from emigrants accounted for over 20.3% of the GDP, while those from immigrants represented 2.8% of the GDP.

Jordan has been exporting labor to the GCC countries since 1970. This trend slowed in the 1980s, and even came to a halt in the 1990s, only to resurface in recent years³¹. With its large number of refugees and the importing of Asian and Egyptian labor (particularly in the Qualified Industrial Zones or QIZs), the country's job market has become segmented. Non-Jordanians dominate entire sectors of the economy: agriculture, construction, tourism, and social and community services.

Also, Jordan took in between 500,000 and 750,000 Iraqi refugees after the American invasion of Iraq (September 2007)³².

Currently, the country's net migration flow is positive. 50,000 people are joining the 71,000 new job-seekers. This poses serious problems for the Jordanian job market.

Jordan's migrant stock is positive by a wide margin. Its job market is extremely segmented, with a significant and basically skilled outbound emigrant flow, a significant inbound flow of cheap Asian (and Syrian) labor, and a flood of Iraqi refugees who have swelled the informal economy. Transfers from Jordanian emigrants play a vital role in the country's economic balance.

1.5.7 Migration in Lebanon

According to the World Bank, Lebanon had a stock of emigrants numbering over 621,903 people in 2005, accounting for 17.4% of the total population, with outflows primarily targeting the United States, Canada and Australia. 29.7% of those with a higher education (university) background will emigrate every year. An estimated 9.3% of doctors trained in the country emigrate abroad every year³³. The stock of immigrants in this country is composed of 656,727 people (18.4% of the population), 61.4% of whom are refugees, and 57.5% of whom are women. In 2006, transfers from emigrants accounted for over 22.8% of the GDP, while those from immigrants represented 18.2% of the GDP.

Other studies mention larger stocks of emigrants, up to 900,000 since 1971³⁴. This number, though important, does not reflect the fact that Lebanon has

³⁰ See

<http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/Jordan.pdf>

³¹ Jordan study.

³² <http://www.unhcr.org/cgi-bin/texis/vtx/home/opendoc.pdf?tbl=SUBSITES&id=470387fc2>

³³ See

<http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/Lebanon.pdf>

³⁴ Lebanon Study, having at least one member of the family still living in Lebanon, citing a 2003 survey by the Université Saint Joseph.

experienced several historic migration waves (particularly toward South America and Africa in the early 20th century), and that the population of Lebanese origin residing outside the country is much larger than that living in the country itself. The diaspora is estimated to number 14 million³⁵. 23.8% of the current population in the 25-54 age group has emigrated, with women representing only 44% of this figure. More than 26% of the emigrants are “inactive” in their destination countries, and more than half of them have completed their secondary education.

Distribution of Lebanese Emigrants by Departure Date and Destination

Destination	1975-1990	1991-1995	1996-2001
Africa	4,6%	5,6%	10,2%
North America	31,5%	30,0%	25,3%
Latin America	4,1%	5,3%	4,0%
Asia (excl. Arab countries)	0,4%	0,4%	0,7%
Australia	14,6%	12,4%	10,8%
Eastern Europe	1,0%	1,9%	2,0%
Western Europe	27,5%	23,8%	18,9%
Arab Countries	16,3%	20,5%	28,1%
Undetermined	0,0%	0,0%	0,0%
Total	329821	111385	161583

Notably, Lebanon experienced a significant wave of returning emigrants in the 1990s, following the end of the civil war and coinciding with the rebuilding of the country. Also, emigrants have changed their destination, with 44% ending up in GCC countries³⁶. A partial survey revealed that 31% of male university graduates have emigrated for good, together with 16% of the country's female graduates³⁷. 56% of graduate engineers work abroad, as well as 53% of the country's doctors and 44% of its computer specialists.

³⁵ Khouri 2003.

³⁶ See Choghiq Gasparian, *La dimension démographique et économique des migrations au Liban*, in Fargues 2007.

³⁷ See Choghiq Gasparian, op. cit., citing a 2006 survey by the Université Saint Joseph out of the total graduates between 2000 and 2004.

In addition to the 656,727 immigrants mentioned earlier, Lebanon is also the target of seasonal migrations of Syrian workers (in the informal sector, as a result of the proximity of the two countries), who are estimated to number around 700,000³⁸ (approximately one-third of whom are permanent immigrants). Most of the Syrians work in farming and construction, as well as small enterprises in the informal sector. They also represent a significant percentage of workers in the hotel business and the retail trades. The country's other immigrants come primarily from Sri Lanka and the Philippines (domestic workers), as well as from Egypt and the Sudan (unskilled labor)³⁹.

For essentially political reasons, the Lebanese authorities make no effort to legalize the Syrian workers, who for the most part are paid below the legal minimum wage. Palestinian refugees (who are nevertheless “permanent” residents) are banned from most professions and trades⁴⁰. They are also paid less, and have no access to social benefits. They often live in deplorable human conditions, and are heavily dependent on grants from the UNRWA and the Palestinian Authority⁴¹.

Also, Lebanon took in between 20,000 and 40,000 Iraqi refugees after the

³⁸ See the Lebanon study. The figure has declined since the events of 2005 with the discord between the two countries and the economic downturn. However, doubtful figures circulate concerning the presence of Syrian workers in Lebanon, placing it near the 1.5-million mark (38% of the population).

³⁹ Egyptians account for 10% of the 109,000 work permits issued in 2005, with Asians accounting for 70% of the total. See Choghiq Gasparian, op. cit.

⁴⁰ This situation improved slightly in 2005 with the departure of the Syrian workers.

⁴¹ Regarding this issue, see: Suleiman 2006.

American invasion of Iraq (September 2007)⁴².

A net equivalent of 10% of new job market entries emigrate from the country every year. The actual figure is far higher, in fact, if one considers gross figures and clandestine immigration.

Lebanon is also experiencing significant inbound and outbound migration flows, with a resulting major segmentation of the labor market. Transfers from Lebanese emigrants play a vital role in the country's economic balance.

1.5.8 Migration in Morocco

According to the World Bank, Morocco had a stock of emigrants numbering over 2,718,665 people in 2005, accounting for 8.6% of the total population, with outflows primarily targeting France, Spain and Italy. 10.3% of those with a higher education (university) background will emigrate every year. The estimates for doctors trained in the country who emigrate abroad every year range from 6.7% to 31.3%⁴³. For nurses, the figure approaches 14.9%. The stock of immigrants in this country is composed of 131,654 people (0.4% of the population), 1.6% of whom are refugees. In 2006, transfers from emigrants accounted for over 9.5% of the GDP (far higher than the annual direct foreign investment and the country's

primary source of currency), while those from immigrants represented 0.1% of the GDP.

The Morocco Study points out the importance of internal migrations, with about 200,000 people moving every year from the countryside to the cities (constituting 40% of the annual population increase in the cities) and making the job market situation even more difficult. Women seem to be more affected by this migration than men.

Similarly, the emigration flow (legal as well as illegal) toward Europe continues at a considerable pace, with an increase in the number of children emigrating illegally. Local estimates of the stocks of emigrants raise the figure to 3.2 million in 2005⁴⁴.

Distribution of Moroccan Emigrants by Destination Country

Destination	%
Europe	85,9%
France	32,6%
Spain	15,8%
Belgium	11,1%
Italy	10,8%
Netherlands	10,1%
Germany	3,4%
The Americas	7,1%
Arab Countries	6,7%
Libya	2,5%
Algeria	0,9%
Saudi Arabia	0,3%
UAE	0,1%

A return flow is gradually taking shape, although it is still a trickle when compared to the growth of emigration.

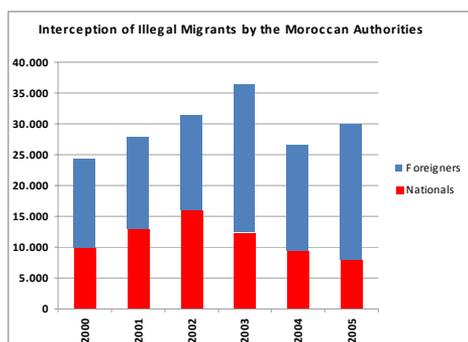
⁴² <http://www.unhcr.org/cgi-bin/texis/vtx/home/opedoc.pdf?tbl=SUBSITES&iid=470387fc2>

⁴³ See

<http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/Morocco.pdf>

⁴⁴ See: Mohammed Mghari, *Maroc: la dimension démographique et économique des migrations*; in Fargues 2007.

More importantly, Morocco has become a springboard for Sub-Saharan emigration toward Europe. In 2005, the Moroccan police caught 30,000 people trying to emigrate to Spain (more than two thirds of these were non-Moroccan), while the Spanish police apprehended another 11,781 people on its side of the border. Moreover, an estimated 15,000 Moroccan illegals manage to slip through the net every year. As a result, applications for legalization in Spain have grown from 183,000 in 2000 to 691,000 in 2005, and repatriations from Spain have grown from 46,000 to 121,000 over the same period. Many Africans stay in Morocco awaiting a second chance to emigrate.



In net terms, Morocco's annual migration flows currently account for about a third of the new entries in the job market every year.

Nowadays, Morocco is one of the countries experiencing the greatest migratory pressure and outbound flows.

1.5.9 Migration in Palestine

According to the World Bank, Palestine had a stock of emigrants numbering

over 954,924 people in 2005, accounting for 25.8% of the total population, with outflows primarily targeting Syria, Saudi Arabia and Libya. An estimated 2.8% of doctors having been trained in the country emigrate abroad every year⁴⁵. The stock of immigrants in this country is composed of 1,680,142 people (45.4% of the population), 100% of whom are refugees. In 2006, transfers from emigrants accounted for over 14.7% of the GDP, while those from immigrants represented 0.4% of the GDP.

Internal migration plays an equally important role in the occupied territories and those under the administration of the Palestinian Authority⁴⁶ as a result of the deteriorating situation of encirclement by the occupation forces. Between 2000 and 2004, 3.3% of the population changed residence (5.4% for the 20-29 age group, and 8.3% for university graduates). These internal migrations are basically due to economic and employment reasons (notably, the Palestinian Authority itself is to blame for a significant part of them).

Emigration (in particular toward Jordan) has picked up since the second Intifada in 2000. More than 100,000 Palestinians have left the West Bank since then⁴⁷. The annual outbound flows range from 5,000 to 15,000 for the West Bank, and from 3,000 to 7,000 for the Gaza Strip, accounting for a total of

⁴⁵ See

<http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/WestBank&Gaza.pdf>

⁴⁶ See the Palestine study.

⁴⁷ See Sari Hanafi, *Palestine: The Political and Social Dimension of Migration*, in Fargues 2007.

between 30% and 78% of the total number of job market entrants per year.

Today Palestine is the other country experiencing the greatest migratory pressure and outbound flows. Transfers from emigrants are vital for the economy.

1.5.10 Migration in Syria

According to the World Bank, Syria had a stock of emigrants numbering over 480,708 people in 2005, accounting for 2.5% of the total population, with outflows primarily targeting Saudi Arabia, the United States and Germany. 5.2% of those with a higher education (university) background will emigrate every year. An estimated 9.5% of doctors trained in the country emigrate abroad every year⁴⁸. The stock of immigrants in this country is composed of 984,587 people (5.2% of the population), 43.7% of whom are refugees, primarily Palestinians. In 2006, transfers from emigrants accounted for over 2.3% of the GDP, while those from immigrants represented 0.7% of the GDP.

Internal migratory flows from the rural areas to the cities still poses a major challenge to the country, prompting serious problems for living conditions (housing, social services) and for the job market⁴⁹.

There are no reliable statistics concerning Syrian emigrants and their places of residence. World Bank mirror statistics

place 423,906 Syrian emigrants among the primary countries of residence as follows⁵⁰:

Destination	Number	%
Saudi Arabia	109.048	25,7%
USA	56.167	13,2%
Palestine	30.162	7,1%
Jordan	16.655	3,9%
Canada	16.041	3,8%
Sweden	15.692	3,7%
Germany	12.513	3,0%
Venezuela	12.321	2,9%
Libya	11.239	2,7%

However, there is no doubt that the figure of 480,708 emigrants does not take into account the lion's share of the approximately 700,000 Syrians living as temporary or permanent emigrants in Lebanon. The figure is therefore grossly underestimated, especially taking into account the major waves of emigration toward Europe, the Americas and the GCC countries, particularly of skilled workers, as well as the large number of Christian Syrians from the country's northeastern region who have sought permanent refuge in Europe⁵¹. The GCC countries alone report 265,000 Syrian emigrants⁵². Another estimate places approximately 700,000 Syrian emigrants in Jordan⁵³. However, this estimate seems to be exaggerated, even though it is based on the accrued entries/departures of Syrians in Jordan. A more realistic estimate places the

⁵⁰

http://www.migrationdrc.org/research/typesofmigration/global_migrant_origin_database.html

⁵¹ See: Salam Kawakibi, *Syrie: la dimension politique et sociale des migrations*; in Fargues 2007.

⁵² See Baldwin-Edwards 2005.

⁵³ Khouri 2003.

⁴⁸ See

<http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/SyrianArabRepublic.pdf>

⁴⁹ See the Syria study and Khawaja 2002.

total number of Syrian emigrants at 1.9 million⁵⁴, while the total number for the diaspora reaches 20 million.

UNRWA statistics⁵⁵ mention 423,000 Palestinian refugees registered in Syria by the end of 2005. According to Syrian statistics, the Palestinian refugees in this country number 460,000. They enjoy the same rights as Syrian nationals, with the exception of the right to vote. Syria has also long played host to hundreds of thousands of Iraqi and Turkish Kurds. However, the majority of these non-Syrian Kurds are turned back. But the problem persists for Syrian Kurds not registered as nationals in the 1962 basic census. The number of these Kurds subject to this irregular status was estimated at 100,000 in 1962, and could be 200,000 at present⁵⁶, or even 300,000 according to the UNHCR.

Also, Syria took in between 1.2 and 1.4 million Iraqi refugees after the American invasion of Iraq (September 2003)⁵⁷. Most come from the Baghdad region (57% Shi'ite and 20% Kurds). They are under Temporary Protection from the UNHCR, and have free access to education and health care. And although they have no work permits, they have buttressed the informal sector. According to a local survey, the 2006 unem-

ployment rate among them was 52.9% for men and 80.7% for women. 3.4% of boys aged 6 to 14 and 11.4% of those aged 15 to 18 work. For girls, the percentages are 2.1% and 1.5%, respectively.

Transfers from Syrian emigrants are vastly underestimated in official statistics. The USD 823 million officially reported in 2005 is not enough to explain the balance of payments according to the IMF⁵⁸. A significant part of the USD 4.012 billion that leaves Lebanon comes from the Syrian workers settled in the country, and does not follow the regular banking routes. Thus, transfers from emigrants (primarily in Lebanon and the Gulf countries) could exceed USD 2 billion per year (over 5.3% of the GDP) by a wide margin. This situation of informalization of emigration and transfers is complicated even further by the resettlement of hundreds of thousands of Iraqi refugees, which adds large new volumes of transfers⁵⁹.

According to data from the United Nations Department of Economic and Social Affairs, if we exclude the entry of the Iraqi refugees, the outbound migration of Syrians ranges from 28,000 to 54,000 people per year, which corre-

⁵⁴ Op. cit.

⁵⁵ See: Soumeiya Sadeldine, *Syria: the Demographic and Economic Dimension of Migration*; in Fargues 2007.

⁵⁶ <http://voanews.com/english/archive/2005-09/2005-09-02-voa15.cfm?CFID=46444555&CFTOKEN=26238763>

⁵⁷ According to the UNHCR's latest report in September of 2007, <http://www.unhcr.org/cgi-bin/texis/vtx/home/openssl.pdf?tbl=SUBSITES&iid=470387fc2>. Soumeiya Sadeldine, Op. cit., indicates a figure between 500,000 and 1 million.

⁵⁸

<http://www.banquecentrale.gov.sy/reports/imf2007/sa.pdf>

⁵⁹ An unpublished study by the author indicates that the Syrian economy has been largely dollarized by these transfers. The amount of foreign currency in circulation is roughly the same as that in Syrian pounds, and accounts for a very important part of the money supply. There is a surplus when it comes to Iraqi transfers, which have brought in between USD 1 and 2 billion per year in recent years (sale of assets prior to departing, families seeking safe haven in Syria who receive transfers from those who remain in Iraq).

sponds to 9.3% and 18% of new entries in the job market every year.

Syria is currently experiencing a significant outbound emigration flow and a very large inflow of Iraqi refugees. The structure of the job market is reeling from the impact of these flows. Transfers from emigrants play an important role in the local economy. Most of the funds from these transfers end up in the already large informal economy.

1.5.11 Migration in Tunisia

According to the World Bank, Tunisia had a stock of emigrants numbering over 623,221 people in 2005, accounting for 6.2% of the total population, with outflows primarily targeting France, Libya and Germany. 9.6% of those with a higher education (university) background will emigrate every year. The estimates for doctors trained in the country who emigrate abroad every year range from 4.2% to 33.1%⁶⁰. For nurses, the figure approaches 5.3%. The stock of immigrants in this country is composed of 37,858 people (0.4% of the population), 0.2% of whom are refugees, primarily Palestinians. In 2006, transfers from emigrants accounted for over 5.0% of the GDP, while those from immigrants represented 0.1% of the GDP.

According to Tunisian statistics, 843,204 Tunisians lived abroad in 2003, and 933,900 in 2005 (8%-9% of the population). 85% live in the European

Union. These statistics also indicate an average of 9,600 net outbound migrations per year over the 1999-2004 period (15,220 departing the country, and 5,620 returning).

Distribution of Tunisians by Destination
(2003)

Destination	Number	%
Europe	701.666	83,2%
France	493.028	58,5%
Italy	101.042	12,0%
Germany	53.925	6,4%
Arab Countries	116.926	13,9%
Libya	60.023	7,1%
Algeria	13.554	1,6%
Canada	12.347	1,5%
United States	9.800	1,2%

New survey data show a significant inbound immigration flow in Tunisia: 14,900 entries between May 2005 and May 2006, the equivalent of 13.5% of the new entries in the job market every year⁶¹. 59% of them are men, and half of these are unmarried. 55% have returned to the country, although they are not retirees for the most part, as the return flow is spread out across all age groups. 54% come from Europe (primarily France) and 39% from Arab countries (mostly Libya). 40% of those of active working age were (and remain) unemployed, while the unemployment rate stood at 14.2% in May of 2005.

The same survey points out that 31,200 people left Tunisia over the same period of time. Their number equals 28% of annual new job market entrants. 77% are men, mostly in the 15-29 age group.

⁶⁰ See

http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934_1199807908806/Tunisia.pdf

⁶¹ Habib Fourati, *Tunisie: la dimension démographique et économique des migrations*; in Fargues 2007.

Their level of education is higher than the national average. 78.2% are unmarried. 65.7% left seeking employment, while 12.3% went abroad to study and 5.2% to rejoin their families. 70% emigrate to Europe (primarily Italy) and 25% go to Arab countries (mostly Libya). 52% of the active emigrant population had jobs in Tunisia before departing.

The pace of migratory flows thus seems to quicken for Tunisia, in spite of the restrictions placed on immigration. The outbound flow has thus jumped from 13.6% to 28% of new job market entrants every year, while the inbound flow has increased from 5% to 13.5%. Therefore, the balance is tilted in favor of the outflow, which has gone from 8.7% to 14.8% of the annual number of new entrants.

Tunisia continues to have a significant outbound migratory flow in spite of European restrictions and a certain returning trend of immigrants.

1.5.12 Summary and Prospects

The eight Mediterranean countries are dealing with a major rural flight, and must address the forced internal displacement of more than 1.5 million people. Moreover, they have received 7-10 million immigrants, most of them refugees.

These countries are also the source of 7-12 million emigrants. Only half of these end up in Europe, while a large proportion of the remainder go to the GCC countries.

The total net migratory flows, taking into account Iraqi refugees, stand at approximately 200,000 people per year. The gross figure exceeds 300,000 per year, which corresponds to about 17% of the new job market entrants every year.

Unlike preceding outbound migratory phases, the current phase—the globalization phase—is characterized by an increase in illegal immigration and the precarious situation of a significant portion of the emigrants.

Transfers from emigrant workers from the eight Mediterranean countries exceed USD 50 billion per year, or 12% of the overall GDP.

The eight Mediterranean countries have received many more immigrants than the number of emigrants from these countries to Europe. The Mashreq countries have borne the brunt of these migrations, basically comprising massive flows of refugees caused by foreign invasions.

The absorption of immigrants by the Mediterranean countries has led to a segmentation of their job markets and the growth of the informal sector. And the presence of emigrants in European and GCC countries plays a vital role in contributing to the Mediterranean countries' economies, without which the economic and social consequences of globalization would be far more severe.

The pace of migratory flows from the Mediterranean countries is quickening, in spite of European and GCC restrictions. The outbound migration flows currently account for between

16.6% and 19% of the 1.87 million new job market entries every year. The inbound flows are equally important. Asian refugees or workers tend to occupy the least skilled jobs. And

this at a time when, with the exception of Morocco, the highest-skilled workers are the ones who emigrate the most.

1. The Labor Market in Arab Mediterranean Countries: Challenges and Prospects

1.6 Unemployment

1.6.1 A General Overview

The main problem facing us as we examine unemployment in the Mediterranean countries is how to define it. It is quite important to comprehend the real meaning of this definition in social, economic and political terms. What meaning can we give to a percentage provided by a government statistical office, when informal and unpaid employment make up a significant part of the total, or when one is confronted with massive outgoing migratory flows?

The ILO defines employment and unemployment in complementary fashion, according to the "resolution concerning active population, employment, unemployment and underemployment statistics adopted by the International Conference of Labor Statisticians (Geneva, 1982)". Work (or non-unemployment) is not linked to paid work, since it may be compensated by any "benefit" or "family advantage" in cash" or "in kind". Nor is it linked to a term or period of time, since it is sufficient to work "**one hour**" during a period of reference, left to the criteria of each country, but generally identified as one week. The nature of the activity is also interpreted in a very broad sense, since it includes even goods or services produced on the worker's own account.

This definition of unemployment is criticized by various authorities, to include

European authorities. Because it allows persons who have been offered work of general interest by town councils for one euro per hour ("one-euro jobs") to be considered "non-unemployed", even if they have only worked for a single hour. This sort of "job" has been "offered" to long-term unemployed in Germany, for example, and has enabled them to be removed from the official unemployment statistics¹. This criticism goes even beyond the definition itself, aiming more particularly at the way in which the questions and data from the "job market"--which are the basis of unemployment statistics--are constructed².

The unemployment rates reflected in the official statistics and issued by international institutions make it impossible to account for the real non-employment or underemployment situation. Counting individuals who have worked for one hour at least during the previous week only gives a trend indicator, and does not account for the informal work that has grown significantly in the Mediterranean countries.

¹ See Hussmans 2005.

² See www.radstats.org.uk and, more particularly, Thomas 2006.

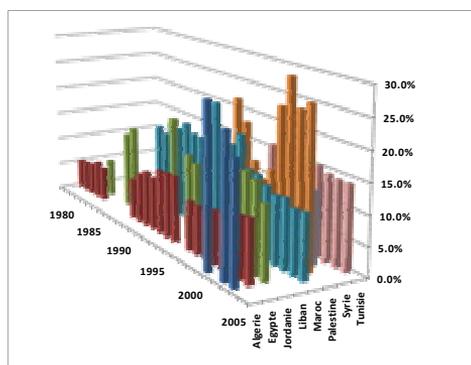
1.6.2 Unemployment in the Mediterranean countries

Even if we take into account these reservations regarding the definition, the official statistics reported to the United Nations show that unemployment rates in all the Mediterranean countries have gone beyond two-digit percentages³ in recent years.

	Unemployment Rate			Year
	Total	M	W	
Algeria	20,0%	20,0%	21,0%	2004
Egypt	11,0%	7,0%	23,0%	2003
Jordan	12,0%	12,0%	17,0%	2004
Lebanon	9,0%	9,0%	7,0%	1997
Morocco	12,0%	12,0%	13,0%	2003
Palestine	27,0%	28,0%	20,0%	2004
Syria	12,0%	9,0%	28,0%	2003
Tunisia	15,0%	NA	NA	2003

The situation there has thus seriously deteriorated, even more so when we consider that informal jobs, which are very numerous, are counted as bona fide jobs. Unemployment in the Mediterranean countries has thus established itself as one of the highest in the world.

The historical data are rather too incomplete to be able to track the development of this phenomenon in detail. Nonetheless, they enable us to readily appreciate the fact that the situation worsened markedly during the 1990s compared with the previous decade, and that it has shown a slight improving trend in recent years.



The reasons for this worsening of unemployment come down to the involvement of the Mediterranean countries in globalization, and to the “structural adjustment” policies adopted by their governments⁴, without taking serious measures to compensate for the losses generated in job creation. This globalization “requires a more mobile, highly flexible workforce that adapts to new skills.... The resulting imbalance between the supply of and demand for skills leads both to underemployment of the workforce and an economy that is going to be even more dependent on capital-intensive production⁵.” And Rifkin⁶ is cited to summarize the consequences: “A growing number of unemployed and underemployed workers...will find themselves sinking...into a permanent underclass. Out of desperation, most will turn to the informal economy to survive. Some will exchange some occasional jobs for food and accommodation. Others will become involved in theft and petty crimes. The illegal drug trade and prostitution will continue to grow since millions...of human beings, thrown out by a society that has no further need or desire for

³ See <http://unstats.un.org/unsd/demographic/products/socind/unempl.htm>; the Lebanese case shows a slightly lower rate, but the data are from 1997. The rate is well above 20% in Palestine.

