



Thematic Workshop on Economic Policies and Social Dialogue in the Southern Neighborhood

Beirut 6-7 April 2019

Conclusions and Recommendations

On 6 and 7 April 2019, the Arab NGO Network for Development organized a Thematic Workshop on Economic Policies and Social Dialogue in the Southern Neighborhood, as part of the MAJALAT initiative launched by civil society organizations working in the Southern European Neighborhood. The consortium MAJALAT holds the Regional Initiative for Structured Dialogue and is composed of the Arab NGO Network for Development (ANND), Réseau EuroMed France (REF), Euromed Human Rights, Solidar, Arab Trade Union Confederation, and Forum Marocain des Alternatives and is supported by the EU.

The thematic workshop on Economic Policies and Social Dialogue 2019 is part of a series of 5 meetings held annually in the context of the initiative, each focusing on a different priority identified by the structured dialogue process. The 2019 workshop brought together 36 CSO representatives and experts from the Southern Neighborhood and focused on the European Neighborhood Policy (ENP)'s trade and investment policies and their impact on economic and social rights and on human rights in general in the region. During these two days, participants had the opportunity to deepen discussions on the following topics:

- ✚ The overall framework of EU's relationship with the Southern Neighborhood and to what extent the current framework affects the effectiveness of regional cooperation and sustainable development at the regional and national levels.
- ✚ The European Union's policies coherence and their impact on EU external policies - specifically those affecting the Southern Neighborhood.
- ✚ The trade liberalization tools promoted by the EU in the region- following the Arab uprisings- through the European investment plan and the Deep and Comprehensive Free Trade Agreements (DCFTA), while examining their impact on economic, social, and environmental rights.



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- ✚ The partnership's impact on the civil society enabling environment in Southern Neighborhood countries, by providing a critical look at the European Country Roadmaps for engagement with civil society.
- ✚ The impact of the growing role of the private sector in EU's development policies and its respect to human rights standards.

In the first part, the sessions focused on discussing European political and policy documents related to the subjects at hand. The second part presented the priorities and recommendations to be discussed at the MAJALAT Second Regional Conference in September 2019, to prepare for the Civil Forum in Brussels in November 2019: (1) **Policy coherence for development document**,^{1,2} (2) **Deep and Comprehensive Free Trade Agreements**,³ general framework and the cases of Tunisia and Morocco, (3) **European Investment Plan**,⁴ (4) **EU Country Roadmap for Engagement with Civil Society** in various Southern Neighborhood countries.^{5,6}

Setting the Framework

The first session provided an overview of the development of the framework governing the relationship between the EU and the Southern Neighborhood and the elements defining mutual regional cooperation and serving the achievement of sustainable development. The evolution of partnership status and priorities in the relationship between the two shores was presented and linked to the current framework: The gap at the level of the vision's coherence has been apparent since the Barcelona Process and the setting of its multilateral mechanism, to Sarkozy's initiative in 2008 concerning the Union for the Mediterranean up to the ENP that governs current cooperation.

The idea of openness to the entire European neighborhood emanated from the EU's desire to cooperate with Eastern Europe first and then with southern neighbors. The latter started with

¹ https://ec.europa.eu/europeaid/new-european-consensus-development-our-world-our-dignity-our-future_en

² https://ec.europa.eu/europeaid/2019-eu-report-policy-coherence-development-including-member-states-replies_en

³ EU and Tunisia DCFTA, <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1380>

⁴ EU Investment Plan, http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf

⁵ Palestine: EU Country Roadmap for Engagement with Civil Society http://eeas.europa.eu/archives/delegations/westbank/documents/news/2014/20140723_palestine_eu_civil_societyroadmap_en.pdf

⁶ Lebanon: EU Country Roadmap for Engagement with Civil Society, https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/eu-lebanon_roadmap_for_engagement_with_civil_society.pdf



its interest in playing a political and developmental role in the post-conflict phase in the occupied Palestinian territories (1995 to 2003), in addition to rising of commercial interests following Spain's accession to the EU. It espoused the principle of trade liberalization for democracy, ignoring the social implications of the adopted investment and trade approach. At the technical level, this development was materialized in choosing the same partnership tools used with Eastern Europe, but with an item related to "non-accession to the southern Mediterranean." Justice and partnership at the level of culture and human rights were considered the common values governing this cooperation and focus was placed on bilateral trade agreements with Southern Neighborhood countries.

With the eruption of the popular uprising in the region in 2011, the EU shifted its focus to security, combating violence, and stability. Democracy no longer was emphasized and the investment and trade agreements approach did not witness any revisions. It became clear in the ENP review in 2015, which ignored the outcomes of the Barcelona process. The transformation is expected to continue for the coming years, with the rise of the extremist right, the worsening immigration crisis in the Mediterranean and the possible EU's direction shift following its May 2019 parliamentary elections. Moreover, the EU's Multiannual Financial Framework (MFF)⁷ - currently under discussion- demonstrates the changing pattern of foreign aid financing, which is moving closer to funding humanitarian interventions and reduction of violence at the expense of development.

1. Coherence of European Development Policies

The documents defining the EU's development orientation, its coherence and consistency with foreign policy - in addition to its abidance to the Agenda 2030 and the SDGs- show commitment to the principles of human rights, peace, gender equality, and development, as well as race, sex, disability, or sexual orientation. However, they do not include peoples' rights to self-determination, liberation from occupation, sovereignty over their resources and their ability to choose their economic and social paths freely and without pressure. This adversely affects the enjoyment of the right to development, which is the collective right of peoples and nations.