⁴ See ESCWA 2001.

⁵ ESCWA 2001, pp. 22-23.

⁶ Rifkin 1995.

*their work, will strive to better their lot in life. Their cries for help will be widely ignored; because the governments will continue to tighten their purse strings and change their spending priorities from welfare and job creation to the enlargement of police security and the construction of increasing numbers of prisons.*⁷

In the Arab Mediterranean countries, unemployment primarily hits young people: the new job market entrants. The unemployment rates⁸ for people in the 15-25 age group are much higher than the national averages, reaching as much as five times the adult rates. It is a worldwide phenomenon⁹; but these countries are in a much more serious situation (averaging 24.5% in the Near East and 25.6% for North Africa) compared with the world average (13.3% in 2005), or any other region (Southern Asia: 10.2%, Latin America: 16.7%). This unemployment greatly affects young women (since their participation in the workforce is rising). In this category we are also far (30.7%, on the average, for the Middle East and 33.4% for North Africa) from the world average (13.5% in 2005) and from the other regions (South Asia: 10.7%, Latin America: 21.1%)

⁷ Rifkin 1995, p. 239, quoted by ESCWA 2001, p. 29.

⁸ See the key labor market indicators at <http://www.ilo.org/public/english/employment/strat/kilm/download/kilm09.pdf>; the data for Jordan, Lebanon and Palestine are not available.

⁹ The worldwide ratio between unemployment rates for young people and adults is around 3 to 1. It reaches 5 to 1 in Southeast Asia and the Pacific.

Unemployment Among Youths 15-25 years

	% Total	% Women	Year
Algeria	43,4%	46,3%	2004
Egypt	27,1%	40,0%	2002
Morocco	15,7%	14,4%	2005
Syria	26,3%	38,9%	2002
Tunisia	30,7%	29,3%	2005

Unemployment rates in the Mediterranean countries are the highest in the world. They have stayed in the two-digit range for two decades, and they affect primarily young labor force entrants and women, in proportions that are much more serious than in any other region in the world.

These countries show a very weak relationship between incomes and level of education, or earnings and productivity. The wage share of GDP has also declined. This results in discouraging young people from pursuing post-secondary education. On the other hand, however, the demand for education and training is much greater than the supply, particularly for skills that are compatible with the modern economy¹⁰.

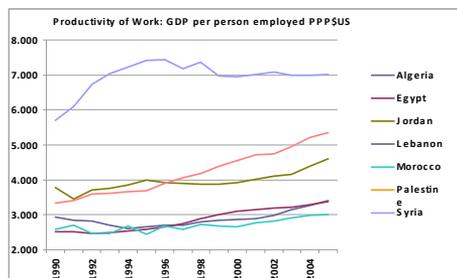
Several factors—macroeconomic, institutional and elements linked with the workforce—are deemed responsible for this situation. The growth of unemployment is accompanied by declines in productivity and real wages, and by the spectacular growth of the informal sector, which has become “the region’s top employer”.

However, in terms of productivity of labor, the ILO data show¹¹ a slight im-

¹⁰ See ESCWA 2001.

¹¹ See the key labor market indicators: <http://www.ilo.org/public/english/employment/strat/kilm/>; data for Lebanon and Palestine are not available.

provement in the past few years (particularly in Algeria and Tunisia), except in Syria, where the level of productivity is relatively high. In all of these Arab countries, productivity remains well below the level of other regions of the world (in 2005, the world average, expressed in US dollars and in terms of purchasing power parity [PPP] stood at PPP\$19,150 (2002), at PPP\$7,531 in Southern Asia and at PPP\$17,758 in Latin America). But productivity growth remains weak, or even very weak in Syria and Egypt, compared with other regions of the world (in 2005, the world average was + 3.6%, +6.2% for Southern Asia and +3.6% in Latin America). The ILO then points, in its last report, to the fact that the improvement of the unemployment situation is directly correlated with productivity growth¹².

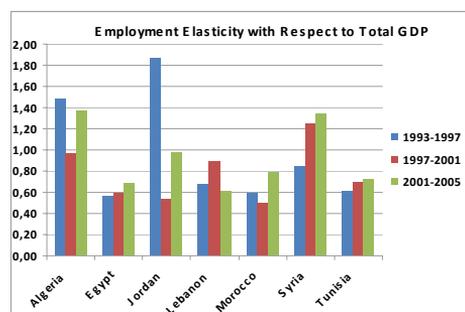


	Productivity Growth 2000-2005
Algeria	3,70%
Egypt	1,80%
Jordan	3,40%
Morocco	2,59%
Syria	0,21%
Tunisia	3,57%

Yearly Average

¹² International Labor Office 2005.

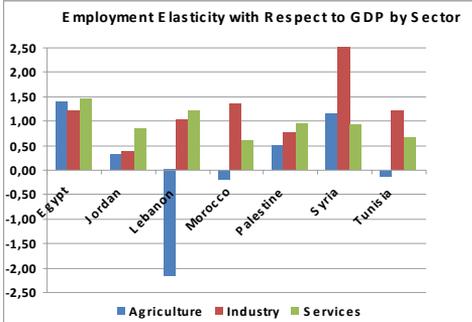
Unemployment in the Mediterranean countries is directly linked to the low level of economic development, and to the type of development. Employment elasticity¹³ in relation to GDP is much higher in these countries than in all the other regions of the world (the world average being around 0.3/0.4, 0.4/0.5 in Southern Asia, and 0.4/0.6 in Latin America). Certain countries, such as Algeria and Syria (or even Jordan), have an employment elasticity well above 1, and thus should be able to considerably improve their employment level if the levels of economic development were higher.



Considered by sectors, employment elasticity in the agricultural sector is negative in Lebanon and Tunisia, and strongly negative in Jordan. Because Algeria and Syria have elasticities above 1 in this sector, they have reserves to help them improve both employment and productivity in developing their agriculture.

¹³ An employment elasticity of 1 means that 1% of GDP growth is associated with a 1% growth in employment. Low elasticity, if growth is taking place, means that the growth is essentially the result of an improvement in the productivity of labor. See the key labor market indicators: <http://www.ilo.org/public/english/employment/strat/kilm/>.

Such reserves also exist in the service sector, particularly in Algeria, Jordan, Morocco and Syria. It is in the industrial sector that the lack of development and the potential for improving productivity are the most notable, especially in Syria, and less so in Egypt.



The vicious circle of unemployment is precisely linked to the channeling of many entrants toward the informal trades, which by their very nature are not highly productive. Productivity and wages have declined in parallel. This unemployment is a consequence of the weakness of the typology of economic development. Employment elasticity in relation to GDP is high all over the region under study here, showing a significant margin available to improve both employment and productivity.

1.6.3 Unemployment in Algeria

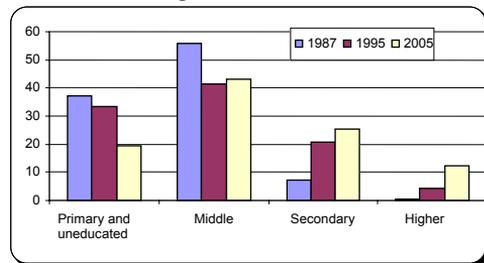
The official statistics show that the unemployment rate underwent a "negative shock" during the financial crisis of the mid-1990s, ending in a 30% peak in 1999. From that point onward, unemployment did not show an improving trend until the beginning of the first decade of the present century, thanks to

activist programs set in motion by the authorities¹⁴.



This extremely serious situation affects young people, and particularly young women (31.4% in 2001); they are simultaneously taking the brunt of both high unemployment and a change in the nature of unemployment, since an increasing proportion of the unemployed is comprised of people with elementary or secondary education and university degrees. In 2003, nearly 73% of the unemployed population was less than 30 years old.

Evolution of unemployment in Algeria according to level of education



The econometric studies for Algeria assume that an economic growth rate

¹⁴ See CP Algeria 2005, Algeria Study, and the ILO data for the most recent years, which reflect a change in the calculation method for 2005.

between 4.7% and 5.2% would be a minimum requirement to be able to halve the unemployment rate by 2012¹⁵ (to bring it back to 12% !!!). However, more recent studies¹⁶ show that current policies are not succeeding in yoking employment growth to productivity growth. The growth experienced in the industrial sector, excluding hydrocarbon industries, remains poor and is systematically accompanied by loss of productivity.

Growth of value added, employment and productivity in Algeria

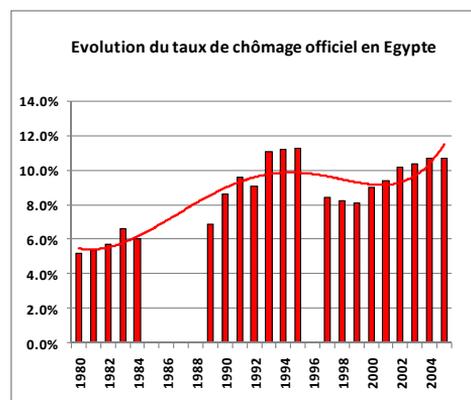
Secteurs	Croissance VA		Croissance Empl		Variation Productivité	
	Moyenne 1997-2001	Moyenne 2001-2005	Moyenne 1997-2001	Moyenne 2001-2005	1997-2001	2001-2005
Agriculture	7,0	5,3	10,4	1,3	-3,1	4,0
Industries hors Hydrocarbures	3,3	2,5	10,2	5,3	-6,3	-2,6
BTP	2,9	7,2	2,5	16,9	0,4	-8,3
Services	4,2	5,8	-4,4	9,9	9,0	-3,7
Secteurs Productifs	3,7	5,4	2,1	8,0	1,5	-2,4
Secteurs Productifs hors Agricultures	3,0	5,3	-0,3	10,3	3,4	-4,5

The unemployment situation in Algeria is worrisome, as the authorities acknowledge. To reduce the current rate (higher than 20%) by half, an acceleration of economic growth is needed, accompanied by a change in

economic mechanisms, so that the country can advance simultaneously in employment and productivity.

1.6.4 Unemployment in Egypt

Declared unemployment in Egypt has risen palpably since the 1980s. It reached a peak in 1994 at 11.3%; an improvement was seen at the end of the 1990s, before a new unemployment growth trend was observed. It is admitted that the official unemployment rates greatly underestimate the real extent of the problem¹⁷. Moreover, the drop from 1997 onward is attributed to a change in the estimation method.



Distribution of the Workforce, Employment and Unemployment by Age Groups in Egypt, 2003¹⁸

Age groups	Labor 000	% of total	Empl. 000	% of total	Unemploy. %
15	1,483	7	1,011	8	30.4
20	2,774	14	1,739	10	37.3
25	2,487	12	1,950	11	21.8
30	4,862	24	4,650	28	4.4
40	5,156	25	5,145	28	0.2
50	3,128	15	3,125	17	0.1
60-64	499	2	499	3	0.0
Total	20,360	100	18,119	100	11.0

Source: CAPMAS (2004), Labor Force Sample Survey

¹⁵ See CP Algeria 2005.

¹⁶ CNES 2006.

¹⁷ CP Egypt 2004, p. 159.

¹⁸ See INP 2005.

Egyptian unemployment affects women more than any other population group. An average of 22% during the 1990-2004 period, as compared with 6% (!) for men. It also heavily affects young workforce entrants, and mainly those with primary or secondary school education. Of unemployed women, 43% have been out of work for more than three years (this is also the case for 36% of the men). The unemployment rate among illiterates fell from 24% in 1976 to 4% in 1996, and then to 0.3% in 2003. For university graduates, unemployment was reported to be 16.3% in 2005 (25.3% of the total unemployed population).

There is a phenomenon that is characteristic of Egypt. *“Since there is no compensation in Egypt for the unemployed, a substantial number of individuals cannot allow themselves to remain unemployed, without any income. This situation results in underemployment, which is probably widespread. This underemployment has two facets: a visible one and an invisible one”*¹⁹. The visible one corresponds to underpaid, underqualified jobs with low productivity. The invisible facet is linked to many employees' desire to change jobs in a market where such an opportunity cannot present itself. This is essentially a question of a large part of the jobs in the informal sector, which are nonetheless described as “employment”.

Another characteristic is the incapacity of the private sector to compensate for the hiring slowdown affecting people with primary and secondary education in the public sector. Thus, despite the development of private training institu-

tions, industrial and agricultural technicians are experiencing increasingly high unemployment rates, even higher than those found among university graduates.

Distribution of the Workforce and Unemployment by Level of Education in Egypt, 2003²⁰

Sector	Labor force		Unemployment	
	000	%	000	%
Illiterate	4,617	23	12	0.5
Reads and writes	3,799	19	15	0.7
Below intermediate	1,092	5	23	1.0
Intermediate	6,382	31	1,478	65.9
Above intermediate	1,009	5	146	6.5
University/higher	3,460	17	567	25.3
Total	20,380	100	2,241	100.0

Source: CAPMAS (2004), Labor Force Sample Survey

There is not a strong correlation between poverty and the declared unemployment rate in the urban areas. *“This corroborates the fact that the poor cannot allow themselves to be habitually unemployed, because of the lack of unemployment insurance.... On the other hand, the impact of poverty in rural areas increases with the unemployment rates.... Poverty is greater among the unpaid and self-employed workers who do not hire other people. The irregularity of employment also correlates strongly with poverty, since occasional or seasonal workers are two times more likely to be poor than permanent employees”*²¹. *Workers in agriculture, mining and construction suffer the most from poverty, since they are more likely to be occasional workers.”*

Studies have analyzed the connections between productivity and poverty. *“The impact of poverty has decreased faster in the economic activities that have the highest labor productivity growth rate.”*

¹⁹ CP Egypt 2004, pp. 160-161.

²⁰ See INP 2005.

²¹ CP Egypt 2004, p. 167.

The conclusion is that *“the facts that job creation has not been tied to productivity, and that economic growth has been essentially concentrated in non-trade sectors, makes it necessary to reassess economic growth in Egypt”*.

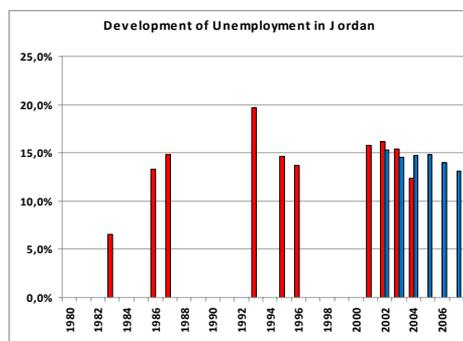
The unemployment rates declared in Egypt are subject to caution. Many non-unemployed are underemployed in very low productivity work. The absence of unemployment insurance pushes the poor into all sorts of informal, occasional and underpaid work. The durability of the economic growth model is questioned, since the private sector has failed to take over from the State, both in terms of improvement of productivity and job creation.

1.6.5 Unemployment in Jordan

Also in Jordan, unemployment rose considerably during the 1990s. Frictional unemployment (waiting while between jobs) is estimated to be low: 10% of the total; structural unemployment (involving lack of correspondence between job seekers' qualifications and the opportunities available) is considered to be higher: 20%; the greatest proportion of joblessness is due to *“demand deficiency”*²². This situation is made worse by the fact that Jordan has become an employment importer; and the foreigners employed in the special economic zones (QIZ) now account for a significant part of the country's industrial jobs²³. Productivity, moreover, has been in continuous decline since the

1980s, although the fall has slowed down a bit in recent years.

The unemployment rate seems to have followed a slight declining trend in the most recent years, with notable differences between the data recorded by the ILO and those furnished directly by the Bureau of Statistics²⁴. In 2007, the official unemployment rate stood at 13.1%. The decline is primarily due to men's employment, while the unemployment rate among women continues to rise.



Unemployment thus mainly impacts women: their jobless rate is twice that of men's (25.6% versus 10.3%). Young female job market entrants are hit especially hard (in 2007, the unemployment rate for women aged 15-24 was 34.7%, and 26.6% for the 20-24 age group). In terms of education completed, it affects all the categories, although it has a more serious effect on university graduates (15.5% in 2007) and a less marked effect on the illiterate (7.5%). And it is starkly differentiated by regions: the governments of Ma'an and Madaba are the most severely affected. 50% of the unemployed have been jobless for more than one year.

²² Jordan Study.

²³ CP Jordan 2005.

²⁴ See Jordan 2008.

The official data are also beginning to indicate the statistics concerning the jobless who are “discouraged”²⁵ about their possibilities of participating in the workforce (and who are thus not counted in the unemployment statistics). They account for 2.8% of the non-active population, or the equivalent of 4.1% of the workforce. The largest segment is the 24-39 age group, mainly women who are literate, but whose educational level is intermediate.

The declared unemployment rate in Jordan under-represents reality. It continues to be a double-digit figure, despite the country’s economic growth. It is made worse by the fact the country has become a labor exporter, particularly in the manufacturing sector.

1.6.6 Unemployment in Lebanon

Attempts to analyze unemployment in Lebanon are frustrated by a dearth of statistical data. The 1997 labor market survey estimated the declared unemployment rate at 8.5%; later estimates resulting from partial university surveys placed it at 11.5% in 2001. The propensity for unemployment between men and women reverses itself in time: in 2001, 9.3% for men and 18.2% for women; in 1997, 8.9% for men and 7.1% for women. Emigration, a more frequent phenomenon among men, surely plays a role in this result.

As in other Arab Mediterranean countries, Lebanese unemployment primarily affects young people (27.2% for the 15-

²⁵ Discouragement about participating lowers the declared unemployment rate because it reduces the size of the workforce.

19 age group, 21% for those aged 20-24, and 13.4% for the 25-29 segment); but not only those seeking their first job: 45.8% of the unemployed in 1997 and 64% in 2001 were out of work because of difficulties experienced by the company they worked for, or because the firm had closed²⁶. And it was the intermediate levels of education that suffered the highest unemployment rates.

Between 1997 and 2001, the regional distribution of unemployment also changed: while Greater Beirut had little unemployment in 1997, by 2001 it had one of the country’s highest rates. And the duration of unemployment lengthened.

Even more than Jordan, the case of Lebanon reflects real imbalances in the labor market, because this country has a high rate of youth migration and receives thousands of foreign workers occupied mainly in the production sectors (agriculture, industry, construction, tourism).

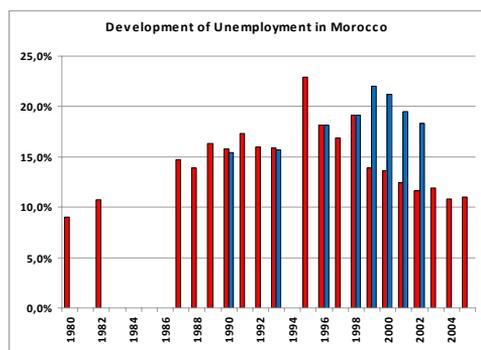
The Lebanese labor market is heavily distorted. The country’s unemployment rates are high for its own nationals, it receives a large number of foreign workers compared with its native workforce, and it harbors a hefty informal sector, largely due to the presence of numerous Palestinian refugees who cannot access formal employment.

1.6.7 Unemployment in Morocco

The declared unemployment rate in Morocco went into double digits and has

²⁶ CP Lebanon 2005, p. 119.

remained there since the 1980s. Moroccan unemployment is essentially urban (officially 19.4% in 2003, compared to a national average of 11.9%), hitting young people particularly hard (34.5% for the 15-to 24-year-olds) as well as university graduates (45%!), with a strong increase in long-term unemployment (more than 12 months: 74%!) and very long-term joblessness (more than three years), especially among new entrants. The average length of unemployment is more than 40 months. Unemployment among women is 1.5 times higher than among men²⁷.

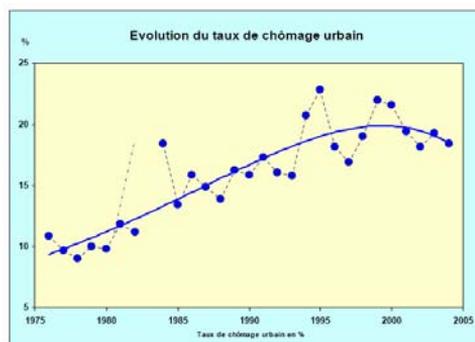


There are major differences between the official interpretations and specialists' interpretations on the declaration of the unemployment rate based on the surveys. In particular, the major drop in the official rate over the past few years is put squarely into perspective. *"The problem lies in the 'capacity' of the [official unemployment] concept of taking certain characteristics into account.... It is difficult to accept a rate [of rural unemployment] around 5% with a population of family workers in excess of 3.5 million and a share of unpaid employment close to 50%.... Certain individuals leave the active population without job*

²⁷ Morocco study

*prospects, while others decide not to enter. These are commonly called 'discouraged workers' and they are generally considered as 'latent' or 'undeclared' unemployed*²⁸.

Moroccan unemployment is thus described as structural²⁹, a fact that is corroborated by *"two independent indicators: the high incidence of long-term unemployment and the dispersion of category-specific unemployment types."* Nine out of 10 university graduates are seeking their first job, and 44.6% of this group are women. Unemployment is accompanied by a decline in productivity in nearly all manufacturing activities.



Different factors contribute to this structural unemployment: the drop in manufacturing exports after the mid-1990s, the rise of the unit cost of work associated with an appreciation of the real effective exchange rate; the very great imbalances in the development of the country's regions, the precariousness of women's work, the poor adaptation of the training given to the needs of the labor market, the concentration of capital in the country (financial, real estate and economic), the resulting weakness

²⁸ CP Morocco 2004.

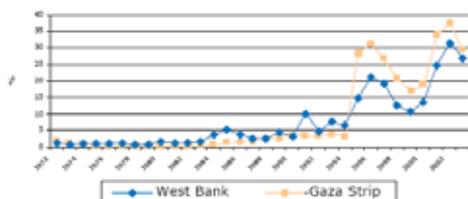
²⁹ Morocco Study.

of private investments, the weakness of growth and the debt financing of private activities with the neo-liberal globalization. The country offers the image of a "two-speed" development³⁰.

The declared unemployment rate in Morocco is the subject of controversy. This country's more than double-digit unemployment, accompanied by a high rate of "discouragement from job seeking", has become structural, affecting all categories. There are no prospects for improvement of productivity, despite the "structural reforms" pursued.

1.6.8 Unemployment in Palestine

The declared unemployment rate in Palestine is greatly dependent on the occupation and struggles. From only 12% in 1999, it jumped to 31% in 2002, after the intifada and the coercive measures applied by the occupant. Before 2000, "25% of the workforce was exported to Israel"³¹. Of the declared unemployed, 87.5% were identified as men. 80.1% have intermediate-level education, 78% have no particular skills, and 83.1% of unemployed university graduates are women. Male graduates thus find work, but their female counterparts do so only rarely.



³⁰ See HDR Morocco 2006.

³¹ CP Palestine 2006.

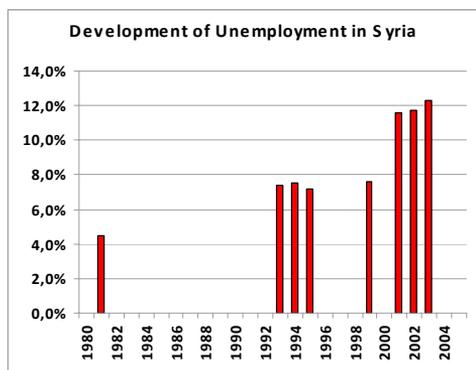
Joblessness is much higher in the Gaza Strip (38% in 2003) than in the West Bank (28%). The fact that unemployment is lower among women is due to their low participation in the workforce (except for women who are university graduates). Unemployment hits young people hard: 48% of the active population between 15 and 19 years of age is out of work. Also worth highlighting is its impact on information technologies workers: 28.8%, one of the highest industry rates.

The Palestinian economy has no capacity for absorbing new entrants. Even in 1999, its absorptive capacity fell short of 62% (85% in the West Bank and only 52% in the Gaza Strip), above all in the service sector. The "exportation" toward the 1948 territories of mostly unskilled labor offered a palliative; but when this flow of workers was stopped, the situation only worsened, in view of the fact that the Jordanian or Persian Gulf markets cannot accommodate it.

Unemployment in Palestine is very high, as the consequence of the conditions imposed by the occupation. The Palestinian economy does not have the capacity to absorb its jobless, especially entrants; and the prospects for "exporting labor" are very limited.

1.6.9 Unemployment in Syria

The official figures show a regular growth of unemployment in Syria, particularly since the implementation of "structural adjustment" measures and the freezing of government jobs in the 1990s.

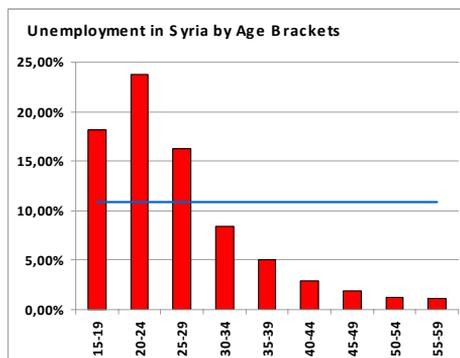


It is one of the rare countries that officially shows the relationship of the unemployment rate with the definition adopted. Thus, in 2003, the jobless rate was 10.9% when applying the standard ILO definition (having worked for at least one hour during the past week), and 12.6% (having worked one day during the past week), but also 22.6% (having worked three days during the past week), if one adopts definitions that reflect the precariousness of employment. Public debate on the subject has also revealed that the official surveys are systematically conducted in the spring, a period of high seasonal activity (harvest, public works, etc.). In the same vein, the Agency for Combating Unemployment has estimated that “underemployment” affects 16.2% of the active population³².

Unemployment is shown to vary considerably from one region to another: 1.3% in the Deir Ez Zor governorate and 22.2% for the Kuneitra governorate (refugees from the Golan Heights), compared to the national average (ILO) of 10.9%. On the district level, the variations are even more pronounced: 34.7% in certain districts.

³² CP Syria, Aita 2006.

Unemployment hits women (22%) much harder than men (8.2%), and strongly impacts young entrants (23.8% for the 20-24 age bracket). Young people under 25 are 78% of the unemployed, and women 44% (although they account for only 21% of the workforce).



70% of the jobless had been seeking work for more than 12 months (40% for more than two years), while only 14% of them had no professional experience. As regards the level of education, the higher unemployment rates are observed among those who had only vocational training or only secondary education.

Unemployment in Syria by Level of Education	
Illiterate	3,5%
Reads and Writes	4,3%
Primary	12,5%
Preparatory	9,4%
Secondary	16,6%
Occupational	19,4%
University	8,6%

Various specialists agree that unemployment in Syria is probably linked more to sluggish economic growth than

to demographic pressure³³. Many sectors saw their value added (in constant currency) diminish at the end of the 1990s, which led to a 1% yearly decline in the productivity of work between 1997 and 2002. The high jobless rates for people with high levels of education are related to poor educational curricula and their inappropriateness for today's labor market, as well as to companies' institutional weakness. 78% of the corporate managers of businesses in the production sector state that they have no need for skilled labor; and 35% of working university graduates are employed in activities that have little or nothing to do with their fields of study. Syrian employment is, therefore, described as "structural"³⁴. Further, the Syrian economy would have to produce real economic growth rates of at least 7% to absorb all the new labor market entrants.

Job-finding offices were opened in 2001. Within two years, the equivalent of 20% of the workforce had registered in these offices. This circumstance tends to put the official unemployment statistics into perspective, and to indicate the probable existence of disguised unemployment.

It should be pointed out that the human development report on Syria quotes one of the leading thinkers of *Nahda* or "Arab Renaissance" (Arab cultural movement that started in Egypt and was extended to the other Arab countries, which dates from end of the XIXth century to the beginning of the XXth century) on the subject of women's work and unemployment:

"Work protects women and the approach to virtue; if unemployment is appalling to men, to women it is an immense insult". Rifa'a Al Tahtawi (1801-1873).

Syria is one of the rare countries that officially reports the reality of unemployment and underemployment in its official statistics. Joblessness there is both high and "structural", resulting from weak economic growth, low productivity and an educational system that is out of phase with the needs of the workplace.

1.6.10 Unemployment in Tunisia

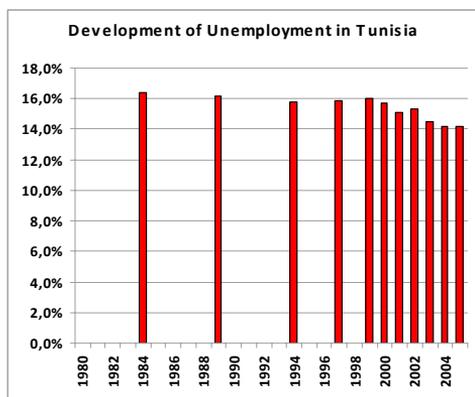
Tunisia's situation is similar to Syria's, with an officially declared "structural" unemployment rate of 14.2% (2005), which would require a real economic growth rate of at least 7% over a long period to bring it down³⁵. Here, as in Syria, joblessness hits women the hardest: 17.3%, compared to 13.2% for men. Nevertheless, the majority of unemployed workers are men (68%), young people (55.6% of them are 20 to 29 years old), and the educated. The average length of unemployment is 21 months (in 2001; in 1999 it was 29 months) for new entrants, and 10.8 months for those who had already held a job.

Tunisian unemployment also shows marked disparities among regions: The Kef and Gafsa regions are the hardest hit.

³³ Barout 2005, p. 137.

³⁴ CP Syria, Aita 2006.

³⁵ Tunisia Study. The country's economic growth over the past ten years has been 4.8%.



Analyses of Tunisian unemployment also reflect the influence of economic shocks: in the textile industry (the multi-fiber arrangement) or tourism (the events of September 11). Analysts also point to inefficiency in the job market, specifying that the "profiles offered are unsuited to the profiles demanded": *"Private sector (non-agricultural) companies hire, but not in the industries needing skilled labor. The reduction of the supply of jobs in the public sector is not compensated by a significant job supply growth in the private sector, particularly for skilled labor."*

Since Tunisia is one of the rare Mediterranean countries where there is a certain growth in the productivity of labor, the persistence of its significant unemployment rate raises a number of questions. *"The elasticity of employment in relation to production is declining.... and if employment elasticity in a growth situation stays at its current level, there is a risk of triggering strong social tensions that could hamper the capacity to pursue reforms and consolidate what has been achieved."*³⁶(!).

There are at least two reasons for the weakness of that elasticity: *"(1) The cost of labor relative to the cost of capital has increased under the influence of policies aimed at stimulating investment and reducing the international costs of equipment after lowering import tariffs. This has led to a phenomenon of substitution of capital for labor. (2) Further, the measures taken to encourage job creation that are a part of the investment code are too timid to compensate for the drop in employment. Thus, the encouragements to invest absorb 34% of the total financial and fiscal stimuli.... The measures aimed at employment...represent a mere 2.7% of the total, and both their scope and their effectiveness are quite limited in the light of the share in the economy held by formal employment.... A more structural element explains the loss of speed in job creation: the lack of dynamism in the private sector.... The concentration of SMEs, Tunisia's main job creators, in low value added industries dampens the demand for skilled labor."*

Unemployment in Tunisia has the same general characteristics as in Syria, to which we can add a greater influence of the shocks of globalization (multifiber arrangement, etc.). While Tunisia has unquestionably advanced more in developing its social safety net, it shows more clearly the limitations of the current development schemes in all of the Mediterranean countries: the substitution of capital for labor, and the ineffectiveness of the governmental (fiscal) stimuli intended to revitalize the private sector.

³⁶ CP Tunisia 2005.

1. The Labor Market in Arab Mediterranean Countries: Challenges and Prospects

1.7 Major Challenges and Employment Policies

1.7.1 Sensibilities Expressed in the Country-specific Studies

The country-specific studies have reacted, in various respects, to the major challenges presented by the job market.

The Algeria Study states that “*employment, apart from the severity of unemployment, remains an essential component of the overall social demand*”¹. This unemployment affects primarily young people and women, and is starting to affect university graduates as well. These characteristics reveal a growing misalignment between the level of skills and training and the job supply. “*Education and training are increasingly disconnected from the job market.*” This leads to:

- Wasted investment in education;
- Disinvestment of individuals in the accumulation of human capital.

The Egypt Study make the same assessment of joblessness, “*the economists' and political actors' main worry.... The problem is not only its growth, but the fact that it harms young and educated job seekers more than other segments of the population. And this question has been at the core of the presidential election platform.*” This is

why particular importance has been accorded to SMEs, the principal job creators, and to occupational training. The Study further recommends “*policies aimed at reducing women's unemployment*”, which is judged to be equally problematic.

The sensibilities are expressed differently in the Jordan Study. The Qualifying Industrial Zones (QIZ, according to the free exchange agreement with the United States) are seen as the major problem. The working population of these zones, originally presented as a solution to the unemployment problem, is 43% Asian. Even if their contribution is esteemed positive in certain regions (Karak, for example), as well as for the creation of jobs for women, they reflect a certain malaise for a country that is both an exporter and importer of labor, with marked regional and gender disparities.

The Lebanon Study echoes all of the problems identified in the other countries, to include, as in Jordan, the aspect linked to the simultaneous exporting and importing of labor. For this country, the Study brings out an extreme regional fragmentation of the labor market. Moreover, the awareness of the existing benefits and their gradual loss under these circumstances appears more clearly in Lebanon.

¹ The sentences in italics in this section are quotations from country-specific studies.

The Morocco Study points out several issues, starting with the country's extreme regional imbalances, exacerbated by the absence of basic infrastructures in certain regions, and goes on to set out job creation policies. The precariousness of women's employment, child labor and unemployment among young people, especially graduates, are identified in the Study as the major issues. Further, the rise of joblessness has weakened the position and influence of employee representatives (the Moroccan labor movement being one of the freest and the most active among the countries under study) as actors in collective bargaining, as well as the government institutions that act as mediators in the job market.

For Palestine, all the issues are aggravated by the Israeli occupation, and by the encirclement and blockage of movements of the population.

The Syria Study lists the challenges in the form of recommendations and lines of action, as follows:

- The eradication of child labor;
- The revitalization of the economy, enabling jobs to be created;
- The reform of the educational system and occupational training;
- The rationalization of work laws: greater flexibility versus reinforcement of respect for the relevant legislation;
- Reforms of the social security and pension systems;
- Legislative reforms enabling freedom to organize and labor union action;

- Improvement and rationalization of the authorities' employment policies.

The Tunisia study shows no particular awareness of the major issues.

1.7.2 The Employment Challenges in the Eight Mediterranean Countries in the Context of Globalization

In reality, the country studies express these issues primarily as consequences of endogenous factors: population growth, social aspects (women's employment), and government policies (budgetary reductions). On the other hand, they do not systematically cast light on the interaction between these factors and the exogenous ones that are tied to the deregulation of foreign trade, to globalization.

And yet the worsening of the informal economy and the segmentation of the job market to the point of producing, for a single country, simultaneous major outbound and inbound migrations of job seekers (as occurs in Lebanon and Jordan) are unquestionably characteristics of the advanced integration of the countries concerned into the globalization process.

One could have imagined that social pressure would have been applied more actively much sooner to prevent the current situation from coming to pass, and even to move governments to anticipate the recent developments and bring some corrective measures to bear. The aspects linked to government have played a role, but in fact the most important element has been the trans-

fers of money made by emigrant workers who had long since left their countries. Thus, in the eight countries under study here, transfers made by emigrants, because of the large volume they represent with respect to the GDP, have played a fundamental role in social stabilization and as brakes on social demands and reforms. Even more than the authoritarian nature of the regimes in place, they have been the condition that has enabled the “structural adjustment” to succeed.

Indeed, these transfers by emigrants have had a greater impact than government aid, whether Arab or international (to include European aid) and foreign direct investments taken together. They have constituted a massive contribution to the prevention of the further deterioration of situations of poverty and a support for neglected rural or urban areas. Moreover, due to the circuits they follow, they have directly favored the development of the informal sector and informal employment.

While they are not identified as such, given the importance of the stakes, especially for new labor market entrants, there are grounds for separating the public policies into three major components:

- the policies involving regulation and revitalization of the **formal job market**;
- The policies regarding **informal employment**;
- The policies regarding **immigration** (and emigration for some countries).

Of course, the aspects of child labor, women in the workplace, education and occupational training and the freedom to organize and join labor unions need to be dealt with in the light of the policies on these three major components.

1.7.3 Employment Policies in the Eight Mediterranean Countries

Algeria

In Algeria, after the “structural adjustment” that followed the bankruptcy at the end of the 1980s, public policies were marked by *“a reactivation of demand and investment with a Keynesian approach”*. The *“Recovery Plan”* and the *“Second Growth Consolidation Plan”*. *“These active policies, instituted at the end of the 90s...(incentives to look for work and to take even temporary jobs), while they offered a short-term solution, have the advantage over passive redistribution policies of not excluding the unemployed from the world of work, and of reducing the psychological cost of unemployment, as well as (reducing the feeling) of obsolescence of the accumulated human capital....”*

Essentially, the measures taken were:

- Incentives to creating jobs for young people, particularly through “pre-employment” contracts in which the State paid the salaries of qualified young workers in their first jobs;
- Help with the creation of micro-enterprises, which had a limited impact due to the dead hand of bureaucracy in the employment

agency and the “lack of interest shown by the banks”;

- And public poverty-fighting measures, involving compensation for activities of general interest for qualified names.

Hundreds of thousands of people have benefited from these measures. In addition, an Economic and Social Pact was negotiated between the social partners. These difficult negotiations, held between 2004 and 2006, excluded the independent labor unions, and focused the fight primarily on the informal economy, but were not able to bring about the establishment of a minimum wage.

Egypt

Egyptian public policy has developed along two lines in recent years:

- The drafting of a new labor law, passed in 2003, which contributed greater flexibility by offering, on one hand, more guarantees of the right to strike and, on the other hand, facilities for dismissal. However, in both the business world and civil society it was considered that the impact of a “rationalization” of this sort was very limited; it concerned only the minority represented by the large corporations “*compared with the extensive informal sector that dominates economic activity in Egypt*”;
- The launching of a National Employment Strategy aimed at creating 4.5 million jobs in six years, focusing on the “elastic” sectors—the manufacturing industry and services. This important program, which was also

intended to benefit the education and training system, does not seem clarified from the standpoint of its terms and methods (focusing on SMEs or on large companies?) and of the results expected.

The two Iraq wars have had a devastating effect on the emigrant labor coming out of Egypt. The authorities seem to have made some non-formal agreements to encourage and mobilize emigration for work, particularly toward Saudi Arabia. The ministry responsible for employment is, in fact, called the Ministry of Labor and Migrations.

Jordan

Jordan does not systematically maintain a ministry that is charged with employment policies; “*the implementation of employment policies tends to be fragmented and spread out among several different ministries*”. In view of the sensitivity toward matters of importing foreign workers and the informal sector, the Ministry of Labor “*has become tougher (since 2004) with regard to foreign labor...and has begun to be more rigorous in its inspection of private sector companies to verify the application of labor laws and regulations*”.

Lebanon

Taking various deficiencies into account, “*Lebanon has never succeeded in adopting employment and human resources policies in the strict sense, either independently or through socio-economic planning*”. At no time, even within the framework of the post-civil war programs, has the country managed to adopt employment measures,

either negative (unemployment benefits, early retirement scheme, etc.) or positive (state employment agency, employment aids, etc.).

"The Ministry of Labor continues to suffer from limited effectiveness, especially in terms of hiring and monitoring foreign workers, inspection, supervision and employee safety. Further, the departments specializing in statistics, unions and professional associations are semi-paralyzed. The Ministry's most notorious role is the one played by the division that issues work permits to foreigners (a division that is riddled with corruption, as several successive ministers have testified)".

Morocco

The employment question has acquired an entirely different dimension in Morocco, where dedicated policies have aimed at this challenge, which is recognized as such, in various aspects of its five-year plans. These policies are generally integrated into the framework of efforts to promote investment and the creation of companies, with some specific measures:

- Support for entrepreneurial initiatives proposed by young people, a move that has led to the creation of only a few hundred new jobs;
- Support for self-employment by creating some 4,000 micro-enterprises;
- Encouragement of training-placement courses and "employment action" (support for managing new hires), which have benefited 66,000 young employees.

Additionally, a new labor code was adopted that brings more flexibility into the market, although *"it increases the cost of recruiting permanent workers and reinforces the conditions required for submitting an application for layoff"*.

The specialists are highly critical of these insufficient measures, which some say encourage the growth of informal employment. Morocco also faces one of the most serious situations of any of the eight countries in the area of illegal migrations.

Palestine

In 1997, an international conference was held on employment in Palestine: industrial parks, urgent programs, promotion of self-employment, support for SMEs and for women in the workforce were all discussed. But *"none of these programs was linked or associated with the international or regional markets"*, which nevertheless employ a major part of Palestine labor. In particular, the Palestinian labor market has remained extremely dependent on subcontracting agreements with Israeli firms.

The fact is that, given the situation in which the Palestinian Authority finds itself, and the blockades imposed on the territories, the employment policies advocated by that conference and by the organizers have remained fragmentary, partial and not very effective.

Syria

At the end of the 1990s, Syria abandoned "employment policies" that combined two and a half years of military service with two and a half additional years of civil service for certain gradu-

ates. This abandonment, without any measures to compensate for it, has aggravated the problem of employment for young people.

In 2001, an Agency to Fight Unemployment was created and endowed with significant resources: more than USD 1 billion. In two years of activity, it has distributed tens of thousands of small loans (of around USD 4,000), which are thought to have created more than 120,000 jobs. The supportive effects (training, assistance with creating companies, etc.) have been limited. The Agency's work was later halted in the face of various controversies over its operation and the distribution of the loans.

A project to draft a new labor law was announced, without consulting the labor unions, even though they are controlled by the governing Baath party. This bill, highly liberal in nature, was subsequently "forgotten" as the result of the reactions it provoked. On the other hand, a second law concerning public sector employment was passed, giving the Prime Minister the right to decide on dismissals, without appeal.

Tunisia

In Tunisia, *"employment remains a fundamental challenge...and has a high priority"* for the country's governments. The 2002-2006 plan is based *"on a high intensity employment development strategy through the promotion of private investment, and on the improvement of the skills of human capital according to the demands of the labor market. This policy also includes a line of action to consolidate placements abroad"*. In addition, active employment

policies (AEP) have been developed to help unemployed workers and first job seekers to integrate themselves into the market. The country devotes relatively important means to this active policy, greater than 1.5% of the GDP. Several levels of intermediation are applied: those who are directly responsible for the job market (employment agency and labor inspection); institutions for financing employment programs, (solidarity bank, national fund for employment and social security fund); and occupational training institutions (national agency, specialized schools, private schools). The programs cover training and job market integration, micro-enterprise promotion and both initial and continuing occupational training.

Of the eight Arab Mediterranean countries under study, Tunisia is the only one to have structured, deliberate policies to promote employment in the following three areas: formal, informal and migratory, also including the investment environment and the development of the country's human capital. On the other hand, numerous criticisms, including some from international authorities such as the ILO, have been leveled at the strict control and the limitations on labor organizing rights and the right to strike.

The major labor market issues in the eight Mediterranean countries are perceived to be centered on unemployment among young workers and women, and primarily on the lack of opportunities for new arrivals, especially the educated ones. They are aggravated in those countries that are currently feeling the effects of the baby boom and those that are very open to foreign labor. In reality, it is

the segmentation of the labor market (particularly through informal employment) that has become a prime issue, in addition to its insufficiency (leading to immigration, and even illegal immigration).

In response to these issues, the public policies vary considerably, with a high degree of efficient institutionalization in Tunisia, by contrast with the

“laissez-faire” attitude seen in Egypt or Syria. Only rarely are these policies expressed in a structured manner that addresses the three areas: formal work, informal work and immigration. Thus, certain instruments tend to encourage informal employment (loans to micro-enterprises). And only rarely is migratory labor regulated coherently: search for opportunities, facilitating returns, etc.

2. The Place of the Euro-Mediterranean Partnership in Economic and Social Development

2.1 The Status of the Barcelona Instruments

2.1.1 Highly Diverse Situations with respect to the Euro-Mediterranean Partnership

Following the 1991 Gulf War and the Madrid Middle East peace conference, the European Union launched, with the various Mediterranean countries, the Barcelona process (with a conference in 1995) broken down into these constituents: political (peace, particularly between Israel and Palestine, and dialog on security), economic (construction of a prosperity zone), and social, cultural and human.

The eight Mediterranean countries that concern us committed themselves in very different ways to the Euro-Mediterranean partnership, although they had all subscribed to the Barcelona process at the outset. Tunisia committed itself from the beginning, quickly signing its association agreement and rapidly applying it in unilateral fashion; by contrast, Syria, the last country to get involved, only initialed its agreement recently; its approval and implementation remain blocked for political reasons.

An important fact should be noted in this regard: on one hand, the partnership agreements were signed as a group by the European Union while, on the other hand, each one of the Mediterranean countries concerned signed its agreement separately, without any provision

being made for any aspect linked to regional or sub-regional integration (for example, for the Arab-speaking Maghreb countries). Also deserving mention is the fact that among the three main Barcelona conference constituents (political, economic and social), the economic constituent was largely dominant: free trade and support for structural adjustment. The political aspects remained consultative and scattered, and the control over migrations originating in the Mediterranean countries became the predominant issue. Further, the conditions governing the peace process with the Palestinians, which were included in the association agreement with Israel, were not respected by the European Union.

European Union Association Agreements

	Signature	Implementation
Algeria	Apr. 2002	Sept. 2005
Egypt	Jun. 1999	Jun. 2004
Jordan	Nov. 1997	May. 2002
Lebanon	Jun. 2002	May. 2005
Morocco	Feb. 1996	Mar. 2000
Palestine	1997 (interim)	-
Syria	Oct. 2004 (initialed)	Pending
Tunisia	Jul. 1995	Jan. 1996

2.1.2 The Barcelona Instruments

Despite this, various Barcelona instruments have been put into place, even in the case of Syria. The impact is, however, very different between the two extreme cases—Tunisia and Syria—

and generally varies from case to case, according to several factors, among which is the level of interaction between the Euro-Mediterranean partnership and the other internal economic, social and political processes, as well as external processes (other free trade agreements).

It must also be pointed out that all of the eight Arab Mediterranean countries benefited, before Barcelona and beginning in the 1970s, from a cooperation agreement (several protocols) with the European Union, providing, among other things, for free access by industrial products from these countries to the European market. But this agreement has been very weak in practice, particularly in view of the rules governing origin that were applied.

Barcelona has, nonetheless, given rise to aid programs called MEDA, managed by the European Commission according to indicative national programs, devoted to institutional reforms, as well as to loans from the European Investment Bank (EIB) to support infrastructure development efforts.

Compared with the protocol period, the originality of the Barcelona instruments lay in:

- The relative increase in the volumes of aid;
- The regional inclusiveness (reflected in the principles, but not in practice) of their envelope;
- The yearly basis (non-renewal) of the amounts;
- And the conditionality of the aids, on three levels: economic (structural adjustment), respect for the terms of the agreement, and human rights.

Two principal MEDA programs have been carried out since the Barcelona conference, independently of the progress the countries have made in signing their association agreements (AA): MEDA I, 1995-1999 (€3.435 billion) and MEDA II, 2000-2006 (€5.359 billion). Despite their timid amounts (with respect to the GDPs of the countries concerned), the amounts allocated were never spent due to the difficulty experienced in progressing with certain conditional reforms and the bureaucratic difficulties of and with the European Commission.

The EIB programs have dealt in larger amounts: €4.808 billion for 1995-1999 and 6.4 billion for 2000-2007, plus €1 billion for transnational projects. In addition, in 2002 a new program called FEMIP (French acronym for Facility for Euro-Mediterranean Investment and Partnership) was launched by the EIB to support the development of the private sector.

It should be noted that these two types of instruments are not of the same nature. In essence, the MEDA programs give rise to involvement by experts or European consulting companies (sometimes in loose association with similar local companies) that advise local institutions (ministries, public agencies, or ad-hoc bodies created for this purpose) in the task of making institutional reforms agreed to in the indicative programs. By contrast, EIB financing activities concern physical projects, often involving infrastructure, whose impacts are more visible. But in both cases, a significant part of the monies invested are siphoned back to the European companies involved in executing the projects.

The MEDA programs have focused strongly on assisting countries to undertake structural adjustment and liberalize trade. They have only very indirectly tackled social questions such as employment and the labor market. These social questions have only been dealt with in the discussions held during the stage following the partnership / association: the New Neighborhood Policy (French acronym: NEP). Two seminars on social affairs were thus held by Jordan and Tunisia, where social rights, labor standards, gender, employment policies and reduction of poverty were discussed.

2.1.3 Algeria and the Euro-Mediterranean Partnership

The Association Agreement with Algeria was initiated in December 2001, and signed in April of the following year, although it did not take effect until September 2005.

Of the funds allocated for the MEDA I program, 1995-1999, only 19.5% (€31.9 million) of the total budgeted (€164 million) were actually disbursed, and *“the aid for structural adjustment absorbed €30 million”*. Algeria’s political unrest during this period was cited as a reason, but so was *“the European Union’s low interest”*. This triggered some severe criticisms: *“The economic association with the Mediterranean is considered less as an end in itself than as an instrument in service to political stability in the region, and to the control of migratory flows”*¹.

For MEDA II, 2000-2006, the commitments were increased for Algeria but the disbursements remained poor.

The aids given by the EIB were more substantial. The 841 million euros committed over the 2000-2004 period benefited: the reconstruction of the region that was stricken by the earthquake (27%), the Takset-Alger potable water pipeline (27%), the construction of three sections of the East-West freeway (24%), etc.

2.1.4 Egypt and the Euro-Mediterranean Partnership

The EU-Egypt association agreement was the subject of some difficult negotiations over a period of four years. It was adopted by the Council of Europe in June 1999, then ratified by Egypt in April 2003. It went into effect in June 2004.

Before Barcelona, Egypt had received €661 million to “promote the free market economy in agriculture and to invest in socio-environmental infrastructures”. And yet the environment portfolio was one of the most difficult ones when negotiating the agreement; and the conditions imposed had to be withdrawn.

Under the MEDA I program, €631 million were allocated to Egypt, plus more than €500 million in loans from the EIB. Under MEDA II, Egypt was allocated €351 million solely for the 2002-2004 period, followed by €243 million for 2005-2006. At that date, the total committed by the EIB was €2.7 billion.

¹ Leveau.

2.1.5 Jordan and the Euro-Mediterranean Partnership

Jordan signed its association agreement earlier (1997); it went into effect in 2002.

Under the two MEDA programs stretching from 1996 to 2003, Jordan was allocated €423 million, or about €53 million per year. In payment terms, "*Jordan was the best performer in the European partnership in the use of the MEDA resources: 62% of the grants were actually disbursed*"². For the 2004-2005 period, the average annual MEDA commitment rose considerably (€75 million a year), as did the disbursement rate (68%). For a country that was heavily dependent on international aid, the officials' perception was, nonetheless, that "*Europe's commitments toward Jordan remain modest when compared other Mediterranean countries*"³.

EIB loans rose to €363 million between 1995 and 2002, or €45 million per year. They seem to be continuing at the same pace.

2.1.6 Lebanon and the Euro-Mediterranean Partnership

Lebanon was even more dependent on EU aid, in addition to the direct aid from the member countries: €1.7 billion from 1977 to 2001, of which €553 million were EIB loans, €332 million (protocols: €164 million and MEDA I: €166 million) and €900 million from the member

countries (Italy 50%, France 32%, Germany 14%).

For a country that has a chronic balance of payments deficit, and that has accumulated government debts in the neighborhood of 200% of its GDP, these sums "*are only a small percentage of the trade deficits with the EU*".

2.1.7 Morocco and the Euro-Mediterranean Partnership

The negotiation of the association agreement with Morocco gives a particular view of the entire Euro-Mediterranean partnership. Indeed, the negotiations began well before Barcelona, in 1992, after the European Parliament rejected the 4th Europe-Morocco financial protocol. Even the old protocols had to be adapted after Spain and Portugal joined the Union. It was there that the concept of the need for a "new Euro-Mediterranean architecture" was born, based on a mutually beneficial partnership for co-development that would be multidimensional (with political and social dimensions as well as free trade), and not grounded solely on aid. The free trade aspect was one of the most difficult ones in this case, in the light of the problems linked with the agricultural and fishery dossiers, as well as the immigration question, and taking into account the country's level of unemployment and poverty.

Morocco was allocated €630 million under MEDA I (of which 52% was reserved for the "reinforcement of socio-economic stability"). But in practice, only the programs tied to structural adjustment were fully funded.

² Jordan Study

³ Statement by the Jordanian Foreign Affairs Minister to the Association Council in Luxembourg in 2004, as quoted in the Jordan Study.

The EIB granted a total of €2.5 million, essentially for infrastructure projects (freeways, ports, etc.).

million for UNRWA, €157 million in humanitarian aid and €108 million for food aid.

2.1.8 Palestine and the Euro-Mediterranean Partnership

In 1997, the EU and the PLO signed an interim association agreement. It has not been possible to convert this temporary arrangement into a standard agreement. At any rate, Palestinian trade passes through Israel's intermediation.

In this particular context, the European aid was broken down into several categories:

- Contributions to the United Nations agency for the Palestinian refugees (UNRWA);
- Humanitarian aid as such;
- Food aid;
- Operations linked to the peace process;
- The MEDA projects.

Even if it has varied from year to year, the aid from the European Union accounted for 40%, on the average, of the total aid received by the Palestinian authority. The aid given under MEDA had to be reoriented to urgent needs, to include the financing of the administration's current needs. However, it has been noted since 2000 that "the aid given through MEDA projects has tended to diminish, while the grants for the UNRWA have increased"⁴.

Between 2000 and 2005, €391 million were allocated under MEDA, plus €217 million for the peace accords, €271

2.1.9 Syria and the Euro-Mediterranean Partnership

The Syro—European negotiations dragged on from 1995 to 2003, when they were accelerated after the American government⁵ applied sanctions to the country. The association agreement was finally negotiated rapidly in six months and initialed at the end of 2004. The ratification process was blocked immediately thereafter when Lebanese Prime Minister Rafiq Hariri was assassinated, the discussions on ratification did not resume until 2008. It should be mentioned that the EU has reinforced the political conditions during the negotiation of this agreement, including, in particular, a clause against weapons of mass destruction.

Nonetheless, €280 million were allocated to Syria under the MEDA programs (1995-2006), including some support to SMEs and to education.

2.1.10 Tunisia and the Euro-Mediterranean Partnership

The EU-Tunisia association agreement was signed quickly (July 1995) and unilaterally implemented from January 1996 onward.

Tunisia received more than twice Algeria's allocations under MEDA I, accumulating 35% of the total aid contributed to

⁴ Palestine study

⁵ Under the SALSA—Syrian Accountability and Lebanese Sovereignty Restoration Act

the three Maghreb countries, although Tunisia's population is only 14% of those countries' aggregate inhabitants. The total aid granted to Tunisia amounted to €428.4 million, which included the EIB soft loans granted from 1996 to 1999. 22% of the aid was devoted to social aspects: regional development, budgetary support for health insurance, support for job creation, occupational training, etc.

For MEDA II, which covered the 2000-2006 period, the share devoted to social programs was increased to 28.6% of the €544 million total (primarily to education and occupational training). The EIB, for its part, granted more than €1.9 billion, fundamentally for infrastructure projects, of which €140 million were invested in science park projects.

While all the Mediterranean countries benefited, under one aegis or another, from aid for occupational training, Tunisia is the only case where the funds were specifically earmarked to support an employment agency (€9.6 million).

Project in Support of Job Creation

With the framework of the strategy aimed at opening and upgrading the Tunisian economy, this program enables the Agence Nationale pour l'Emploi et le Travail (ANETI- the National Agency for Employment and Work) to reinforce its capacity to act in the job market. The overall objective of the program is to reduce unemployment by creating lasting jobs. The specific objectives aim at: integrating job seekers into the market by financing training actions suited to companies' needs, helping to palliate the consequences of job destruction caused by the restructuring of public and private enterprises, and strengthening the ANET's intervention capacities for helping to create lasting jobs.

The program consists of:

- *Holding training seminars according to the Company Creation and Entrepreneurship Training method for promoters, with a view to placing some 1,000 workers on their own account.*
- *Organizing a Company Creation and Entrepreneurship Training seminar for facilitators.*
- *Training the personnel who staff the Micro-enterprise Promotion Units.*
- *Consulting assistance for the promoters for financing training suited to companies' needs by using integration fund and Professional Adaptation instruments to reach an objective of placing 6,200 people in stable jobs, and support to increase the effectiveness of Instrument D of the Integration and Professional Adaptation Fund.*

The situations of the eight Mediterranean countries with respect to the Euro-Mediterranean partnership is by no means the same. Tunisia signed its agreement and implemented it quite soon after Barcelona. Syria has only initialed its agreement, which still awaits ratification. Still, MEDA aid programs (grants managed by the European Commission) and subsidized loans from the EIB were launched in all of the countries. Their amounts (in relation to each country's GDP) and the extent of their execution (the maximum is 60% for Jordan) vary. While the EIB loans were granted to assist with infrastructure investments, the MEDA aid was focused on "structural adjustment" and institutional reforms, but also in small part to assistance with upgrading the private sector to prepare it to cope with free trade. The question of employment was no more than a minor goal of MEDA, which benefited Tunisia in this domain.

2. The Place of the Euro-Mediterranean Partnership in Economic and Social Development

2.2 The Other Partnerships and Free Trade Agreements

2.2.1 Regional and Global Agreements

In addition to the partnership with Europe, the Mediterranean countries have entered into various regional and global free trade agreements in recent years:

- The Arab Maghreb Union, signed in 1989 by Tunisia, Algeria and Morocco.
- The Greater Arab Free Trade Area (GAFTA), created in 1997 by the Arab League, was joined by 17 Arab countries, including all the countries under study here except Algeria. Most regional customs barriers came down on January 1, 2005.
- The Agadir agreement, signed in 2004 by Tunisia, Morocco, Egypt and Jordan, came into effect in March 2007. It has a broader scope than GAFTA in terms of elimination of customs barriers, to include those affecting agricultural products.
- Certain Mediterranean countries have also signed bilateral free trade agreements with the United States, which grants privileged access to exports from Qualifying Industrial Zones (QIZ).

- Finally, all eight countries joined the WTO: Algeria, Lebanon, Palestine and Syria remain in applicant country status.

2.2.2 Arab Maghreb Union

The Arab Maghreb Union has remained a political and economic dead letter. The trade flows among the three countries involved do not exceed 2% of their foreign trade (of which Algerian oil accounts for roughly half)¹.

The arguments brought out to explain this low level of integration cite the lack of complementarity among their production systems and the great dependence of the three economies on Europe. In fact, however, the scant trade flow, even in terms of petroleum products, has rather more to do with the lack of political will on the part of the three countries. *"The illicit cross-border trade tends to confirm the existence of a potential for complementarity."*

The trade flows between Morocco and Tunisia should improve since both countries are GAFTA members.

¹ Algeria Study

2.2.3 Greater Arab Free Trade Area

GAFTA requires 40% local value added, and permits accumulation among the member countries. It has numerous weak points, such as the fact that it gives member countries the right to exclude certain industrial products², as well as agricultural products. Moreover, GAFTA does not include provisions for the harmonization or mutual recognition of standards, rules, tests or certification procedures, or environmental standards.

Certain countries (Egypt, Jordan and Syria in particular) have taken advantage of this ample loophole; GAFTA has enabled them to significantly increase their exports to the Gulf countries, which are also members. The extension of its range should be discussed during a forthcoming Arab summit devoted exclusively to economic, social and development questions, which is to be held in Kuwait in January 2009.

2.2.4 Free exchange agreements with the United States

All the free exchange accords with the United States have been bilateral treaties with no regional aspects. Specifically, they do not even provide for origin accumulation rules with the other signatory countries (except for Israel in certain cases).

The United States rewarded Egypt after its separated peace with Israel with various preferential treatments, which

have gradually evolved (one example of this was the 1995 agreement on textile products). In December 2004, an agreement was signed on the textile QIZ, under which free access to the American market was conditioned on the use of Israeli components. Egypt receives around USD 3 billion in aid from the United States in different categories.

In 2001, Jordan followed suit after making its own peace with Israel. Jordan's free trade accord with the US includes a clause stipulating compliance with the ILO conventions governing labor law, which has produced no practical effects³. But the free trade agreement with the US requires 35% Jordanian value added, except for the QIZ, which are only required to add 11.7%, in addition to the 7-8% Israeli (or Palestinian !) value added.

For Morocco, a free trade agreement with the United States became effective in 2005. Compared with this country's agreement with the European Union, the accord with the US offers numerous advantages, especially for agricultural products, textiles and apparel, three key industries in the Moroccan economy. It also includes a clause regarding labor law.

"Article 1 of the agreement is clear insofar as it states at the outset that 'the Parties reaffirm their obligations as ILO members as well as the commitments they have made by virtue of the ILO declaration relative to the principles and fundamental labor rights and to their oversight'. This concerns mainly labor

² Egypt has submitted a negative list of 679 products, Morocco has presented a list of 800 products it wants exempted, Syria excludes 229 products, Tunisia 161 and Lebanon 41.

³ Jordan Study, Charnovitz S. (2005), Barrenada and Martin (2000)

rights that are internationally recognized by all of the member countries of this organization, such as the respect for freedom of association, the right to organize and to negotiate collective labor agreements.... In a general sense, the two parties undertake to offer their populations decent working conditions and to create a favorable climate for employees, and to punish any and all discrimination or abuse of power against them.... But the commitments made remained general in nature.”

2.2.5 Other Bilateral or Regional Agreements

In 1998 Egypt joined the Common Market for Eastern and Southern Africa (COMESA, established in 1994), and has offered COMESA member countries free access to its market.

Additionally, there are numerous bilateral accords among the countries under study here: Egypt-Syria 1991, Egypt-Tunisia 1998, Egypt-Lebanon 1999, Egypt-Morocco, Morocco-Tunisia, Lebanon-Kuwait, Lebanon-UAE....

2.2.6 The World Trade Organization

While certain Arab countries signed the GATT at its outset, the great majority of them withdrew in 1951 when Israel joined (long applied boycott rules). Subsequently they found themselves, with the evolution toward the World Trade Organization (WTO), in a difficult negotiating situation on the diverse aspects.

The WTO	
	Status /Date Joined
Algeria	Observer
Egypt	Jun. 1995
Jordan	Apr. 2000
Lebanon	Observer
Morocco	Jan. 1995
Palestine	-
Syria	Application 2001
Tunisia	Mar. 1995

Indeed, “the scope and extent of the commitments to the WTO seem greater than in the bilateral or multilateral agreements between Arab states. The Marrakesh agreements tend to harmonize the regulation governing customs values, sanitary and phytosanitary standards, the rules of intellectual property, technical barriers to trade, SPS measures, etc. On the other hand, most of the intra-regional agreements do not envisage any objectives to attain in these various domains. In the absence of any harmonization of these rules, inter-Arab trade runs the risk of continuing to suffer a diversionary effect towards other regions of the world”.

Egypt, Morocco and Tunisia became WTO members. Algeria applied for membership in 1995, as did Lebanon and Syria. These latter countries face difficulties in negotiating their membership, particularly as regards coherence among the various other free trade commitments.

The eight Mediterranean countries have entered into various free trade agreements beyond the partnership with Europe; the most important of these are the Greater Arab Free Trade Area accords. Further, they have entered the processes linked with the WTO.

2. The Place of the Euro-Mediterranean Partnership in Economic and Social Development

2.3 Measures and National Plans in Support of Free Trade

2.3.1 General Context

As we have observed previously, in the 90s, the Mediterranean countries embarked simultaneously on “structural adjustment” and “opening” their economies.

The effects of these two “policies” were combined, particularly on the job and employment market; and the governments in power did not systematically adopt adequate supporting measures.

2.3.2 The Case of Algeria

Algeria's fundamental problems during this period were its civil war (terrorism and political unrest) and financial stabilization (after the country's financial crisis at the end of the 80s).

The country saw 50% of its public companies privatized, apart from the hydro-carbon industry. This restructuring was accompanied by updating and alignment programs, including an “industrial competitiveness program” that produced quite meager results; it was followed by a “Euro-development program for SMEs”, with aid from the EU. This second program ended in 2006 with “*not very encouraging results.... This poor outcome could be attributed more to a macroeconomic environment that*

offered few incentives (information, tax system, industrial base, informal economy) than to a lack of competitive spirit in managerial behavior”. A third program for small companies was slated to be launched.

2.3.3 The Case of Egypt

The association agreement was reached in Egypt when the country was already involved in different free trade agreements (with the US and the WTO). As with the others, no specific support program was initiated.

2.3.4 The Case of Jordan

“The national support measures and plans to cope with free trade were minimal..., which probably worsened the impact.”

2.3.5 The Lebanese Case

The case of Lebanon is special. When the Barcelona process was launched, the country was emerging from a civil war while initiating a major reconstruction effort, and, as a result of various

“policies”, it fell into a financial crisis marked by the volume of its government debt. This public debt, however, was carried nearly in its entirety by the local banks and other financial institutions, financed by a continuous inflow of deposits from Lebanese emigrants.

The euphoria of the 90s did not allow the real extent of this crisis to be measured until around 2000, when the debt service became a significant part of the government budget.

And the crisis appeared even more endemic as a result of the coinciding internal political crisis that also involved foreign actors.

Two donor conferences were held to lend support to the government and to the country's financial institutions. The conference known as Paris II took place in November 2002 and brought together the EU, the EIB, several European countries, some Arab countries, the United States, the World Bank and the IMF. The donors contributed €3.4 billion in grants and loans, particularly in the form of low-interest deposits in the Central Bank, to lighten the debt service burden. The Lebanese authorities were invited to accelerate institutional and economic reforms (including moving forward with privatizations in a country that had historically had a strongly liberal economy).

But the reform process ran into multiple difficulties, despite the heavy pressure brought to bear by the EU through discussions of the partnership and diverse aid measures (MEDA, etc.), to include the privatization questions. And what ended up being executed *“was accomplished to the detriment of social ques-*

tions relative to work and unemployment”, although the EU appeared to be aware of the implications: *“Currently dominant are significant poverty and income disparities, since the society is becoming more and more dichotomized between the very rich and the poor.... A United Nations study shows that 35% of the population does not have access to its basic needs, which is to say that this group lives below a poverty line demarcating a minimum standard of living. ...)”*¹. And yet, MEDA II only contributed, for 2002-2004, €15 million for “integrated social and rural development programs”, in contrast, for example, with €45 million for the commercial sector.

The political conflicts and deadlocks that followed the American invasion of Iraq in 2003, and the subsequent political assassinations (particularly of Prime Minister Rafiq Hariri) have not allowed corrective supporting measures to be applied, be they social or aimed at companies.

2.3.6 The Case of Morocco

A program of actions was set up by the Moroccan government to upgrade companies so that they could withstand the shock of the removal of market protections: standardization and quality, occupational training, etc.

Nine years after its launch, some evaluations have enabled its achievements to be measured:

- **Upgrading the business environment.** An arsenal of new

¹ EU, Lebanon National Indicative Program, 2002-2004

legislative texts was promulgated: commercial, insurance, competition, financial market and labor codes. The program has contributed greater openness and effectiveness. But its effects remain well below expectations. *“One of the essential difficulties...lies in the internalization by societies of the rules of the game established by the new laws.”* Informal practices are still the order of the day.

- **The MEDA funds:** It has been noted that the contribution of the MEDA programs amounted to only 0.4% of the GDP of the Mediterranean countries, by contrast with more than 4% when Portugal was upgraded, covering up to one fourth of public expenditures. The contribution to the private sector *“amounted to less than 5% of the financing needs for restructuring”²*. *“The support for upgrading was thus no more, in essence, than a congruent portion for financing and actions of a horizontal type, whose impact on industrial structures was bound to be limited.”*
- **The complexities of managing the MEDA funds:** In the first phase, known as MEDA I, only 20% of the committed funds were disbursed and applied. The disbursement rate was lower precisely for the upgrading actions. Although the procedures were improved

later, the disbursement rate remained below 60%.

- **The difficulties of mobilizing internal resources:** The largest part of the resources had to be internal, and that portion was difficult to obtain. Morocco then created a fund reserved for upgrading (FOCAGEM) that enabled SMEs and SMIs to benefit from loans guaranteed by the Central Guarantee Fund (CCG, in its French abbreviation). Another special depollution fund (FODEP) was also created. But despite these instruments, the results were disappointing. *“The modest level of the financing proposed was thus accentuated by the meager use of the resources made available.”*
- **The poor support given by companies:** *“A mind-numbing wait-and-see attitude and behavioral rigidity (shown by the SMEs) complete the picture.”* Despite the Euro-Moroccan Enterprise program, *“the outcome was an unqualified failure for various reasons: a laborious start, a belated consciousness raising among the companies, poor monitoring, a vague institutional assimilation....”* Things improved slightly from June 2003 onward, after the program was integrated into the framework of the National Agency for SMEs.
- **Other persistent difficulties:** The difficulties that the supporting programs continue to collide with include: deficient advance preparation, lack of articulation between upgrading and an in-

² According to the Moroccan Ministry of Commerce, Industry and Crafts, cited in the Morocco Study

dustrial policy, the absence of targeting by sector³, insufficiencies in scheduling the interventions, the lack of coordination with the industrial policy actors, etc. Today, there is no evaluation of the upgrading policy systems that would measure both their cost and their economic effectiveness.

Moreover, the supporting programs did not truly include aspects that targeted the job market in a country where the situation is particularly difficult.

2.3.7 The Syrian Case

Syria delayed liberalizing its foreign trade until 2004. But this waiting period was not turned to good account to strengthen the country's economy. After the financial crisis of 1986, a certain "opening up" to the private sector and the prospects for peace had allowed significant growth rates in real terms during the first half of the 90s. From 1997 to 2003, while the government continued with its "adjustment" and its budget cuts, no fundamental reform was undertaken, either at the company level or in the social support arena: "a structural adjustment without reform" resulting in an accumulation of foreign exchange reserves. With the drop in oil prices, the country suffered a recession in 1999. Thus, in 2004, an official report by the Plan Commission described the years from 1997 to 2003: "lost years for the Syrian economy".

³ The EU argues that it is unable to do this and comply with WTO rules.

From 2005 onward, in reaction to the failure to sign the European partnership agreement, and to the American sanctions, the country unilaterally launched a foreign trade liberalization, a considerable reduction of its customs tariffs, a reform of its business environment, etc. The effects of these actions quickly became considerable (doubling, even tripling the level of imports), without diversionary effects, except toward the Persian Gulf countries, and without supporting social measures.

2.3.8 The Case of Tunisia

The association agreement with Tunisia led to the implementation of a three-part plan of action: employment policy and social legislation affecting employment; migrations, education and training. In addition, a program to upgrade companies and employment was set in motion. This program touched more than 1,600 enterprises between 1996 and 2003, with investments made of DT 2,646 million (some €1.480 billion), of which 14% was devoted to know-how investments. The subsidies rose to DT 376 million (about €210 million). The main beneficiaries were the textile and apparel (23.3%) and the agri-food industries (21%).

"In terms of investments made, of subsidies granted to the enterprises involved, and jobs created, according to the data gathered by the Upgrading Bureau, the PMN (French abbreviation for Upgrading Program) shows a positive outcome, even if one recognizes certain failings due to the fact that it does not include performance incentives, since the beneficiaries are not

held to any obligation of result. They were only expected to fulfill their commitments to make physical or know-how investments. But when one considers the overall data produced by the macroeconomic plan, the assessment becomes more qualified.

The implementation of economic and supporting social measures under the association agreement with the European Union was highly varied in the Mediterranean countries. This

variation was not the result of the delay in signing the agreement, nor of the country's degree of commitment to other free trade agreements, but of the ability of the structures of State in the country in question to formulate, put in place and finance these supporting measures. The case of Tunisia seems the most effective example in this regard, on the enterprise level.

2. The Place of the Euro-Mediterranean Partnership in Economic and Social Development

2.4 Consultation with and Reactions from Social Actors

2.4.1 The Case of Algeria

In Algeria, *"it is not an exaggeration to say that there has been neither debate nor consultation with the real partners, workers and businesspeople, regarding Algeria's involvement in the Euromed process and its joining the WTO. The association agreement was ratified by the two chambers of parliament without the least debate or opposition"*.

However, the most influential captains of industry, affiliated with the Corporate Managers' Forum (FCE, in its French abbreviation), the most powerful businesspeople's association, made their opinion known through a memorandum¹, followed by various seminars. They pointed out, above all, the incoherence shown by the authorities in the negotiations for the country's association with the WTO. *"Tunisia, which joined the WTO in 1995, has only consolidated 46% of its tariff positions. That impacts the level of its customs tariff. Despite the signature of the association agreement in 1995, this country still retains 95% of its tariff lines above 15%, while Algeria is below that level, even though it has not yet joined the WTO and the association agreement with the*

European Union has just come into effect.... The association agreement puts pressure on the negotiations with the WTO. The non-European countries (USA, Japan and Australia) will want to keep or achieve a competitive advantage over the Algerian market. They will attempt, ipso facto, to exert influence to lower tariffs in order to gain advantages similar to those accorded to the Europeans with the support of the association agreement". Moreover, "the great majority of the businesspeople, according to the manager of the chamber of commerce and industry, were not informed of the sectoral provisions of the association agreement, and by no means have they become stakeholders".

Later, according to the vice president of the FCE, the outcome of the upgrading conducted by the Ministry of Industry and Restructuring was judged mediocre. In August 2005, the FCE formally interpellated the public authorities in a document entitled 'National Economic and Social Pact': *"the delay suffered in this domain is considerable"*.

For its part, the Algerian employers' confederation (CAP, in its French abbreviation) signed a memorandum of agreement with the management unit of the EU programs supporting PMEs. This program started up one year after

¹ FCE: Memorandum: "For an effective conduct of the process of opening the nation's economy?", March 2002

the association accord was signed. Only thirty-odd companies could be mobilized of the planned 1,500. The Confédération Générale des Entreprises Algériennes (CGEA, or General Confederation of Algerian Enterprises) simply turned its back on the government program, citing bad information as the reason.

On the other hand, no serious consultations were held with the all-powerful Union Générale des Travailleurs Algériens (UGTA, or General Union of Algerian workers).

Thus, the echoes that can be heard from Algerian civil society, from the two sides (labor and management) are highly negative today: *“One wonders whether the European Union has a plan for the Mediterranean countries. The various analyses are skeptical when taking into account the results achieved at the end of a decade of the Barcelona process. The European Union’s political and security approach prevents the emergence of a real economic plan for the southern shore”*.

2.4.2 The Case of Egypt

The Egyptian authorities made a major communication effort at the time of the association agreement negotiations. A specialized unit was created in the Ministry of Foreign Affairs, whose studies indicated that the agreement would essentially increase agricultural exports, that Egypt would obtain more than the other Mediterranean countries, and that it would cede fewer things. An Egyptian-European Council was even set up to bring together businesspeople who favored the partnership with Europe.

The Federation of Egyptian industries (FEI, in its French acronym) was specifically consulted on the rules of origin question. And all the major federations then expressed objections with regard to these rules: food processing, textile, leather, chemical, furniture, etc.

Likewise, various research centers expressed their criticisms of the agreement: they claimed it would contribute nothing positive for industry, compared with the 1977 agreement, and that Egypt and the other Mediterranean countries would not obtain the advantages that the eastern European countries had secured from the EU, nor those that Mexico had gained from the United States².

In general, the level of involvement of the social actors, entrepreneurs and labor unions, and even the press, remained low to very low.

2.4.3 The Case of Jordan

As in Egypt, the level of consultation of the Algerian social actors was low, and no real debate took place until the ratification of the agreements by the legislature.

There were thus no significant reactions, either from entrepreneurs or labor unions. By contrast, it was the professional associations (lawyers, engineers, doctors, etc.) who issued the most criticisms, although they positioned themselves on a political level rather than making protests.

² Galal & Hoeckman 1996

2.4.4 The Lebanese Case

In this country, which is known for its freedom of expression, the social actors invited themselves to the debate. The industrialists and labor unions were united in their very severe criticisms. But the general atmosphere in Lebanon has been, from 1995 to the present, marked by diverse conflicts: labor unions vs. employers, unions vs. the State (as an employer), confrontations between categories of employers (some of whom benefited from advantageous professional regimes, and against the mostly Syrian immigrant workers), and clashes between the various professional associations.

The criticisms were thus not aimed specifically at the association agreement with the EU as such, but rather at the government's policies as a whole³, in association with the donors—the World Bank and the IMF; the government retorted that its policies were the only way out of the country's financial crisis. The criticisms issued by the labor unions and the political parties on the left were very severe, aiming generally at:

- The role of the State, limited to the economic and financial sphere to the benefit of local and foreign capital;
- Its focus on the service sector, and especially on the “earnings” produced by capital, the banks, the real estate industry and the exchange market;
- The excessive deregulation of foreign trade;

- The continuation of the same tax and monetary policies that had led to the country's “financial bubble”, to the accumulation of government debt and the reduction of productive investments;
- The belief that “this” private sector can, through its growth, solve the problems of unemployment and the emigration of the best qualified labor to foreign countries;
- The absence of dialog with the workers' representatives in the formulation of policies;
- The absence of a positive employment policy.

2.4.5 The Case of Morocco

“The agreement with the EU was negotiated under quite strained diplomatic conditions: rejection of the financial protocol by the European Parliament, Morocco's suspension of the negotiations on the fishing industry, its very firm claims regarding access to European agricultural markets, and its request for European Community membership. This very nearly confrontational background for negotiation was attenuated by the efforts made by Moroccan diplomacy within the framework of the preparation of the Barcelona Conference.... This context was to lead to a ‘closed’ management of the negotiations by Morocco. Consultation with the private actors was neither regular nor even wanted.... The process of consulting the private actors was thus isolated, and occurred at the behest of the government.... The organizations that were most involved or solicited in the preparation and formulation of the Moroccan

³ The successive Lebanese governments from 1992 onward were dominated by the figure of Mr. Rafiq Hariri, until his assassination in 2005, apart from a brief “opposition” interlude from 1998 to 2000.

positions were fishermen's and farmers' associations, representing industries that were not covered by the agreement, but which served the Moroccan negotiators as vehicles to pressure their European counterparts.... The representatives of the industrial sector (the Moroccan employers' union, or CGEM, in its French acronym) were not heavily involved in preparing the dossiers, at least in the initial phases. On one hand, because the CGEM was paralyzed by the issue of a trade deregulation.... The labor unions were virtually absent during the entire process. Strongly mobilized with regard to the dossiers regarding workers' demands, ...they paid practically no attention to issues that unquestionably concerned them, but which were beyond them due to their content.... In this semi-opaque process, the country's politicians were barely informed of the progress of negotiations in broad outline. Even the ministerial departments did not fully participate in the formulation of the positions."

"The process of negotiating the free trade agreement (with the United States) was another story, both in its official methods and procedures and in the reactions of the private actors.... The negotiation was initially cloaked in great discretion. The international political context (notably the war in Iraq) did not politically favor support by public opinion of an 'alliance' with the United States, even an economic one...". However, "it very quickly became evident that the technical aspects of the agreement with the United States, its multidimensional nature (extending to agriculture, services, intellectual property, labor standards) demanded a longer negotiation, a more meticulous preparation of the dossiers, a stronger

concentration within the Moroccan government and a better organized consultation, to include an increased participation by the country's professional organizations. So it became a more 'open' negotiation, even if it retained the seal of confidentiality. Regular meetings with the private sector actors, a larger team of negotiators, a relative sensitization of the press and the other media characterized the process of adopting the agreement. It must be said that the American side, publicly interpellated by all the American professional organizations concerned, wished to operate in the greatest transparency, and demanded that its Moroccan partners assume the same attitude.... The president of the CGEM stressed that 'the objectives that Morocco has defended during these 13 months of negotiations with the United States were defined in common between the team charged with the negotiations and the team representing the economic domains', and that the agreement in question is 'an agreement of all the components of the Moroccan economy'".

The reactions from the labor unions, politicized but deeply divided, were very weak, even in this case.

2.4.6 The Syrian Case

No systematic consultation was organized by the Syrian authorities, either during the long time lapse between 1995 and 2003, when no progress took place, or during the accelerated phase at the end of 2004 (reflecting a desire for closure to counter the American sanctions). In fact, a small team of about ten people, brought together by

the President of the Republic, conducted the entire negotiation in six months.

But the Syrian economic sciences society, a relatively free forum, had organized a special series of conferences from 1999 onward devoted to the association agreement. The experts had complained *“that no information was made public on the negotiations between the two parties”*⁴. Subsequently the subject was treated in each of the annual sessions, pointing essentially to the lack of preparation of Syrian industries for competition and the risk of losing hundreds of thousands of jobs.

After the initialing of the agreement in December of 2004, a new series of conferences was specifically devoted to it; most of these meetings involved explaining the content of the agreement and the reasons for the choices made. The first of these conferences⁵ was more general in nature, and criticized the potential of new revenues that could be created by the agreement, but concluded by quoting the dialog between an important Egyptian economist and his Prime Minister just before the signature: *“Is this agreement good for Egypt? No. Will it contribute systematic reforms for Egypt? No. Will this agreement help solve any of Egypt’s problems? No. Should we then sign this agreement? Yes. Because even if it is a bad step, it is at least a step in the right direction”*.

2.4.7 The Case of Tunisia

From 1994 onward, the Tunisian government commissioned a group of experts to conduct a study of the impact of establishing a free trade zone with Europe. The group was stymied by a total lack of information on the social partners. A national consultative conference was then convened, in the presence of the economic and social interlocutors. The event was essentially informative in nature.

Various components of civil society, including the Tunisian general workers union (UGTT), very quickly expressed their desire to benefit from a substantial support from the European Commission (EC) within the framework of the MEDA programs. But such a support was continually postponed, with the authorities seeking to control it, or even to block it: *“the implementation of projects known as third generation projects has proven difficult”*, according to the EC⁶. For its part, the employers, *“taking into account a certain gloom in the business climate”*, assumed wait-and-see positions.

The Council and Committee of the Association created three subcommittees: social and cultural affairs, customs cooperation, economic and monetary questions. Little information is available about the first subcommittee. An attempt to create a human rights subcommittee failed.

According to the UGTT, free trade agreements have led to the loss of thousands of jobs, the degradation of working conditions under the cover of

⁴ Hemesh 1999

⁵ Aita 2004

⁶ EC [12-5-2004, SEC (2004), 570, p.3]

flexibility (precariousness, etc). "Sub-contracts" were denounced, especially since they had invaded even public service and university teaching. The general workers union also criticized different aspects tied to the "structural adjustment implemented": the greater ease of firing, high VAT rate (18%), rash privatizations, and above all the progressive disengagement of the State from financing the main social services: education, health care, culture, occupational training... moving these services toward "commodification".

Tunisian employers, for their part, seem to be divided between an offshore fringe group that benefits from the agreements and their advantages, and the great bulk of the onshore SMEs. The leadership of the Tunisian union of industry, commerce and crafts (UTICA) belongs to the former fringe group.

Consultation with the social actors on the partnership agreements con-

cluded by the authorities of the Mediterranean countries has not been uniformly conducted, nor has the European Union required it. In the best of cases, informative meetings were organized, and some specific committees were created.

This absence of involvement of the economic and social actors has contributed to strengthening a certain hostility of public opinion toward the partnership with Europe, which is perceived as an unequal exchange, aimed essentially at security and immigration aspects. This hostility is reinforced by the greater advantages obtained in other free trade agreements (for example, Morocco-USA), and by the absence of a mechanism in the European partnership enabling support for social aspects, particularly concerning the treatment of the employment question and support for the freedom of expression and organization.

3. The Challenges and Impact of the Euro-Mediterranean Partnership in the Areas of Employment and Labor Law

3.1 The Challenges of the Partnership in Employment and Labor Law

3.1.1 The Barcelona Multilateral Framework¹

The Barcelona Declaration set the “logical framework” of the partnership, in three constituent parts. The first constituent, which is political, cites two key aspects in its preamble: the need for “*durable economic and social development*” and the struggle “*against poverty*”. It advocates a “*greater promotion of the social, cultural and human dimension*” for this Euro-Mediterranean partnership. While there is no explicit mention of fundamental social rights, the partners undertake to act in accordance with “*...the Universal Declaration of Human Rights, as well as with other obligations arising from international law*”; broadly interpreted, this would include the relevant ILO and UN conventions.

The second Barcelona constituent is more explicit, insofar as it mentions as objectives: “*the improvement of the living conditions of the populations, the*

raising of the employment level, and the reduction of the development gaps in the Euro-Mediterranean region”. It further specifies that “*the partners shall strive to mitigate the negative consequences that may result from this adjustment in the social domain by encouraging programs for the benefit of the neediest populations*”...in particular by acting “*to promote the active participation of women in the economy and society*” and “*the creation of jobs*”.

The third constituent is even more explicit: Because the Euromed partners emphasize “*the importance of social development, which...must go hand in hand with all economic development, they give a particularly high priority to the respect for fundamental social rights, to include the right to development*”; and they also agree “*to expand their cooperation to reduce migratory pressures by means, among others, of occupational training programs and programs to aid in creating jobs*”.

The Barcelona Declaration thus specifically mentions employment, aims directly at the respect for fundamental social rights, working conditions, to include the right to development, and targets three clearly identified groups: women, young people and migrants.

¹ These sections are inspired by the important work done by Professor Erwan LANNON, of the University of Ghent, which he prepared for this project under the title: “Employment and Social Rights in the Euro-Mediterranean Partnership, the New Neighbor Policy and the External Constituents of Community Policies”, and presented within the framework of this project.

The working program that is attached to the Declaration repeatedly mentions job creation, raising the employment level, the level of education, occupational training, etc. It does not, however, mention "labor law", nor "social rights", which can only be indirectly induced from the "political" rights of the first constituent.

3.1.2 Employment and Fundamental Social Rights in the Political Process Resulting from Barcelona

After the Declaration, various conferences of Foreign Affairs Ministers were held. From 1997 onward, they stressed the need to "*seek and implement, as soon as possible, measures that would make it possible to reduce the negative social consequences that may arise from adjustment and the modernization of economic and social structures*"²; moreover, the participants also "*encourage the pursuit of dialogue between the social partners*".

In 1999, the ministers recognized that, "*in the context of the economic transition, it must be duly taken into account that the partners are facing major social problems. They reaffirmed the need to act with determination by taking measures judiciously targeted to raise the standard of living of the least favored groups in order to avoid a worsening of unemployment and to improve the social situation*"³.

Later, in 2000, the question of FDIs (foreign direct investments) arose. The final statement mentioned that "*the level of investment, particularly foreign (FDI), was still insufficient to sustain growth and stimulate the partners' supply*"⁴; there was, at the same time, a consensus regarding the "*need to give greater consideration to the social effects of the economic transition in the national programs, by placing the accent on training, employment, professional retraining and reforming the educational systems*". A recommendation was also made to "*implement a regional program impacting training policies, the promotion of women's role in economic development, and the reform of social systems*".

The intermediate conference of 2001, held after the events of September 11, noted the decision to "*deal, with a high priority and at the level of the senior officials who are responsible for these policies, with the link between growth and employment*"⁵. The final conference statement emphasized that "*actions will be taken to improve access to women's participation in the labor market and in business environments*" (...). The ministers further recommended taking actions that would target the least favored, most vulnerable groups, and preparing methods and procedures for creating "*a Euro-Mediterranean employment and training observatory*". It was thus in this conference that one will find the sources of the first education and training program, implemented much later (€5 million during the period from 2005-2008!).

² Conference of Foreign Affairs Ministers in Malta, April 15 – 16, 1997

³ Conference of Foreign Affairs Ministers in Stuttgart, April 15 – 16, 1999

⁴ Conference of Foreign Affairs Ministers in Marseilles, November 15 – 16, 2000

⁵ Conference of Foreign Affairs Ministers in Brussels, November 5, 2001

Further conferences were held, and new themes appeared. But it was not until 2005, when the time had come to make a balance ten years after Barcelona, that the ministers *"gave the senior officials the responsibility for a series of economic reform and growth objectives, with the goal of increasing prosperity and improving quality of life in the Mediterranean region through effective development and job creation"*⁶. Particular focus was placed on the agricultural sector to compensate for the "effects of structural changes", as well as on SMEs and the "social economy", in terms that alluded to the informal economy.

Finally, in 2006, the conference hailed the proposal to hold a Euromed workshop on employment in 2007, followed by a ministerial conference on the same subject in 2008, focusing *"on employment policy and on practical measures aimed at improving the employability of job seekers and at creating possibilities for decent jobs"*, thus taking up the ILO terminology that distinguishes between formal and informal employment.

Thus, more than ten years had to pass after the Barcelona conference for the discourse of the Euro-Mediterranean process to evolve progressively to the point of finally accepting the primacy of the employment question, without, however, defining a comprehensive Euro-Mediterranean social strategy, nor specifically addressing "fundamental social rights".

The five-year working plan adopted at the summit of the heads of state on the

10th anniversary of the Barcelona Declaration⁷, also failed to mention the fundamental social rights, except for the phrase in which the partners envisaged facilitating *"the pursuit of the implementation of the United Nations charters and regional conventions in the areas of civil, political, social and economic rights to which they are parties, and promoting the ratification of other instruments in this domain"*. Additionally, they would *"expand and improve training opportunities for girls and women, which constitute a fundamental right"*. But the reservations were also clear, because they encouraged *"society's participation in compliance with the national legislation"*, without acknowledging, for example, the worrisome existence of emergency laws in certain Mediterranean countries.

The ministerial sectoral meetings (industry, commerce, economy and finance, agriculture) largely eluded the questions connected with employment, labor law and fundamental social rights. The Ecofin meeting of 2005⁸ noted, however, that *"unemployment remains high, especially among young people. Similarly, job creation is not able to keep up with the rapid pace of growth of the job seeking population. In addition, the income gap separating the Mediterranean from the EU has not been reduced. The creation of jobs for an expanding active population, the reduction of unemployment and poverty are the main development challenges in the*

⁶ Conference of Foreign Affairs Ministers in Luxembourg, May 30 – 31, 2005

⁷ Held on November 28, 2005 and attended by only one chief of state among those of the Mediterranean countries under study here: the head of the Palestinian Authority.

⁸ Rabat-Shkirat, June 19-20, 2005

region". Another forward stride was also made concerning women⁹.

For their part, the resolutions made by the European Parliament were more indicative of a reasoning in terms of "political and social space", of "social cohesion", of "co-development" and "sustainable development", without directly addressing the questions of employment, and neglecting fundamental social rights in favor of human rights in general.

By contrast, these questions were at the heart of the debates conducted in parliamentary forums and in the Euro-Mediterranean Parliamentary Assembly (EMPA). The resolutions of the 2006 EMPA¹⁰ marked a turning point by demanding *"strict adherence to elementary labor law and fundamental social rights, which are an integral part of the common values on which the European neighbor and partnership policy is founded; (it) insistently asks all the partners concerned to join the plans of action, while asking the member States to apply all the international agreements relative to social rights, all in full respect for the rights of women and children"*, concluding with the need to open a *"social dialog on questions relative primarily to employment and social policies"*.

They were also the leading priorities of the Euro-Mediterranean meetings and the summits of the Economic and Social Councils and Similar Institutions, where all aspects of these matters were brought up: from social protection to freedom of association, from the need

to establish specific policies vis-à-vis young people to the need to organize Euro-Mediterranean political conferences on the questions of employment and migrations.

The same applied to the meetings of the Euro-Mediterranean labor union forum (instituted in 1999), but much less so to the civil forum (whose first meeting was held in 1995).

3.1.3 The Content and Conditions Governing Aid Programs

As regards the operational constituent of Barcelona, in one way or another the MEDA and EIB programs addressed employment questions from the outset. The general guidelines of the MEDA I program make reference to job creation, particularly for women and young people. Likewise, the regulatory conditions invoke aspects linked to rights: *"these regulations are based on respect for democratic principles and the rule of law, as well as human rights and fundamental liberties, which constitute an essential element of these regulations, and whose violation justifies the adoption of appropriate measures"*¹¹.

While the specific country programs were subject to *"a selection that takes into account, in particular, the beneficiaries' priorities, the evolution of their needs, their absorptive capacity and the progress made in structural reform; this selection was also based on an evaluation of the ability of these measures to*

⁹ Ministerial Meeting in Istanbul, November 14-15, 2006

¹⁰ Resolution of the EMPA meeting of March 2006 in Brussels

¹¹ Article 3 of the financial regulations governing the application of MEDA I, which came in to force in 1996: Council Regulation (EC) no. 1488/96 of 23 July 1996

*achieve the objectives pursued by the community support, in compliance, as applicable, with the provisions of the cooperation or association agreements*¹². These programs were thus subject to economic conditions.

Moreover, “social progress” is mentioned as a criterion that may modify the cooperation guidelines. Later, certain incentive social conditions were introduced¹³, stipulating that the measures adopted (the programs), “*by virtue of these regulations, must take into account the promotion of women’s role in economic and social life. Education and the creation of jobs for women were particularly important. They also took into account the need to promote education and the creation of jobs for young people in order to facilitate their social integration*”.

The fact that the Arab Mediterranean countries were about to experience, just as Barcelona went into effect, the most massive wave of new arrivals in the labor market they had ever known, could not be ignored; nor could the aggravating consequences of the “structural adjustment” be disregarded. These very facts were the main causes of the increase in migratory pressure on Europe.

However, Barcelona gave the questions of employment and social rights no more than a second priority. And ten years had to pass before the political process finally broached employment as a key issue and requested the formulation of specific programs to address it, while the employment situation worsened in various countries.

The mechanisms for this formulation, and for clarifying modes of intervention according to economic and social realities, were not always operational.

Human rights and “good governance” were expressly imposed as conditions governing the aid programs, but these conditions were never enforced. “Social rights” were not accorded the status of “conditions”, except as incentives and only for the categories of “women” and “young people”, without a more structural approach. Nonetheless, these “social rights” were priorities that were continually expressed by the Euro-Mediterranean parliamentary assemblies, economic and social councils, and by the labor unions.

¹² Article 5, idem

¹³ Point V, appendix II

3. The Challenges and Impact of the Euro-Mediterranean Partnership in the Areas of Employment and Labor Law

3.2 Elements for Analyzing the Impact of the Partnership in the Areas of Employment and Labor Law

3.2.1 A Difficult Analysis

Even 13 years after the Barcelona process was launched, analyzing its effective impact on employment in the eight Mediterranean countries under study here is not an easy task. There are multiple reasons for its difficulty:

- ***The process is not yet complete:*** Barcelona is essentially based on the gradual liberalization of trade in goods and services, with the objective of reaching total liberalization in 2012. It can also be argued that the process has not yet completely produced its desired effects, and the supporting instruments need time to allow the involved countries' economies to adapt. In addition, the new instruments will come into being with the New Neighborhood Policy, which could have a more positive impact on employment questions. This argument is, nonetheless, the target of criticisms from both sides of the Mediterranean to the effect that social questions, and employment in particular, were not part of the initial priorities of the Euro-Mediterranean partnership and its programs, nor are they part of the construction of Europe. It was not until the popular rejection
- ***The differing situations among the Mediterranean countries with respect to the implementation of the partnership:*** Similarly, it could be argued that Tunisia started to make the partnership effective from 1995 onward—and did so unilaterally, by contrast with Syria, which has not yet begun its execution, and that the results in economic and employment terms are more positive for Tunisia for this reason. The difference among the countries is real, but it does not only involve the level of implementation of the association agreement (AA). It depends on many other demographic, social, economic and political factors, as well as any given country's degree of commitment to free trade and "structural adjustment". In particular, it also depends on the capacity of the governmental structures of the Mediterranean country in question to define and

of the proposed European constitution (precisely because it failed to address social issues in an appropriate way) that the subject became, although still to an insufficient extent, a concern of the partnership or of the coming neighborhood policy.

manage economic and social policies, to include the management of the partnership itself and its instruments, so as to derive the greatest benefit and reduce the negative effects.

- ***The disparity of impacts due to the different shares Europe has in the Mediterranean countries' foreign trade:***

This is a very real difference. The Maghreb countries, especially Tunisia, are the most dependent on imports from the EU and should show the greatest impact¹. The others, such as Syria, Jordan or Palestine, will only experience the effects of the dismantling of their tariff systems through "import diversions". But this effect does not operate by itself. The EU has greatly improved its balance of trade with Morocco and Egypt; but the effects are more limited with Jordan and Tunisia, and nearly non-existent for Lebanon. In the case of Syria, the drop in oil exports is more of a determining factor in the European Union's favor; and natural gas exports have improved the balance of trade to Algeria's advantage.

EU Share in the Mediterranean Countries' Foreign Trade

	Imports	Balance of Trade (in billions of euros)	
		2001	2005
Algeria	56.5%	6.4	7.3
Egypt	36.3%	-2.9	-4.4
Jordan	21.3%	-1.5	-2.1
Lebanon	36.9%	-3.2	-3.1
Morocco	68.2%	-1.2	-4.5
Palestine	Negligible	-	-
Syria	20.4%	1.4	-0.4
Tunisia	76.0%	-1.7	-2.5

- ***The differences among the countries in terms of their implemen-***

tation of other free trade agreements: This effect is equally real for countries such as Morocco, Egypt and Jordan as regards free trade with the United States, whose economic clout is similar to the EU. But the Greater Arab Free Trade Area plays, for its part, a certain role for countries like Lebanon and Syria, and the Agadir agreement would also have its effects for the countries concerned.

- ***The influence of non-tariff barriers and the political economy:***

Many Mediterranean countries have non-tariff barriers. Some of these are easily addressable under the association agreements (import quotas), and others are more difficult to address, especially the ones that are linked to the political economy, to the interplay between the governments in power and the major European multinationals. They play a significant role.

- ***The influence of monetary poli-***

cies: the Mediterranean countries practice very different currency exchange policies; the Maghreb countries have the tendency to tie their currencies more to the euro, while the Mashreq countries, such as the Persian Gulf states, follow a tendency to link their currencies to the dollar. The overvaluation of the euro in recent years with respect to the American dollar has certainly had its effects, making European products less competitive, but enabling Europeans to reduce the value of their investments or acquisitions of companies in the Mashreq. Moreover, certain Mediterranean countries have seen

¹ See Darbot-Turpiano 2007

their currencies' effective exchange rate increase, favoring imports in general.

- ***The influence of the Persian Gulf countries:*** Due to their proximity and to migrations, the Mashreq countries are heavily influenced by the Gulf countries. And yet, the EU chose to negotiate a separate "partnership" with the Gulf Cooperation Council (GCC) countries apart from the other Arab Mediterranean countries. But rising oil prices and the considerable reserves accumulated in the Gulf (particularly with the state "Sovereign Wealth Funds") recently brought significant state and private investments from these countries into the Maghreb. Their effects should be visible in the coming years, in the knowledge that they are concentrated in real estate and tourist markets.
- ***The scarcity of economic impact studies, especially impact on employment:*** the existing economic studies are contaminated by ideology; moreover, the Mediterranean countries are marked by the weakness and lack of diversity of the local organizations that conduct economic studies; the most active ones are financed by certain international institutions (World Bank, EEC, and diverse NGOs), and are heavily influenced by the specifications and agendas set by these institutions. The multiplicity of "economistic" discourses justifying free trade without any concern for the social issues has thus engendered a great deal of mistrust, in public opinion, regarding economic

studies, and toward "economists" in general. They are suspected of being under submission to the prevailing doctrines, and to the economic and social policies of the authorities in power². In addition, in many Mediterranean countries, the statistical data are incomplete, often manipulated or voluntarily restricted by the authorities, and the surveys on employment and informal work are very incomplete and fragmentary. This climate, despite some positive but largely insufficient initiatives (and great effort and courage on the part of certain local economists), such as the SIA-EMFTA project³ and the FEMISE network, does not facilitate the collection of data and analyses on the impact of current policies on the various economic sectors, on institutional development, the job market (including, in particular, the considerable growth of the unprotected informal sector) and real conditions in the Mediterranean societies (unemployment, precarious employment, poverty, social rights, etc.).

- ***The impact of the MEDA and EIB aid programs:*** Here again, there are very few detailed impact studies, particularly on the level of aspects linked to employment and working conditions. Certain publications even confuse the allocated

² See Amin 2008: The Philosophy of Economics: essay on the biases introduced by economists on the non-scientific bases of economics (in Arabic), where reference is made to the well known question asked of Stanley Fischer: "Can you give me a single economic theory that is unanimously accepted by economists, and which is not an obvious fact or a tautology?"

³ See below.

MEDA budgets with the amounts actually disbursed, the amounts injected into the countries with those disbursed to European companies for studies and consulting work, the titles of the programs with their actual contents, etc.

Despite all that, the Barcelona project has had some positive effects in that it has opened up the Mediterranean countries, showing the exhaustion of their development models from the period between 1980 and 1995. But it has also clearly marked its failure with respect to its initial objective. Not only has it been unable to anchor the countries on the other side of the Mediterranean in a clearly more advantageous trade relationship with Europe than they had before; it has also failed to enable a decisive contribution to be made to the unemployment problem, working conditions and general living conditions in the Mediterranean countries, leaving migratory pressures to intensify and political instability to increase even more. The development model of the Mediterranean countries with Barcelona is also showing its exhaustion.

In this regard, it is useful to recall some of the conclusions of the final report of the important study conducted by the research group formed around the University of Manchester, on "Sustainability Impact Assessment of the Euro-Mediterranean Free Trade Area"⁴ :

"...the economic benefits of the partnership are slight, and may be accom-

panied by significant harmful social and environmental effects.... In terms of direct effects on consumers' well-being, the economic impact in the Mediterranean countries is generally positive and greater than in the EU.... More significant economic benefits could be generated in the long term, but they are largely dependent on internal reforms and investment decisions. In particular, there is a potential for economic benefits beyond a greater regional integration (in addition to the South-South integration of free trade with Europe).... In the absence of appropriate measures to prevent and fight the adverse effects, the most worrisome potential impacts are:

- *A significant short-term increase in unemployment, which could continue into the long term if not dealt with successfully, in particular as regards the liberalization of Euro-Mediterranean trade in industrial and agricultural products, and to a lesser extent, the liberalization of South-South services and exchanges;*
- *A drop in wages associated with a rise of joblessness;*
- *A significant loss of State revenues in some countries, with the potential of a substantial social impact with the decrease in spending on health care, education and social support programs;*
- *A greater vulnerability of poor families to the fluctuations of world market prices of basic foodstuffs;*
- *Harmful effects on the status, standard of living and health of rural women, associated with*

⁴ SIA-EMFTA 2007: Sustainability Impact Assessment of the Euro-Mediterranean Free Trade Area, www.sia-trade.org/emfta.

an accelerated restructuring of traditional agriculture toward commercial agriculture.

The country studies reflect this overall assessment while throwing more light on local specifics.

3.2.2 The Case of Algeria

The Algeria Study places the European partnership in the framework of the economic liberalization and the "structural adjustment" that began after the financial crisis of the second half of the 1980s.

The tariff reform took place during the first half of the 80s, bringing with it the reduction of the average customs duty rate to a level below neighboring Tunisia and Morocco. These reforms, motivated by the seriousness of Algeria's external debt, followed by an exchange rate liberalization between 1988 and 1994, "*made Algeria, at least in the formal sense, the most open country in the Mediterranean basin, even before the Association Agreement became effective*". But non-tariff protection still plays an important role in Algeria.

The Association Agreement brought a new tariff dismantling (whose application began before the Agreement officially became effective) which "*brought the average weighted rate down from 11% to 7.4% in 2008, for a 33% decrease*". The background detail reveals that the downscaling or dismantling reflects the Algerian authorities' desire to lower customs duties on incoming industrial products, and to protect its

heavy industry (primarily hydrocarbons, steel, and mechanical metallurgy) to the detriment of the manufacturing industry (garments, leather goods, woodworking, chemical pharmaceutical, electrical and electronic products), which was dominated by the public sector but which had suffered negative growth since 1989.

The result of the policies implemented on top of the Association Agreement was an acceleration of the deindustrialization of the country. The GDP share held by the manufacturing sector fell from 15% in the 1980s to a mere 7.5% in 2002, while the same share was maintained in Morocco and underwent sustained growth in Tunisia.

The Algeria Study gives the example of the textile, leather goods and woodworking industries. "*These fields are currently undergoing a phenomenon of retreat from the private sector toward the informal sector, with an extensive increase in the precariousness of employment intended to evade taxes and certain costs in the hopes of maintaining minimal competitiveness with respect to foreign products. The public sector is experiencing a decline that resembles a real decay.... In its growth phase at the end of the 70s, the textile industry had reached a total workforce of 150,000 employees, of which 45,000 were in the public sector and 105,000 in private sector enterprises. The restructuring operations in the public sector and the plant closings or conversions in the private sector produced job losses for 49% of the employees in the former and 76% in the latter. In 2004, the two sectors employed no more than 22,000 and 25,000 workers, respectively. This*

bloodletting in human potential terms also reflects the loss of a profession, since the destruction of jobs affected the categories of supervisory management and qualified workers (80%) as well as management personnel (20%). The production capacity utilization rate was assessed in 2004 at 30 to 40%, depending on the fields". The textile industry is currently in a deadlock situation due to its indebtedness.

The Algeria Study ends by expressing fears regarding the effects of putting into force the partnership for women's and young people's employment and for working conditions and social rights in view of the extent of the growth of the informal sector, if the partnership is not accompanied by specific measures aimed at unemployment and labor law.

3.2.3 The Case of Egypt

The Egyptian authorities' negotiation of tariff dismantling reflected their desire to protect the agricultural sector (in view of the European Common Agricultural Policy), to obtain calendars and additional advantages for the country's agricultural exports (potatoes, fruits and vegetables, horticultural products), and to phase out the protection enjoyed by certain industries over the longest possible period (13 to 16 years).

Between 1999 and 2004, the effects were limited, since trade between Egypt and the EU only grew 5%. Still, the EU was Egypt's top trading partner: 42% of the country's total exports (including 39% of its foreign oil sales, 15% of its textile exports, 9% of its ag-

ricultural products sold abroad and 5% of its chemical product exports); and 37% of its total imports. The Egyptian agricultural exports to the EU encountered conflicts over phytosanitary and quality standards. In seemingly parallel fashion, the European investment in Egypt ran into administrative "complexities".⁵

Egypt received the greatest amount of European aid of the non-European Mediterranean countries: €615 million allocated under MEDA I (23% of the total), and €531 million from the EIB; €351 million for the first stage of MEDA II (24%). The social fund for development received €155 million in MEDA I funds and €155 million under MEDA II, although no one could measure the impact of these funds on employment. Similarly, the educational system was allocated €200 million under these two programs.

All of the discussion of the effects of the partnership on Egypt's economy and employment remain, despite the number of competent economists in the country and the existence of copiously financed research centers, has remained largely theoretical⁶. It is true that Egypt is one of the Mediterranean countries where gathering economic data is the most difficult and the most heavily controlled.

The impact of free trade and the partnership is thus difficult to assess in Egypt. A recent study⁷ on the impact of government policies on job creation

⁵ This probably refers to aspects connected with Egypt's "political economy".

⁶ Galal and Hoekman 1996, Harrisson et al. 1997, Diwan 1997

⁷ El Megharbel 2007

concludes as follows: *“The reform measures undertaken by the government...to promote investments, increase exports and improve public finances have not increased employment adequately. The policies applied to the labor market have not corrected the ‘labor market failures’ because of the short-term nature of those policies and the lack of coordination among them and with macro-economic policies. To increase employment, the study stresses the importance of devising a national employment strategy whose objective is to create more jobs, especially in the industries with the highest employment elasticity (in this instance, manufacturing, trade, finance and insurance)”*.

3.2.4 The Case of Jordan

The Jordan study also points to the problem of the dearth of economic studies on the impact of the partnership on the Jordanian economy in general, and even more so on employment⁸.

Like the Egyptians, the Jordanian authorities wanted to stretch the removal of protection for Jordanian industries over as long a period as possible. For their part, the MEDA programs have only indirectly addressed the employment questions. This finding is primarily applicable to the EJADA program dedicated to upgrading Jordanian companies, especially SMEs, by giving them access to the EU market. The real effects of this program are unknown. Moreover, €3 million of €63 million were allocated as part of another pro-

gram dedicated to reforming local government authorities, for the social sector, in support of “the implementation of the international best practices in the areas of human rights, media independence and the development of civil society”.

The EIB financing efforts in Jordan have focused on the development of heavy industries and infrastructure projects whose execution is labor-intensive; however, these labor needs will, in fact, diminish when the execution is complete.

In general, the beneficial or negative effects of the reduction of customs duties are thought to be fairly negligible for the Jordanian economy on the whole, since the country’s foreign trade is already highly diversified. It would give rise to a trade diversion effect⁹ benefitting primarily the textile and chemical industries, impacting salaries *“to an insignificant extent...but increasing capital profits in these two sectors by 9% and 5.8%, respectively”*¹⁰.... *The impact of the partnership on employment and the productivity of labor, including the informal economy and women’s and young people’s employment, would probably be positive, although not significant. On the other hand, the impact on migrations has been to indirectly restrain the flows of Jordanians toward Europe. In other words, as long as the partnership is a failure for the creation of work opportunities for Jordanians in their country, it*

⁸ Nuaimat and Bakhit 2005

⁹ Trade diversion

¹⁰ IARC 2007.

is also a failure of the efforts aimed at restricting immigration to Europe »¹¹.

3.2.5 The Lebanese Case

The Lebanon Study details the case of one of the MEDA I projects, called "Fund for Economic and Social Development", endowed with €25 million, whose objective was to improve the conditions of low-income groups, particularly with respect to the effects of structural adjustment. The project involved only two Lebanese municipalities—one in the North and the other in the South¹², with some local economic projects and some loans through banks to SMEs. The financing went "*primarily to cover the operational costs of the existing activities, and thus does not correspond to the needs of fighting the poverty that affects hundreds of thousands of rural people*".

The MEDA II programs appear to be better targeted, albeit reduced in scope: €10 million for integrated social and rural development; €3 million for the Tempus program in support of universities; €2 million in aid to NGOs for the reintegration of young people in difficulty, which helped 600 young people (!); €1.2 million to establish a labor union training center; added to these grants was the ECHO program to help with the installation of basic services (water, sanitation and health care) in the Palestinian refugee camps.

The Lebanon Study notes that the financing given by the EIB enabled the creation of temporary jobs; but these jobs were occupied mainly by non-Lebanese nationals (most were Syrian workers). The reports also point out that the benefiting Lebanese organizations asked the EC to state, in separate budget items, the costs of preparing the various projects (travel and accommodation of the EC experts, preliminary studies), which consumed from 30 to 40% of the total.

For a country that is very open to the international economy, has been tried by a long civil war and is essentially oriented toward services, the impact of the partnership on its various economic sectors was moderate. It further weakens the country's agricultural export sector (which does not benefit from subsidies, apart from tobacco, and perceives the European Union's Common Agricultural Policy and the European standards as European non-tariff barriers), but slightly benefits its industrial exports (reduction of input costs). Lebanese industry employs 14% of the labor force and has watched its exports rise from USD 834 million in 2001 to USD 1.1 billion in 2004 (94% of the total exports): of the total exports, 47% correspond to the tobacco industry, 24% to beverages and spirits, and 14% to the agri-food industry. This growth comes despite the fact that this industry labors under high energy and credit costs¹³. Exports to Europe have benefited little from this growth.

¹¹ Jordan Study

¹² The towns of Mishmish and Aytaroun, respectively.

¹³ The lending rates are high in Lebanon as a consequence of the high rates paid on the Treasury bonds covering the government debt.

By contrast, the gradual lifting of the weak customs barriers to similar European products is believed to have had some difficult consequences; the gains in productivity that need to be made to deal with competition are not attainable from a realistic standpoint. The trend will be to an even greater deregulation of the labor market and to a weakening of the situation of the most disadvantaged.

Indeed, the partnership with the EU does not directly address the problems of Lebanon, where the economy and the labor market are highly segmented, and where many questions are asked regarding the sustainability of a model designed for recovering from the civil war, based on real estate development, tourism and a financial sector swollen by the government debt bubble.

3.2.6 The Case of Morocco

For Morocco, the process of tariff dismantling by industry is quite complex, for a country that is heavily dependent on trade with Europe. Most notable is the elimination of the quota restriction on imports, except for garments and textiles, footwear, food products and beverages, which are those that are most exposed to competition. This means that certain industries, such as car assembly, may be strongly affected.

The Morocco Study notes, quite rightly, that *"the (Moroccan) national territory is not a uniform space, endowed with identical resources and the same capacities for adaptation and restructuring"*, which may have the effect of increasing regional disparities in the

country, especially in view of the *"slowness and the predominantly national nature of the upgrading programs, and the insufficiency of the resources mobilized with respect to the enormity of the restructuring and equipment needs"*.

From the aid programs, Morocco really benefited from only 19% of the €660 million allotted to it under MEDA I (that is, €128 million), but ended up improving the disbursement rate under MEDA II to 65% of the €671 million allotted (or an additional €443 million). In total, €135 million were disbursed for programs intended to upgrade companies, professional associations and related institutions (Euro-Morocco Enterprise, Support for companies, Quality promotion, Support for professional associations, Support for guarantee institutions, Support for SMEs). Eighty-eight million euros were disbursed for two programs devoted to occupational training; the second of these received €50 million and focused on tourism, the textile industry and information technologies. While the programs aimed at companies only touched a few hundred, the training programs enabled 200,000 persons to be involved, or 17% of the total number of workers in the private sector! However, because most of the beneficiaries were people of low initial qualification who received basic instruction, this effort made no overall contribution to the technological level of companies.

Two small projects also aimed at employment questions: one in support of the employment agency for managers (ANAPEC) and the other to help the women of Arganeraie, in southwestern Morocco, who produce argan oil.

The EIB credit lines reached €1.88 billion between 1992 and 2004, essentially for infrastructure projects. But many projects have been delayed, primarily due to lack of budgetary resources.

But on the whole, Morocco saw an improvement of its economic growth during the period from 1996 to 2003 (+4.0% per year, on the average). This improvement with respect to the 1988-1995 period does not, however, match the levels of the years from 1967 to 1987, and which favorable climatic factors helped sustain. Overall productivity also improved slightly, mainly because of an improvement in the productivity of labor. But in this area the country remains far behind the European countries, although it outstrips Egypt.

As regards employment and working conditions, the effects can be seen on several levels:

- The growth of the minimum legal wage and the rigidity of labor regulations¹⁴ worked against the creation of new formal jobs, and was accompanied by a growth of the share of temporary work in the manufacturing industry, as well as the increase of the rate of turnover of wage-earners in the regulated labor market;
- The increase of the precariousness of work in the formal sector hits many more women than men: 30% of women are employed part time;

- A marked job destruction trend can be observed in the processing industries, with an appreciable decline in the rate of net job creation; the rate of destruction is higher in companies where the rate of investment per employee is low, and where both remuneration and the labor turnover rate are high;
- A rise in the mortality rate of formal companies (those affiliated with the social security system) in the processing industries, confirmed by a drop in the net growth rate in the number of companies: from an annual average of 551 from 1986 to 1998 to 481 during the 1998-2003 period;
- A certain increase in the number of strikes started each year (+6.4% per year on the average) and in the number of individual conflicts connected with employment contracts (+2.3% per year), taking into account the fact that Morocco has mechanisms for work conflict resolution which are well developed compared with other Mediterranean countries. Of the strikes that were announced, 74.4% did not take place, and around 32,000 individual work conflicts are dealt with each year: compliance with dismissal procedures, paid vacations, wages, etc.; most of these conflicts arose in industry;
- The growth of the informal sector in the country, to the point where it can no longer play its normal "cushioning" role for the labor market, because the openings for this sector are restricted by the decline of the relevant demand.

¹⁴ The World Bank classified Morocco as having the most rigid labor regulation (governing dismissals, etc.) of the Mediterranean countries, and even in comparison with the EU countries. A new labor code was introduced in 2003, but it must wait to be brought into force until the application decrees are issued.

3.2.7 The Case of Palestine

According to an official survey, in 2004 the “jobs” in the West Bank and the Gaza Strip absorbed 66% of the 800,000 persons that comprise the workforce; the jobs in Israel accounted for 6%. The drop has been fast since 2000, when 82% had a job.

The causes are multiple: substitution of Palestinian products by imported ones, decline in the Palestinian domestic demand, growth of the workforce, loss of jobs in Israel, and restrictions on Palestinians’ mobility.

Agriculture still employs 10% of the active population. By contrast, the share of jobs in industry fell 19% in 1995 to 13% in 2004; the share accounted for by construction dropped from 22% in 2000 to 13% in 2004; the sectors that absorbed the rest were services and public service.

As for the influence exercised by the partnership, the Palestine Study considers that it is poor, and even more so since *“the agreement between Israel and the EU offers preferential treatment to 60 Israeli agricultural products for access to the European markets; Palestine only benefits from a quarter of that number”*; while the volumes produced in Palestine are comparatively low, they could, in case of liberalization, account for 10% of Palestine’s meager exports and some job growth. The effects of the EU-Israel accord are more significant for the Palestinians insofar as the restructuring processes induced in Israeli companies have reduced the volume of subcontracting carried out by the Palestinians, which has resulted in company closings and loss of jobs.

The weakness of the influence has mostly to do with the fact that the Palestinian economy depends on Israel for 95% of its exports and 80% of its imports¹⁵, and that, to improve the employment situation the proposed potentials are some subcontracting agreements for Israel or Export Free Trade Areas employing Palestinian labor in buffer zones¹⁶.

On the other hand, the real influence was a distortion of foreign trade with the EU. Indeed, 70% of the Palestinian Authority’s resources come from customs levied on imports, and the partnership agreement was signed so that the Authority could continue to maintain high tariffs. The EU products imported from Israel became cheaper than those that were imported “directly” from the EU.

In this difficult situation, the most important impact of the partnership consists of financing by European aid of the current expenses of the Palestinian Authority’s budget, thus maintaining government jobs, and of humanitarian aid, as well as microcredit programs, which are estimated to have saved some 2,000 jobs (!).

3.2.8 The Syrian Case

The tariff dismantling agreement between the EU and Syria has been neither ratified nor put into effect. There should be an even more significant effect, since the EU’s share of Syria’s imports fell dramatically from 40% in 1990 to 19% in 2003. The EU’s place

¹⁵ See Kanafani 2002 and Abdulrazeq 2002

¹⁶ El Jafari 1998

has been taken by the other Arab countries, benefiting from a free trade agreement that was not completed until 2005, and above all by Asia.

But the real effects remain difficult to evaluate, since Syria, well before the 2005 measures entailing substantial lowering of customs tariffs, had some of the lowest effective customs tariff rates among the Mediterranean countries (7.2% with respect to imports, contrasted with 10 to 15% for the Maghreb countries, and 21.4% for Lebanon), and this was due to the importance of tax evasions. It is the non-tariff barriers that have been most significant in Syria, and they have recently been lightened: the level of imports has more than doubled in two years.

The European share of Syria's imports should, therefore, improve if the partnership agreement goes into effect now, after the liberalization measures. But this improvement will depend largely on the euro-dollar exchange rate: Syria tends to maintain a fixed exchange rate with respect to the American dollar; the depreciation of the dollar with respect to the euro makes European goods less than competitive on the Syrian market.

Syria's exports to Europe mainly comprise oil (whose level of production is currently declining) and non-seasonal agricultural products (commodities): durum wheat, cotton, lentils, etc., and textile products. The AA would benefit Syrian exports, both agricultural (already very actively traded with the Persian Gulf countries) and textile.

The MEDA projects executed in Syria have had little effect—very little on employment—beyond the rural develop-

ment projects. The EIB projects are more intensively focused on employment, but are not permanent. The project devoted to credits to SMEs could have long-term effects, but not decisive ones; because it coincides with the liberalization of the banking industry, and with a certain growth of credit to the private sector.

At any rate, independently of the partnership, the pace of job creation has deteriorated in Syria over the past years: it fell 5% per year from 1991 to 1996 (a period of high economic growth, primarily due to the private sector), and subsequently 1% per year from 1997 to 2003. This growth is even negative in industry (-2.1% per year). And the total contribution of productivity factors is declining.

One of the main problems in this framework is the series of industries owned by the State¹⁷, which have not undergone real reforms in their management methods. The authorities can neither privatize them nor seriously optimize their management methods; instead, they continue to invest in them parsimoniously. A recently conducted study within the framework of MEDA aid estimated the cost of creating a job in this sector at the equivalent of USD 30,000 (around €20,000).¹⁸ Thus, the creation of a significant number of jobs would require considerable budget resources that are not available. Logically, the study recommends focusing on the sectors offering the highest

¹⁷ In practice, in the case of Syria, the information on private industries is partial and unreliable. This has led the IMF to state in an official note that the country's GDP is underestimated.

¹⁸ By comparison, this cost ranges from €4,000 to €8,000 in the agricultural sector.

growth potentials (and not the highest job creation potentials). But the difference in the capital intensity required and the unit job creation cost lead to favoring the mechanical industries—tobacco or textile over the sugar industries, for example. Even more importantly, the study recommends encouraging the creation of enterprises for entrants and the services required for these industries, thus creating a true industrial fabric instead of letting these industries depend on imports.

To maintain the current unemployment level (high, nonetheless), Syria needs to achieve an annual growth rate of 7% in real terms. This is far from being the case.

The Syria Study also points to braking influences on private sector development linked to the political economy, which the free trade agreements are not likely to modify in depth.

Regarding working conditions, the Study observes that the risk lies in the segmentation into two clearly separated employment markets: the internationalized industry and service activities market and the market embracing the great majority of traditional or informal economic activities. The partnership could have a certain positive impact in the sense of keeping part of the qualified labor in the country. But liberalization will push wages down, leading women to participate more and more in the workforce (to enable families to make ends meet at the end of the month), and encouraging young people to end their education earlier.

3.2.9 The Case of Tunisia

In the light of Europe's share in Tunisia's foreign trade, the AA, applied unilaterally and quite early, is one of the main external factors influencing the economic situation and employment in Tunisia.

Tunisia has deepened its trade deficit with the EU, and this development has not been compensated by the contribution in investments and capital, where the European Union's share has decreased. The average economic growth has risen from 3.4% (the annual average from 1985-1995) to 4.8% during the 1996-2006 period, while remaining, *"however, below the historic trend recorded since the country's independence, which is 5.2%"*. The convergence index¹⁹ is growing slightly, from 24.9% to 26.8%. Macro-economic stability is consolidated (maintenance of the government debt level at 51.3% of the GDP; average inflation reduced from 5.9% to 2.9%; budget deficit reduced from 3.6% to 2.6%; and current account deficit reduced from 5.2% to 3.2%). This positive result was obtained thanks to the implementation of a VAT system that compensates the revenue shortfall in customs receipts, which amounts to 1.3% of the GDP.

The recent period has brought a certain growth in the absolute value of the FDIs²⁰ (+20% on the average); but Tunisia's share of world FDIs has shrunk by half from 1.83% to 0.74%. The per-

¹⁹ GDP per capita in PPP compared with the average GDP per capita in Europe

²⁰ Foreign direct investments

formance indicator for FDIs²¹ has also fallen, from 3.09 to 1.16. The EU share of the FDIs entering Tunisia declined from 79.3% to 70.7%. In the years from 1990 to 1995, the energy sector got 88% of them, while for 1996-2003, the manufacturing industry got 42% of the total. Privatizations have also played a key role. The creation of companies with European equity interest grew only slightly (from 117 per year to 158). 88.6% of those companies are manufacturing industries; 51.7% are in the textile and garment industry and 14% in electricity and electronics. But this trend toward the textile industry is fading and the creation of companies is declining.

The overall volume of employment has grown at the rate of 2.4% per year, making it possible to cover 81.8% of the new demands. But in view of the economic growth, the growth / employment elasticity has diminished from 0.65 to 0.50; the new growth is, therefore, less productive in job creation. The result is less negative than expected, and the relocations of European companies in Tunisia have, for that reason, played a significant role: 30% of the new jobs created.

This is corroborated by comparing the annual job creation rhythms during the decade from 1996 to 2006: 4.3% in the service sector, 3.2% in the manufacturing industry, 1.7% in administration, 1.2% in the non-manufacturing industries and 0.1% in agriculture and fishing.

But this exception to deindustrialization accompanying free trade is tending to

run out of steam. The pace of job growth in the manufacturing industry has fallen again since 2002, dropping from 3.65% to 2.7% in 2006. In particular, the rate in the textile-garment industry fell from 3.2% to 2.6%.

The employment situation in Tunisia remains positive on the whole, despite free trade, especially when compared with Morocco; but perhaps what underlies this relative success is the effectiveness of the structures of the Tunisian State to seize opportunities and mitigate the most negative effects seen elsewhere.

Rare are the detailed economic studies on the impact of the Barcelona process, both on the economy as a whole and on employment and the social situation. However, it is now admitted that this process has focused primarily on deepening the “structural adjustment”, which had already begun at the end of the 1980s, and in which employment and social welfare were not major themes.

It is also admitted that unemployment grew in all the Mediterranean countries, and that social protection deteriorated, thus acting against the main objective of Barcelona: to reduce the migratory pressures brought to bear by the Mediterranean countries on Europe.

While certain European programs focused on enterprises, notably SMEs, in the countries where information is available, the rate of creation of “formal” companies diminished in the Mediterranean countries,

²¹ Established by CNUCED, relating the country's weight in the incoming FDI flows to the country's weight in the GDP

and a marked movement was observed toward the informal sector.

Morocco and Tunisia must have the greatest impact, in view of Europe's predominant share in their foreign trade and the quick signature of the partnership. Tunisia's relatively positive result can be ascribed to the greater effectiveness of its State structures in defining economic policies, organizing the job market and managing the partnership; but it is true that the demographic weight is less heavy for Tunisia.

The impact of Barcelona on Syria and Jordan is estimated to be moderate, due to the diversification of these countries' foreign trade. The aid programs could have significant effects if the questions of employment and the labor market are identified as priorities.

For Palestine and Lebanon, the European partnership has not directly addressed the problems and the difficult situation that they face, nor their peculiarities. The most useful European aid has been outside the formal framework defined by Barcelona (for example, the direct financing of the Palestinian Authority's budget, and the humanitarian aid).

For different reasons, the Barcelona process seems only to worsen the employment and job market situations in two weighty Mediterranean countries: Egypt and Algeria. The supporting aid in these two cases does not seem commensurate with the weight and complexity of the challenges in these two countries.

4. Partnership Prospects, Conclusions and Recommendations

4.1 The Conclusions, Prospects and Recommendations Offered by the Country Studies

Taking into account the analyses made, the various country studies set out some recommendations from the perspective of the progress of the partnership and, notably, of the new European Neighborhood Policy (ENP). These recommendations are sharply differentiated:

- Because they strongly reflect the local perception of the European partnership, and primarily in terms of the opportunities or risks it presented;
- They further reflect the personal perception of their writers—economists and sociologists—and their work and commitments with regard to the issues of employment and labor law in their respective countries; In particular, certain recommendations are difficult to distinguish from the government policies being implemented, although the essence of the analysis in the study shows a very critical attitude toward these policies. This aspect also has a link with the non-transparency of official statistics, the inadequacy of the local economic and social studies on employment and the job market, and the influence of international institutions (the World Bank and others) and the agendas they impose on the researchers' views, especially as regards the job market.

- However, these recommendations often betray the researchers' wish that the partnership with Europe would play a strong role in helping to formulate job creation and social welfare policies for the country in question, by addressing the institutions influencing the labor market, working conditions and rights. They betray the deficiency of national policies in this regard.
- Finally, these recommendations also reflect a certain ignorance of the details of the Barcelona process mechanism. Seen from the national perspective, this reflects the low degree of integration of this process and of the aid programs into the national priorities. This "ignorance" was remedied in the project by the study on the position and mechanisms of Barcelona, whose conclusions and recommendations are also summarized in this final chapter.

4.2 The Conclusions, Prospects and Recommendations Offered by the Algeria Study

Regarding the prospects for the partnership, the Algeria Study emphasizes three aspects:

- The exclusion of the free movement of people from the partnership: The community of Algerians residing in Europe (primarily in

France) amounts to the equivalent of 6% of the population of the cited country. The Algeria Study expresses its authors' regret that the question of employment mobility was not dealt with except to restrict it in the association agreement rather than freeing it. Supporting their argument on the cases of Spain and Portugal, they maintain that, within a dynamic of convergence, the free movement of people has not given rise to a "migratory torrent" toward the rich countries of Europe. **The partnership should send positive signals in this regard by reducing migratory restrictions and confirming the shared destiny of both Mediterranean shores.**

- **The exclusion of an employment objective from the partnership:** To cut its unemployment rate in half by 2015, Algeria needs to make employment grow by 3.7% per year: that is, by creating more than 3.6 million jobs between 2003 and 2015. To accomplish this, the country's investment level must hit a sustained pace of 30% of the GDP, and factor productivity must grow by 0.7% per year. Current active employment policies are neither sufficient nor lasting, and the MEDA programs have an insignificant scope. Moreover, the difficulties in the political relations between Algeria and France in particular do not send sufficiently positive signals to encourage investments in Algeria. **The partnership should send a strong signal to encourage reforms in the country's investment climate and support employment policies, especially policies aimed at im-**

proving productivity and social rights.

- **There is insufficient focus on training and the transfer of technologies:** The MEDA programs should be oriented toward the country-wide upgrading of companies, promoting training of Algerian labor and increasing the technological content of local production. The partnership programs must also be extended to keeping qualified labor in the country rather than encouraging its selective migration to Europe. **Training and the local maintenance of qualified labor must, therefore, be central themes of European policy in the Mediterranean.**

The Algeria Study points out its authors' awareness of the political difficulties that stand in the way of such recommendations, especially those that touch on the migratory aspect. In order to make progress, the study recommends **reinforcing the Euro-Mediterranean institutional framework (consultative and executive institutions)** to move forward in this sense.

4.3 The Conclusions, Prospects and Recommendations Offered by the Egypt Study

The Egypt Study attempts to make some direct proposals to **"direct the partnership toward job creation and the reinforcement of labor law"**:

- **Increase Egyptian exports to the EU to improve job creation:** This is essentially a question of making

Egyptian products more competitive. To achieve this goal, the report calls on the European programs to **support the establishment of the government program to promote exports**, specifically by providing an Export Subsidy Fund and an Industrial Modernization Center.

- Maximize the benefits of the MEDA programs in terms of employment: The government plans to create 1.5 million jobs over the 2005-2015 period. The MEDA programs could focus more on the priority job creating industries, the Social Development Fund¹ and the training programs, currently too small with respect to the needs.
- *Support for the Industrial Modernization Center*
- *Aid to the improvement of the technological content of Egyptian exports*
- *Aid to education system reform*
- *Aid in controlling population growth*
- **Include a job creation strategy within the European Neighborhood Policy**

These recommendations seem exceedingly general vis-à-vis the issues of employment and working conditions in this country, especially in view of the deterioration of the social climate that has been observed recently². It is evi-

¹ Microcredit agency

² See, in particular, the following articles published in *Le Monde Diplomatique*: Joël BENIN, "L'Égypte des Ventres Vides" ["Egypt: Bread Riots and Mill Strikes"], May 2008; Béchir SAQR and Phanjof TARCIR, "Portrait d'une militante paysanne égyptienne" ["Rural Egypt Returns to the Ancien Regime"], and "Redistribution des terres" ["The 1952 Land Reform"], October 2007; and, on the

dent that they contain no mention of the institutions, nor of working conditions or labor law. Nevertheless, the last recommendation must be understood as **an appeal to the European Union to help develop a job creation and social welfare strategy for the country.**

4.4 The Conclusions, Prospects and Recommendations Offered by the Jordan Study

The Jordan Study indicates that "**one of the spheres in which the Euro-Mediterranean partnership has been the least active concerns labor relations, and this should be re-examined.** The Jordanian workers' movement is currently beset by serious problems, to include the absence of democratic practices, community and other conflicts, and the neglect of obligations affecting the organization of work and the defense of vital rights and interests". The recommendations are thus oriented, first and foremost, toward the reconstruction of a "legitimate, transparent" Jordanian labor movement, worthy of the image of Jordan:

- Develop the political and legal regulatory environment surrounding labor relations: This is primarily a question of readapting labor legislation to make it compliant with the relevant international agreements and conventions governing labor law and civil, economic and social rights (notably those that

Monde Diplomatique blog: Stéphanie WENGER, "La politique égyptienne sous influence affairiste", July 9, 2008.

concern the ratification of ILO convention 87).

- *Develop the organizational structure of the labor movement and the promotion of participative mechanisms*: Specifically, this is a matter of breaking the dominance of the GFJTU and government control over this institution.
- *Improve the image of labor unions in society and support their role in public life*: Here, it is a question of making the public aware of the debates on labor market issues (amendment of the social security law, setting a minimum wage, impact of privatizations and restructuring processes, etc.).
- *Develop labor union cooperation at the regional and international levels to deal the international economic issues*: Particularly with the European labor unions.
- *Revitalize and activate the labor training institutes to create labor union managers and train them in leadership and communication skills*: By making these managers aware of the realities of the international economy and training them in negotiating techniques³.

The Jordan Study **calls on the European partnership and its programs to play a direct role in the revitalization of labor union activity, and to consolidate the Euro-Mediterranean social dialog.**

Moreover, in its conclusion, this study increases its readers' awareness of the dependence and vulnerability of the Jordanian economy to the economic

and political conditions of its immediate surroundings, although the short-term outlook for growth is positive due to the oil surpluses in the Persian Gulf region. Consequently, it recommends a **stronger anchoring of Jordan beyond the region, especially with Europe**, to diversify its economy and to raise the quality of its exports, but also while developing political, social and cultural relations.

4.5 The Conclusions, Prospects and Recommendations Offered by the Lebanon Study

The Lebanon Study suggests structuring **employment policies**, and the relevant EU aid, **around three main policy lines: policies targeting the workforce** (training, etc.); **policies aimed at economic activity needed for job creation** (encouraging investment, training for managers, etc.); **and policies designed to reconcile labor market supply and demand** (employment agencies, job search assistance, etc.).

This approach must comprehend differentiated actions for each economic sector, according to each region's special features, for the different social categories (women, young people, etc.), with the aim of maintaining growth and the buying power of salaries, increasing the productivity of labor, and respecting social rights and the environment.

As regards the ENP, the study insists that it must include, in Lebanon, a cooperative arrangement for the analysis and review of:

³ Hourani and Al Khouri, 2002

- wage and social insurance policies, “*the essential element for fighting poverty*”;
- the legislative framework of employment and labor relations, in order to ensure respect for fundamental rights, the right to organize and occupational safety;
- the entire national employment strategy;
- the educational system, with a view to promoting public education in accordance with the needs of the labor market;
- the organization of the work performed by foreigners in the country.

Here again, these recommendations convey **an appeal to the European Union to help develop a job creation and social welfare strategy for the country.**

4.6 The Conclusions, Prospects and Recommendations Offered by the Morocco Study

While the Morocco Study offers a richly detailed assessment of the local employment policies and the impact of the partnership, it makes no recommendations.

4.7 The Conclusions, Prospects and Recommendations Offered by the Palestine Study

Whereas the Palestine Study, like the Moroccan one, makes no particular recommendations, it does insist on the insignificance of the Interim Association Agreement in view of the control by

Israel of Palestine’s foreign trade, and the orientation of the aid programs toward the most immediate functional needs of the Palestinian Authority, and of the population (humanitarian and food aid). It also notes that the Palestinian Authority does not have the means to initiate an economic policy with a constituent devoted to employment.

4.8 The Conclusions, Prospects and Recommendations Offered by the Syria Study

The Syria Study insists on the specific aspects of this country, whose government has not yet ratified the Association Agreement. Because its foreign trade is highly diversified, the EU faces Asian competition, and “*thus cannot improve its market share in Syria without directly addressing non-tariff barriers, helping to change the business environment in the country, and establishing some industrial and commercial activities here*”.

Regarding employment, the recommendations for European aid indicate that two aspects must be addressed: the supply and demand of work. With respect to **the job supply**, the partnership should focus on:

- **The development of human capital (training, etc.);**
- **Social programs to eradicate child labor;**
- **The promotion of human rights and labor rights (including the right to organize and to have free labor unions), by imposing them as conditions that must be fulfilled in order to benefit from other aid programs.**

At the level of **employment demand**, aid should be focused, beyond the interventions at the company level, on:

- **Drawing up an employment policy comprehending the revision of labor and social protection laws, the reinforcement of the government's capacity to enforce these regulations, and the reform of labor market institutions;**
- **The revision of wage scales and indexations in the country, primarily to improve the return on educational investment.**

Here again, these recommendations convey an appeal to the European Union to help develop a job creation and social welfare strategy for the country.

4.9 The Conclusions, Prospects and Recommendations Offered by the Tunisia Study

More than ten years of experience of the partnership with Europe lead the authors of the Tunisia Study to state some views like the following:

"In the knowledge of the paramount importance of the Euro-Mediterranean partnership in current and future developments, it proves necessary to share a common view, aimed at building a system of economic and human interdependence, coherent and not asymmetrical, and to strive to bring our societies together through structural policies. This political viewpoint must be clearly announced to give credibility to the new European Neighborhood Policy".

Two main lines of action for the future merited highlighting in the study, conceived to lead the partnership into useful tracks for cooperation:

- ***The first line involves active employment policies (AEP):*** Regional and social readjustment of the active employment policies and, in particular, orientation of the AEPs toward workers who are the most disadvantaged or at risk; readjustment of the training programs to orient them towards SMEs; distinction between aid (passive anti-unemployment and anti-poverty policy) and occupational integration (job stability and quality).
- ***The second line of action has to do with the empowerment of the social partners:*** Search for a new, less authoritarian model for mediation and social regulation, one that will contribute to the democratization of society; a model that will bring an end to the rigidity of today's "authoritarian arrangement", capitalizing on a certain economic security as opposed to "guaranteed income" situations.

The Tunisia Study ends with a question posed by its authors as a path to explore: **To what extent can a partnership opened on civil societies contribute to facilitating the emergence of a new social contract, and reinforce the social partners' institutional capabilities to create a new tradition of social dialog needed to ensure the success of the reforms?**

4.10 The Conclusions, Prospects and Recommendations Viewed by the Study of the Process and Instruments of the Partnership

The background study on the Barcelona process and instruments notes that the only program focusing on employment in the partnership is ETE (Education & Training for Employment). It concerns only the training aspect, and does so in an unsystematic way. The study recommends, as was suggested and proposed in the various Barcelona process consultations, redefining the European programs by making **the questions of employment and social rights central to those programs**. It indicates, therefore, the need to initiate three programs:

- **A EUROMED Employment program:** broken down into sub-programs and projects:
 - Access to the Job Market
 - Fight against poverty in order to reduce instability
 - Employment and migrations and the virtuous dynamics of development
 - Freedom of movement and employment mobility
 - Competition law and protection of SMEs
 - Emergency social aid fund
- **A EUROMED program for Social Standards and Labor Law,** with such typical projects as:
 - Effective application of basic labor standards

- Comparative study of social rights
- Women and equal opportunity in the world of work
- Promotion of social dialog
- Support for the trade union forum and for the Euro-Mediterranean human rights network
- Social dimensions of good governance
- Health and safety in the workplace
- Child labor between socio-economic need and compliance with international standards

The Study notes that the European Commission states in the framework of the establishment of the ENP that *“poverty, weak governance and the importance of the informal sector are often the main causes of the inadequate implementation of basic labor standards in developing countries”*, adding that *“it is advisable, moreover, to bear in mind that sustained economic growth can contribute to the respect for and effective application of standards governing labor and social regulations. Conversely, the reinforcement of fundamental labor standards can stimulate economic growth and effectiveness. The instruments of development can, therefore, play an important role in promoting fundamental labor standards”*.

The Study stresses the need, expressed repeatedly during the Barcelona process, **for a Euro-Mediterranean conference on employment**, and for this process to in-

clude regular meetings of labor ministers; and a **Euro-Mediterranean Social Program**, supported by a monitoring committee that would measure “*the development of employment-related laws and practices in all of the countries in the region with respect to the EU Charter of Fundamental Rights*”, and provided with an alerting system. It also highlights the proposals put forward for the implementation of a “**Euromed Social Fund**” and “clear, coherent employment policies”.

But the Study points, with some disappointment, to the loss of ground in the areas of employment and social rights that took place between the initial EC proposals and the final text that was adopted, for the rules governing the European Neighborhood and Partnership Instruments (ENPI): the demand that labor organizing rights and fundamental labor standards be respected was replaced by a more nebulous formula regarding “*respect for workers’ rights*”. Additionally, in the conditions, the “essential suspensive element” in the agreements—“democratic principles and the rule of law”—disappeared from an incentive clause. A step backward was also noted with regard to MEDA in the clauses of a social nature, thus further deepening the gap between the “declaratory” constituent of Barcelona and the “operational” constituent.

In its conclusion, the Study structures its proposals around the following themes:

Employment

- Take up **job creation as a central element of the European operational policies**, as specified in the Barcelona Declaration.

- Define a **Euro-Mediterranean Social Strategy**, within the framework of the Barcelona political process;
- **Increase the European Parliament’s awareness of employment questions** in the Mediterranean countries, deriving support primarily from the work done by the EMPA and the non-government networks;
- **Promote studies on the employment situation in each of the Mediterranean countries.**

Labor Law and Fundamental Social Rights

- Include a **Labor Law constituent in the European operational policies**, in compliance with the resolutions of the Euro-Mediterranean Foreign Affairs Ministers, to include matters of freedom of association and the right to organize;
- Include a **Fundamental Social Rights component** in the ENP bases and instruments;
- Develop a **Euro-Mediterranean Strategy for Employment (EMSE)**, based on the European Employment Strategy (EES), the European Social Agenda, the Nice Charter of Fundamental Rights (2000), and European policies on migrations.

The European Neighborhood Policy:

- Broaden the ENP action plans containing the provisions regarding the fundamental social rights beyond the Maghreb countries to the other Arab Mediterranean countries;
- Make systematic use of the incentive clauses included in the ENP

conditions regarding liberties, the rule of law, the fundamental social rights, and the references to the ILO conventions;

- Ensure that the government authorities do not monopolize the ENPI financial aid, and include the civil society networks (EMHRN, labor unions, etc.) at the level of the drafting and evaluation of the action plans, by planning to quickly establish more structured channels of communication with civil society in the Arab Mediterranean countries concerning the questions of employment and social rights.

4.11 The Conclusions, Prospects and Recommendations Offered by the Comparative Study

The results of this comparative study have already been presented at various conferences and conventions (see Appendix 3). The conclusions were summarized in the report in nine main points (which are slightly modified and commented on here):

- 1. The overall conclusion is that employment is the greatest challenge in the Euro-Mediterranean region, and that active employment policies (AEP) are required to deal with it to uphold the right to work, both on the national level and within the framework of the Euro-Mediterranean Partnership. This need is all the more pressing as the Arab Mediterranean countries themselves are experiencing significant migratory pressures, both internally and externally.**
- 2. Employment and labor law have not been considered as a direct, central priority of the Euro-Mediterranean Partnership;** this has occurred despite the many serious problems (joblessness among young people, growing informal economy, vulnerability of women's employment, child labor, unemployment among university graduates); and despite the fact that the reforms embraced by the "structural adjustment" and trade deregulation have worsened the situation of labor law and working conditions in those countries.
- 3. There is no "human rights" approach in the way the Partnership has tackled the employment question,** particularly in the MEDA programs; and it is not clear that the European Neighborhood Policy (ENP) instruments can make a contribution in this respect.
- 4. There was little, if any, consultation of the social partners in the Barcelona process;** the same was true on the national level, despite the fact that this is a fundamental European commitment. This has harmed the transparency and evaluation of the effectiveness of the MEDA programs, as well as damaging the local perception of these programs.
- 5. The impact on employment of the MEDA programs is generally slight or inadequate. The impact of the EIB programs is temporary. By contrast, the effects of free trade may be significant in certain industries, and in the case of women in manufacturing**

industries. The impact of free trade will lead to increases in unemployment rates ranging from 3% (Syria, Lebanon, Jordan) to 8% (Egypt, Tunisia and Morocco)⁴, in the Arab Mediterranean countries, where double-digit unemployment rates are now the rule. It will further degrade working conditions, expand the share of jobs accounted for by informal employment, and strengthen the migratory pressures toward Europe.

6. **Within the framework of the partnership, only a marginal effort has been made to initiate projects supporting and reinforcing the national employment policies in the Mediterranean countries.** This is truly a difficulty, and even more so in the light of the fact that the national policies are unsuitable or non-existent. This should justify the formulation of a Euro-Mediterranean Strategy for Employment and the implementation of appropriate action instruments.
7. **There is a glaring absence among the Barcelona mechanisms: a consultation process for the establishment of policies concerning employment and the "fundamental rights" of work.** The difference in awareness between the European Parliament and the Euro-Mediterranean Parliamentary Assembly (EMPA) is equally blatant. A Euro-Mediterranean conference on this

subject is necessary, as well as the establishment of regular Euro-Mediterranean meetings bringing together the ministers of labor and the social actors. A coordination, control and evaluation mechanism should also be implemented, as occurred after the Bucharest initiative for the Balkans.

8. **Barcelona must not be reduced merely to the free movement of goods and capital.** A comprehensive approach aimed at the **overall Euro-Mediterranean job market** should be integrated into the Barcelona process, to take into account social realities, economic benefits for both sides, and important challenges, in particular the challenges involving migrations of qualified labor to Europe.
9. **The new European Neighborhood Policy may offer an opportunity to integrate social affairs such as employment, the right to work and labor law into Euro-Mediterranean cooperation.** The ENP conditions could offer a framework for explicitly promoting the international instruments of human rights and fundamental social rights. These conditions could be used to advance toward the establishment of a "Euro-Mediterranean Social Area" including the guidelines for a "Euro-Mediterranean labor code".

⁴ Conclusions of the Impact Studies on the durability of the Euro-Mediterranean free trade area: SIA-EMFTA 2007

4.12 General Conclusions

This project and this comparative study have striven to show the issues involved in the questions of employment and fundamental social rights in the Arab Mediterranean countries. While these issues are essentially national issues for each one of the countries, their consequences have economic, social and even political impact on their natural neighbors—Europe and the Persian Gulf countries—and on the relations among them.

One of the essential contributions of this study is to show that the issues and challenges of employment in the Mediterranean countries cannot be reduced to their merely demographic dimension. All the socio-economic conditions are involved, as well as the regional political aspects, with the major migratory flows that they engender, as well as the aspects linked to the national (and regional) political economies, and particularly with the deficiencies in the national policies for employment. No approach to dealing with these issues, and above all with their implications for the migratory pressures toward Europe, can be made without an awareness of the various implications.

This project and the country studies reveal an important fact: that it is in the social domain, and in the realm of the rule of law, that the path to Euro-Mediterranean integration is perceived as an opportunity by the social actors in the Mediterranean countries; free trade and the free movement of capital are, on the other

hand, perceived as a threat. This threat is all the more perceptible inasmuch as all the impact studies confirm it and all the Mediterranean countries are experiencing a crisis of their developmental model resulting from two decades of “structural adjustment” and free trade.

The social actors of the Mediterranean countries insist on seeing “free trade” extended to labor. Despite the restrictions (and the currently unfortunate conditions of the migrations taking place), this insistence is more intent on the attraction exercised by the “European social model”, despite its current decline, than on the real conditions of employment in Europe. This insistence further underlines the need for the economic and social convergence of the two shores of the Mediterranean.

Even before the Barcelona conference, the prospects seen in Madrid of peace and positive Euro-Mediterranean economic and social anchoring of the conference had sent positive signals that were essential to increase investment and economic growth in the Mediterranean countries. The necessary work of assistance with institutional reforms must not allow us to forget the importance of the political signals from Europe toward the Arab Mediterranean countries, especially coming from both the European and national parliaments and governments, in order to make the new European Neighborhood Policy credible.

One contribution of this study is to underline the deficiency of the national strategies for employment, the

labor market institutions and the social programs in most of the Arab Mediterranean countries, and even their total absence in certain cases. Several country studies resound with an appeal for aid to the partnership so that it can become the framework in which the needed strategies and programs develop. This call for aid also resounds at the level of liberties for labor unions and social rights. This underlines the need to define a more comprehensive framework of "Euro-Mediterranean Strategy for Employment and the Fundamental Social Rights" within the context of the Barcelona process.

Finally, this study shows that the questions of employment and fundamental social rights, although they are recorded in the texts of the Barcelona Declaration, have received no more than a marginal treatment in

the Euro-Mediterranean aid programs. This realization, both by the European authorities and among the Mediterranean social actors, is made stronger by the need to give these questions a central place in the set of action programs; thus not only at the "declaratory" level, but structurally at the "operational" level. Regular conferences and meetings regarding these issues should be established, to lead to "EUROMED Employment" and "EUROMED Social Standards and Labor Law" programs with the application of suitable conditions and monitoring and evaluation by the social actors. The insistence on the transparency of the national data and on the multiplication of independent studies and analyses concerning the various aspects of these questions (work and the informal economy, child labor, etc.) is an important stage in this context.

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APPENDIX 1

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**Comparative Study of the Impact of the Euro-Mediterranean Partnership on
Employment and the Right to Work in Eight Mediterranean Partner Countries**

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APPENDIX 2

**“EUROMED EMPLOYMENT” PROJECT
COMPARATIVE STUDY
THE IMPACT OF THE EUROMED PARTNERSHIP ON EMPLOYMENT
IN EIGHT SOUTHERN MEDITERRANEAN COUNTRIES**

STANDARDIZED QUESTIONNAIRE FOR NATIONAL STUDIES**Overall objective of the study**

To produce rigorous elements for analysis with a view to formulating a labor union platform on employment within the framework of the Euro-Mediterranean Partnership.

Content**1. The labor market: situation and prospects**

Objectives: To show the importance of employment for the country's development and stability, the major national issues in the area of employment and the right to work, and the major traits of the national labor market. This section is not necessarily innovative, but it is important for it to be clear and pedagogic, and not too long or detailed. The data requested will be contributed, of course, insofar as possible. It may be exclusively based on documentary sources. Approximate length: 10-15 pages plus the tables. You will soon receive a country model for this section.

1.1. Demographic outlook:

Data to collect and analyze:

- Working-age population,
- Active population,
- Activity rate

Years to cover: 1995, 2000, 2005, 2010, 2005, 2020 (data source: National and FNUAP)

1.2. Characteristics of the job market and labor:

- Employment structure

By level of education: illiteracy, primary, secondary, post-secondary.

By activity sector: agriculture, industry, services (main sectors and data from the years 1990-2000 and the most recent statistics).

By occupation sector: public sector; private sector.

By sex: masculine / feminine participation

- Data on wages

Evolution of wages (convergence with the EU?)

Average wages in the main sectors (in local currency and its equivalent in euros)

Share of wages in the national income 1990-2000, latest available statistic

1.3. Regulation of the labor market and right to work

Legal protection of right to work: Constitution, legislation, ratification and application of the ILO Conventions and the International Covenant on Economic, Social and Cultural Rights.

Brief description of the legal methods and procedures for hiring

Regulation of working conditions and terms of dismissal

Stability / Precariousness of employment and its evolution (figures?)

Regulation of the minimum wage

1.4. Informal economy: estimates, importance (information sources), prospects and issues**1.5. The impact of migrations on the labor market (in quantitative and training terms)****1.6. Situation and evolution of unemployment (1995-2000-latest data)**

Unemployment insurance mechanisms (if they exist)

Questions relative to the quantification and measurement of unemployment (alternative information sources)

1.7. Major questions / major issues

- Women's employment
- Young people's employment
- Discrimination against minorities / employment of children
- Regional employment issues
- Training
- Organization of the labor market
- Intermediation institutions, main actors and collective bargaining

1.8. Employment policy / National employment strategy

1.9 Recent changes in the legislation and reform plans:

Reasons for reforms; analysis of content and impact (link with the Partnership / Conditions?)

2. The place of the Euro-Mediterranean Partnership in the national development strategy and commitment of the economic and social interlocutors

Objective: To show the importance of the Partnership in the authorities' economic strategy and the involvement of the social interlocutors. This part should be based on published documents, but also on interviews with the actors.

2.1. Summary description of the process of negotiating and adopting the various instruments (Table on the Instruments / Dates*): Association Agreement - National Indicative Plan - MEDA Projects - FEMIP/EIB Loans - Neighborhood Action Plan (possibly)

2.2 Links / Parallelisms / Comparison with other international integration or external liberalization processes (WTO, free trade areas with other partners, etc.) and insertion of these agreements into the national development strategy (according to the official position, but also according to the analysts)

2.3. National measures / plans in support of free trade

2.4 Description, if appropriate, of the processes and forms of consultation—formal or informal—conducted by the authorities with the economic and social actors before the adoption of the various Partnership instruments, apart from the formal ratification procedure (political parties, employers, labor unions, NGOs)

2.5 Reactions of social interlocutors (labor unions, employers, NGOs) to the Euro-Mediterranean Partnership and trade liberalization in general

3. The Challenges of the Euro-Mediterranean Partnership in Employment and the Right to Work

Objective: To analyze to what extent and how employment and the right to work have been taken into account in the framework of the negotiation and how these two questions are going to be affected by the application of the Euro-Mediterranean Partnership. This analysis must refer to the actors' views and positions, to their perceptions. It must also cite the impact studies conducted on these aspects. This part should be based on an analysis of public documents and have recourse to the method of interviews with the actors.

3.1. Analysis of the content in work / employment of the Partnership instruments (how were employment and the right to work taken into account in these instruments?). Also, to what extent have the ratification and the effective application of the ILO conventions and the International Covenant on Economic, Social and Cultural Rights been taken into account? Finally, to what degree have the questions of young people's and women's work, and the informal economy been tackled?

3.2. Analysis of the official position regarding the link between the Partnership and employment (supported by documents)

3.3. What link has been established between the Partnership instruments and the national employment strategy and policy?

3.4. Identification of the references to employment and the right to work (in the sense of an active employment policy) in the meetings of the Association Council and the Association Committee

3.5. Analysis of the social interlocutors' perception (particularly employers and unions) of the impact of the Partnership on employment and the right to work (based on published documents and interviews)

3.6. Examination of the studies (public or not) published on the impact of the free trade agreement in general and references to the employment question in those studies (this is a question of examining the degree of attention or lack of attention given to employment in the impact studies)

4. Elements for the analysis of the impact of free trade on the MEDA projects on employment and the right to work

Objective: To offer a qualitative analysis of the impact of the various Partnership instruments on employment and the right to work

4.1. Tariff dismantling program: major sectoral and regional issues (cursory analysis—based on indirect sources—of competitiveness by sectors and according to the importance of certain sectors in each region, and by regions) Calendar deadlines.

4.2. Sectoral profile and employment intensity of the MEDA projects (to include upgrading programs)

4.3. Sectoral profile and employment intensity of the EIB loans

4.4. Elements for the analysis of the impact of free trade (qualitative, not quantitative)
Impact on employment (sectoral and territorial issues, productivity)
Impact on working conditions (wages, contracts, legislation, etc.)

Impact on the informal economy and migration

Impact on women's and young people's work (according, for example, to sectoral impacts)

5. How can the Partnership be oriented toward job creation and the reinforcement of the right to work?

Objective: Unlike the other sections, here it is a matter of giving the authors full freedom to propose measures that could be inserted into the Euro-Mediterranean Partnership framework to make it a lever for job creation and reinforcement of the right to work in the region. This part must not necessarily be limited to a national view, but should be articulated as much as possible around specific propositions rather than general considerations. These propositions are supposed to feed the labor union platform on employment within the Euro-Mediterranean Partnership.

6. Conclusion

Appendices:

The study shall be accompanied by the following appendices:

1. Bibliography (in the case of the bibliography in Arabic, please add a translation of the title)
2. List of official documents cited / consulted (in the case of documents in Arabic, please add a translation of the title)
3. List of persons interviewed (position, dates)
4. List of key sources of information on the various questions examined in the study: statistical sources, but also references from the major studies with, whenever pertinent, a very brief comment on their contents (here, it is a matter of giving the outside analyst some key leads)

Methodology to follow:

Analysis of all the official documents of the Partnership and national authorities
Bibliographic research

Interviews with the actors (see above)
Qualitative analysis with a sectoral / regional dimension, taking into account the diverse social groups' right to work

List of institutions to consult, or whose support can be sought, by country and by major questions to include*

Obviously, this list will not be exhaustive, but indicative

European Commission delegation: the director (if possible), the social affairs official, the official responsible for MEDA projects
The representative of the ministry charged with the Partnership negotiations (foreign affairs and / or trade)
The representative of the Ministry of Labor / Directorate-General of Labor
Person or persons who are members of the Association Council and / or of the Association Committee
At least one person in charge of a MEDA project
The representative of the EIB

APPENDIX 3

Conclusions and recommendations

An Agenda for Action on Employment in the Euro-Mediterranean Partnership CONCLUSIONS OF THE EUROMED EMPLOYMENT PROJECT

These provisional conclusions were presented on the 16th of March 2007 in Berlin at the “Employment and Social Dialogue in the Framework of the Euromediterranean Partnership” Conference

The creation of a sufficient number of decent jobs in the Mediterranean Partner Countries (MPCs) to face the daunting challenge of employment is crucial for stability and prosperity in the Mediterranean region in coming years, and hence for achieving the stated goals of the Euro-Mediterranean Partnership (EMP). But the Euro-Med Employment Project, whose main results are presented in this report, has shown that there has been a serious flaw in the way the EMP is approaching employment.

In order to determine how to direct the Euro-Mediterranean Partnership towards creating more jobs, we need to pinpoint the challenges that the MPCs' labour markets are facing, the suggested solutions to these problems, and the role of the Partnership in this respect. The high unemployment rates in MPCs and the insufficient number of jobs created are related to the increase in the population growth rate, the mismatch between the education system and the needs of the labour market, the low level of productivity, the decline in investment and the low level of the technology content of goods and services.

The eight national studies commissioned in the framework of the EuroMed Employment Project offer a detailed analysis of the national labour markets,

employment prospects, and labour policies and regulation in each of the countries.

1) The first general conclusion is that facing the daunting challenge of employment in the Euro-Mediterranean region requires, in the long term, determined growth policies to create a sufficient number of jobs to absorb the increase in the labour force, and in the short term active employment policies to guarantee the right to work. So far, the Euro-Mediterranean Partnership has not contributed to promote such policies

The main issues/challenges which have to be addressed to reduce the destabilisation potential of unemployment in the MPCs are the following:

- Unemployment affects young people under 30 looking for their first job to a much larger extent than other population groups. This calls for upgrading the vocational training and education systems of MPCs as a key priority for the coming few years.
- The informal economy shows a trend to expand, and partly as well as a consequence of the negative impact of Euro-Mediterranean free trade areas on the formal sector. The informal sector is one of the main drivers of exclusion of

young people and women from decent jobs, as employment in the informal sector means a total lack of social or wage guarantees. The extent of the informal or “no rights” sector of the economy makes necessary to further study the working of labour market policies in such environment.

- Women’s participation in the labour market continues to be very low (despite the progress made in the last few years), and they are more vulnerable to negative shocks in the economy, including the shock of trade liberalisation. The implementation of compensation schemes to make up for this higher vulnerability must be an integral part of women’s promotion plans in the region.

- Child labour is still a serious problem in many of the MPCs. The actual ratification and implementation of core ILO Conventions could become the most effective policy measure to fight this unacceptable reality.

- The phenomenon of graduate unemployment entails a loss of valuable social investments and promotes the brain drain through migration.

The European experience has long shown that in order to fight unemployment efficiently, active employment policies and joint strategies are necessary on a European level, and must be developed hand in hand with adequate growth policies and structural reforms. There is no reason why this logic should not be applicable at the Euro-Mediterranean level. This is particularly important with respect to female and youth employment and the role of the informal economy, which undermines the economic and social situation of the population in MPCs and hampers their development.

2) 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

Economic and geopolitical logic leads to the integration of labour markets to tackle demographic imbalances (both in the north and the south), minimising the negative impact of migration flows (in terms of brain and qualifications drains, for instance).

3) Employment and the right to work have not been considered as a direct priority of the Euro-Mediterranean Partnership, but rather a potential by-product of trade liberalisation and structural reform

Employment has been seen, at best, as a by-product of trade liberalization and structural reform, and hence hardly any direct action has been undertaken, for instance, in the framework of the MEDA Programme, to promote job creation.

The study on Employment and Social Rights in the EMP, the European Neighbourhood Policy and the External Dimension of the Community Policies commissioned in the framework of the EuroMed Employment Project shows that employment and the right to work have played an increasing role in the rhetoric and declarations of the Euro-Mediterranean Process, but they have hardly been considered as operative goals or guiding criteria in the framework of the MEDA Programmes or regional co-operation practice (i.e.: Regional and National Indicative Strategic

Papers and Indicative Programmes, Association Council and Committees, EuroMed Committee....). In this respect, a true “mainstreaming” of employment in the Euro-Mediterranean policies is due.

4) There has been no effective human rights approach in the way the Euro-Mediterranean Partnership (Free Trade Areas and MEDA Programme) has tackled the issue of employment

Despite the repeated references to international human rights instruments made in the Euro-Mediterranean Association Agreements, so far the Euro-Mediterranean Partnership has not made any real contribution to the ratification and effective implementation of the core ILO conventions or established mechanisms to monitor advances in this field. However, the detailed references to them made in the Neighbourhood Action Plans open new perspectives in this field, provided that they are actually integrated into reform programmes.

5) Consultation with social partners in the framework of the Euro-Mediterranean Partnership has been very weak or nonexistent

This has been the case at the Euro-Mediterranean, national and project levels. In fact, the formal beneficiaries of the MEDA projects are in most cases national governments and not local populations as such, and there has been hardly any project aimed at strengthening the administrative capacities of trade unions as social partners (whereas employer’s organisations and

professional association have received substantial support in the framework of the industrial modernization or mise-à-niveau programmes). In the case of Employment and Training for Employment projects, for instance, no formal mechanism for the consultation or participation of trade unions or workers has been envisaged. On the other hand there is a serious lack of transparency and information on Euro-Mediterranean political negotiation and MEDA project implementation, and consultation exercises have been punctual, not institutionalised and in no case since the early planning stages of new initiatives (including the European Neighbourhood Policy and Action Plans).

6) In the framework of the Euro-Mediterranean Partnership, there has been almost no project to strengthen and support the national employment policies of Mediterranean Partner Countries, despite the evident shortcomings of those policies

This is in stark contrast to the important resources invested in training, technical assistance and structural adjustment programmes in areas such as fiscal policy, trade policy, macroeconomic policy and others. Most projects undertaken in the social development field have focused on poverty alleviation. However, the institutional position and the (low) technical quality of national employment policies and strategies, as well as their compatibility with other economic policies, are particularly fragile, and warrant a wide-ranging Euro-Mediterranean programme to evaluate, monitor and upgrade those employment policies.

7) At the regional level, so far there has been no attempt to define a Euro-Mediterranean Employment Strategy, or else an Action Plan in this field, and there has not yet been a EuroMed Conference of Labour Ministers

Despite the wide consensus that employment is the main regional problem of common interest to the EU and Mediterranean Partners, no direct action has been taken. It is not clear how the goals in the field of employment contained in the Five Year Work Programme agreed upon at the Barcelona Summit held in November 2005 are going to be achieved. In contrast, in other neighbouring regions, such as the Balkans, the

EU has indeed undertaken a project to monitor, evaluate and coordinate national employment policies (such as the Bucharest Initiative).

Despite this being the main regional problem of common interest to the EU and Mediterranean Partners, no EuroMed Conference of Labour Ministers has taken place yet. However, the Euro-Mediterranean Conference of Foreign Affairs Ministers held in Tampere in November 2006 called for such a conference to be organised in 2008, as well as a preparatory "Euromed workshop on employment policy and on practical measures to enhance employability of job seekers and create decent employment opportunities" in 2007.

8) The impact on employment of the Euro-Mediterranean Partnership, and in particular of the Euro-Mediterranean Free Trade Areas, must be further assessed, as their

effects can be significant in specific industries, for instance, hitting female employment in manufacturing industries

The Sustainability Impact Assessment Study commissioned by the European Commission reckons that, as a consequence of the implementation of the Euro-Mediterranean Free Trade Areas, employment will decline by 8 percent of the total labour force in Egypt, the same rate of reduction that will prevail in Tunisia and Morocco. In Jordan, Lebanon, and Syria, employment will decline by only 3 percent.

The impact will thus be larger in the Maghreb economies, with a higher degree of intensity of exchanges with the EU, and could be very significant in some industries with an above average proportion of female employees. This requires the adoption of specific gender and employment programmes.

At the same time, although the authors of the EuroMed Employment Project studies agree that it is not possible to make direct reliable ex-ante estimates of the impact of the Euro-Mediterranean Free Trade Areas on employment, there are strong indications that, at least in the first period after their implementation, there will be an expansion of unemployment and the informal economy. This could increase migration pressures. In turn, this poses the issue of the coherence of objectives and policies pursued through the Euro-Mediterranean Partnership.

9) The new European Neighbourhood Policy (ENP) opens up new opportunities for integrating social

affairs such as employment and the right to work in Euro-Mediterranean co-operation

The new kind of “positive conditionality” embedded in the Neighbourhood Action Plans includes, among the reference criteria for a country to benefit from the ENP, an explicit objective of ratification and implementation of the international instruments for human rights, the core conventions of the International Labour Organisation and trade union freedoms, as well as dialogue between the EU and its partners on social policy, employment and other social issues. The Neighbourhood Action Plans bring on board a whole set of new issues and

areas for cooperation and identify short and medium term priorities, e.g. social dialogue, market driven strategies for addressing the problem of unemployment, the modernization of the Public Employment Services and support for reforms and national labour law enforcement. The approach of the ENP, based on a high degree of “legislative approximation” between the EU and ENP partners, allows for interesting new developments which could ultimately lead to a “Euro-Mediterranean Social Area”.

The challenge now is to effectively implement all these objectives in practice.

AN AGENDA FOR ACTION ON EMPLOYMENT IN THE EMP

WHICH MEANS, WHICH ACTIONS?

Before stating any recommendations, it is necessary to recall the difference of nature and method that exists between the analysis and recommendation processes. Indeed, mentioning, describing and analyzing facts is one thing, defining prospects of action is another, since any action requires means and legal authority. It is difficult, actually, to work on a phenomenon when its factors are not mastered. So, before setting out any recommendations, it would be interesting to ask what means are necessary for their implementation. So the question goes back to how the Euro Mediterranean framework allows actions on the factors underlying the issues exposed in this report. (.....)

As an example, let's take the issue of migration: the Euro-Mediterranean framework is not the space where decisions on migratory flow policy are taken, but rather, where this policy is actually implemented. This policy, as we have shown, appears as a monitoring tool of migratory flows. The irrelevance of such a policy, from an economic point of view, as we have pointed out, is due to the fact that this policy is designed within a European framework, where only the European global strategy prevails, thus ignoring the Mediterranean strategy.

Conflicts are settled between UE country members and the majority points of view among the European public opinion are taken into consideration, since, in the EU, decisions are submitted to the verdict of the voters: either directly (through the European Parliament) or indirectly (through the verdict of national parliaments in the governments).

Nothing of that kind exists within the Euro-Mediterranean framework. Finally, perhaps it should be proposed, as a condition of effectiveness and credibility of all the other measures, that an institutional setting for decision-making on a Mediterranean policy be created. This instrument would have real means of action and, particularly, a legitimate status, not only in the north but also in the south; it would not be a mere sound box.

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On the basis of these findings, there is a clear need for designing an Agenda for Action on Employment in the Euro-Mediterranean Partnership to tackle the challenge of employment in the region, achieve the stated objectives of the Euro-Mediterranean Partnership and gain credibility for the European Union in the Mediterranean region as a reliable and honest partner. This set of proposals issued from the EuroMed Employment Project aims to develop a vision of re-defining the Euro-

Mediterranean Partnership as a Partnership for Employment and reinforcing the right to work in the region. As such, they are not specifically addressed to the European Union, national governments of MPCs or social partners, but to the Euro-Mediterranean Partnership as such, its process and its institutions.

These proposals are based on four *basic principles*:

a) The main single challenge that the MPCs and European countries have to face jointly in the next few decades is how to guarantee quality employment – decent work- both in the north and south of the Mediterranean.

b) To do so, the creation of employment and the improvement of economic and social rights, including the right to work, in the MPCs must be included as one of the explicit objectives of the Euro-Mediterranean Partnership, with the subsequent need to take direct action in this area with specific financial resources and to ensure the mainstreaming of employment and the right to work as transversal priorities of the EMP; in this framework, it is important to implement social measures accompanying the trade liberalisation, in particular to ensure protection of the most vulnerable people.

c) The principle of co-responsibility which lies at the heart of a true Partnership implies the sharing of responsibility between the EU and MPCs in relation to matters of common interest (and employment is, beyond a doubt, just that). This means that it is essential to find joint solutions and eventually design common strategies and employ shared resources to carry them out.

d) There is a strong link between respecting human rights, respecting the rights of the workers on the basis of the ILO standards, and economic policies favouring development and social progress. The right to work, full employment dynamics, freedom of association an the right to collective bargaining, and social protection are the basis for a true social democracy.

The following set of proposals and recommendations should allow an assessment, in three to five years, of whether the consideration and promotion of employment and the right to work within the Euro-Mediterranean Partnership has improved or deteriorated.

<p>1) The institutional setting to deal with social and employment issues in the Euro-Mediterranean Partnership has still to be put into place</p>

a) At the bilateral level, it is necessary to generalise the creation and operation of Subcommittees on Social Affairs within the bilateral Association Councils of the EU and MPCs, such as the ones created in the case of Tunisia and Jordan. These subcommittees should address matters such as employment policies, monitoring and improving the economic and social situation of MPCs and systems of social protection, labour codes and conditions, and the reduction of poverty, not only items related to co-operation on matters of justice and home affairs such as the integration of immigrants. These sub-committees should involve representatives of national civil society and social partners in all their work.

b) Beyond this bi-lateral monitoring mechanism, a Euro-Mediterranean Commission on Social and Labour Matters, such as the one established under the MERCOSUR Agreement, could be created.

c) At a political level, the appropriate forum to deal with these matters would be the Euro- Mediterranean Conference of Ministers of Labour, which should

meet regularly, as is the case with the Conferences of Ministers of Trade, Industry and Finance (see Chapter 2 for a thorough discussion of this proposal). The "bottom-up" strategy (i.e. working groups – subcommittees – Association Committee –

Association Council) should be accompanied by a "top down" strategy (Ministers of Foreign Affairs – Ministers of Labour and Social Affairs and Council of the EU – Association Council). The Conference of Labour Ministers announced for 2008 must be followed by regular meetings.

2) 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. Indeed, 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 Euro-Mediterranean Conference on Employment and Social Dialogue held in Berlin in March 2007, with the participation of national governments, Euro-Mediterranean and Community institutions, social agents and experts, is a first step, but it should give way to a true politically empowered Ministerial level conference and ensure the adoption of a truly human rights based approach to the right to work.

On a more structural level, it is necessary to create stable, institutionalised 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. This calls for considering explicitly the progressive convergence of the MPCs with European social legislation, involving the coordination structures of trade unions, entrepreneurs and other socio-professional associations. At the bilateral level, the involvement and consultation of trade unions in the Education and Training for Employment Programmes, completely absent so far, seems necessary for the achievement of their goals.

For this consultation to be effective, programmes for strengthening the administrative capacity of social partners, and in particular trade unions through a true institutional modernization or mise-à-niveau programme, such as the ones implemented to support professional associations in several MPCs, are required.

3) A system of multilateral monitoring and assessment of the economic and social situation in general, and particularly of employment, also from an economic and social rights perspective, should be established at a Euro-Mediterranean level

This would consist of a system of indicators that would allow for comparisons and the analysis of progress over time, as well as monitoring national employment policies (surveillance). This

benchmarking approach focused on developments in the labour market would help to assess progress in implementing the social content of the European Neighbourhood Action Plans. It should also ensure, as a minimum bottom-line, that the implementation of the Euro-Mediterranean Partnership and ENP Action Plans does not harm people or undermines the decent work agenda.

It is important to underline the idea that the multilateral surveillance system advocated is not an observatory-like independent monitoring mechanism, but an information-intensive process of policy-oriented political dialogue, exchange and co-operation between partner Governments (i.e., a political process) aimed at finding common ground in questions of shared interest. The Bucharest Employment Initiative, establishing a monitoring mechanism of labour market situation and employment policies in South-eastern European countries specifically at the initiative of the ETUC, provides a model for this system.

4) A regional Euro-Mediterranean Programme for Enhancing National Employment Policies in MPCs should be launched

This would be an extension of the monitoring system proposed under 3), and could be integrated as a component of the new European Neighbourhood and Partnership Instrument channelling all funds for Euro-Mediterranean economic co-operation, including technical assistance, capacity building, assessment... In particular, a scheme for strengthening national employment policies should

be created to support active policies contributing to professional retraining and re-insertion in the labour market with sustainable, decent jobs, including administrative capacity-building and financial support. The first step would be undertaking a series of assessment reports of national employment policies, the policy-making mechanisms and institutional setting and co-ordination with other policy areas.

5) Definition of a Euro-Mediterranean Employment Strategy

In the same spirit as the Road Map for the Creation of the Euro-Mediterranean Free Trade Area in 2010 or the Euro-Mediterranean Energy Ring programme, it is necessary to work on the definition of a Euro-Mediterranean Employment Strategy with specific objectives for the region as a whole and for each country, with the specification of commitments, plans and instruments to achieve them, along the lines of the EU's "General Guidelines on Employment Policies of the 25". This will force the member countries of the EMP to establish an integrated system of social statistics and information on employment policies feeding the monitoring system provided for under 3).

6) The establishment of mechanisms within the Euro-Mediterranean Partnership to promote the full ratification and implementation of the core ILO conventions and UN conventions relevant to the right to work in all partner countries

This would, of course, include European countries, including a system of multi-lateral supervision of progress in this front. This should ensure the protection and effectiveness of fundamental rights collected in the core ILO conventions, among them the rights to strike, collective bargaining and social dialogue, specifically through measures which ensure the effectiveness of labour law (labour inspection, etc.). Following the same logic, a system to ensure full implementation of the economic, cultural and social rights established in the International Pact on Economic, Social and Cultural Rights should be established within the Euro-Mediterranean Partnership.

7) Provision for compensatory measures over the next few years to smooth over the negative impact of Euro-Mediterranean Free Trade Areas on workers losing their jobs in the process

This would be understood as a kind of redress or remedy for the violation of their right to work derived from the implementation of the Euro-Mediterranean Partnership, and would support the social sustainability of the EMFTAs.

For the same reasons that the European Globalisation Adjustment Fund established in December 2006 within the European Union for workers “who have been made redundant as a result of trade liberalisation so that they can remain in employment or find quickly a new job” (the Fund will provide up to 500 millions every year to cover support for an estimated number of up to 35,000 workers), the economic restructuring which will be brought about by the com-

pletion of the Euro-Mediterranean Free Trade Areas warrants the adoption of similar compensatory measures over the next few years to smooth over their negative impact on workers losing their jobs in the process, i.e., the establishment of a redress mechanism for violation of a fundamental human right such as the right to work resulting from the EMP. This could include programmes helping workers to recycle themselves and find a new job or establish their own economic activity. These measures should have the required level of funding.

8) Euro-Mediterranean Programme for Women’s Employment

Euro-Mediterranean Free Trade Areas risk having a particularly negative impact on female workers and causing setbacks in the advances in women’s participation in the labour force registered in the last few years.

This warrants the adoption of an specific Euro- Mediterranean Programme for Women’s Employment in the framework of the Euro-Mediterranean Plan of Action on Strengthening the Role of Women in Society adopted in Istanbul in November 2006. Decent employment is one of the main axes of women’s emancipation, and it should be strengthened as the main driving force to increase the role of women in society. Gender mainstreaming should pass from principles to action.

Such a Programme should contain the following elements:

- A compensation scheme for employed women losing their jobs as a consequence of the implementation

of the Euro-Mediterranean Free Trade Areas or else as a consequence of de-localisation derived from Europe's engagement in the globalisation process. Such a compensation scheme would allow for the training and professional recycling of unemployed women, as well as support for finding a new job and, if necessary, for changing their region of work.

- Logically, it would be implemented through existing national employment promotion institutions.
- A specific training programme for unemployed graduate women in the framework of the Education and Training for Employment programme to put an end to the current vocational training structures, which, to a large extent, penalize qualified women.
- A programme to promote women's access to entrepreneurial activity.
- True gender mainstreaming of all MEDA/ENP programmes to ensure the creation of employment for women and the incorporation of women into the labour force becomes one of the key evaluation criteria of Euro-Mediterranean co-operation projects.

Trade Area foreseen for 2010. In order to guarantee coherence of the process and to monitor its progress, a "Road Map" for the creation of this "Euro-Mediterranean Social Area" should be

9) Preparation of a "Road Map" to advance the decent work agenda and aim at a "Euro-Mediterranean Social Area" in the framework of the European Neighbourhood Policy

The innovative social and employment content of the Neighbourhood Action Plans with MPCs should become a central element of Euro-Mediterranean cooperation, and its effective implementation should be secured with sufficient resources. The Action Plans which are now beginning to be implemented should be effective instruments to foster the decent work agenda, namely to enhance national employment 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 core ILO conventions and other UN conventions relevant to the right to work

This process should ultimately aim at the creation of a true "Euro-Mediterranean Social Area" complementing the Euro-Mediterranean Free

Area adopted within the framework of the Euro-Mediterranean Conference of the Ministry of Labour and Social Affairs announced for 2008.