As for the concept of development, the EU focuses on traditional components and the critical dimensions of the Agenda 2030 which are the economic, social, and environmental levels. The questions of governance and peace are treated as external and secondary conditions, not as an

⁷ Multiannual Financial Framework proposal: EU budget for the future,
https://ec.europa.eu/commission/sites/beta-political/files/communication-modern-budget-may_2018_en.pdf



organic component. Policies related to peace and democracy are separated from development. The lack of coherence between documents and policies is noted at several levels.

First, at the social level, a selective approach is adopted in the choice of the covered themes, with a focus on food security, health, immigration, and so on; lacking a comprehensive approach to poverty, inequality, education, decent work, and the social content of economic growth choices. A partial approach is also adopted in policies covering the five pillars of Agenda 2030 (people, planet, prosperity, peace, partnerships) and a programmatic approach to development, rather than policy work, which is contrary to the concept of pillars and the integration of objectives and relies on targeting, particularly in relation to social protection.

Second, at the environmental level, the EU adopts a technical approach in addressing environmental problems inherent in unsustainable production and consumption patterns, through embracing the concept of the recycling economy (reduction of carbon emissions, use of recyclables, etc.) and a traditional philosophy of growth. Shifting towards a green or environment-friendly economy is based on providing new markets. But what is required in essence is to reduce the impact of markets, so that they do not control environmental, social, and knowledge considerations and all that is related to fundamental human rights. However, EU policies ignore the root causes of environmental problems inherent in unsustainable patterns of production and consumption.

Third, at the economic level, the EU adopted the approach related to the five pillars of development, especially prosperity, which goes beyond economic growth. However, it remains dependent on economic policies that would achieve growth based on the principle of trade leaps,⁸ which repeats all elements of traditional economic policies. In addition, the EU fails to propose suggestions to address the current crisis of globalization, the return to protectionist tendencies, limiting the tax evasion practices of Trans National Corporations (TNCs) and giant electronics companies, or tax havens (including some European countries). Moreover, the EU does not have any recommendations related to taxing international speculation or production and exchange processes to finance development globally. It also fails to address structural imbalances in commodity prices, biased against developing countries.

Fourth, at the level of peace and governance, the alliance with some repressive regimes remains, despite some sporadic and selective calls protesting human rights violations against individuals and groups. There is no indicator of actual commitment to human rights, the right to

⁸ Boosting Trade, "Strategic Plan 2016-2020 – DG Trade",
http://trade.ec.europa.eu/doclib/docs/2016/august/tradoc_154919.pdf



development, and democratic transformation in a consistent manner. Participants stressed on the importance of EU policy coherence on the level of partnership with development stakeholders, especially civil society. Although the papers under review stress the commitment to this partnership, in reality, the EU is imposing more pressure and conditionality on CSOs, including tightening administrative procedures, excessive supervision of activities, and pressure to adhere to agendas from a European perspective, reducing the margin of freedoms for CSOs to do their work and set their agendas in line with development requirements in their countries.

Recommendations:

- ✚ Integrate peace, governance, knowledge, and culture as key components of development policies not separating them from the five pillars of Agenda 2030.
- ✚ Form a working group with civil society participation to formulate specific recommendations to veer away from the targeting approach and work towards a comprehensive approach to address issues of sustainable development, especially in relation to social security. The comprehensive approach must include informal workers, workers, youth, the unemployed, people with disabilities, migrants, and refugees, taking into consideration the gender dimension in all the previous categories. It must also be based on social protection floors proposed by UN agencies.

2. Trade and investment policies

The third session focused on presenting a critical approach to the EU's investment policy and the DCFTA process and negotiations between the EU and Southern Neighborhood countries on several levels: the history and development of the philosophy of bilateral agreements with the EU, the suspension of negotiations with Morocco, the fourth round of negotiations with Tunisia, and the funds oriented to Lebanon in the context of CEDRE.⁹ In this regard, it was stressed that the financing link between trade agreements and the external investment plan, ever since the Euro Mediterranean partnership was proposed, was to control the migration crisis and its implications.

Also noted were the components of the EU's foreign trade and agreements based on all sectors (services, trade, farming, and public markets) except food exchange, which is considered a political weapon held by Europe. Furthermore, multilateral and bilateral agreements adopt the

⁹ The international conference to support Lebanon in the context of its multidimensional crisis held on 6 April 2018 and agreed to an 8-year investment plan (2018-2025).



philosophy of growth and poverty eradication by encouraging the role of the private sector through various tools, including Public Private Partnerships (PPPs) and blended financing tools¹⁰ to reduce the burden on contributing countries and provide an attractive framework for investors, disregarding the provision of a rights-based framework for workers and economic and social repercussions on the population in general and fragile populations in particular.

Concerning the DCFTA with Tunisia, which entered its fourth round of negotiations, it was seen as an extension of the EU-Tunisia partnership agreement, since 1995, whose impact on the Tunisian economy and the economic and social situation of workers was never evaluated. In the past, during the liberalization of the textile sector, working women began to suffer the impact of production pressures (wage calculation by minute) and deteriorating working conditions. To show commercial profit, the adopted approach relied on production chains with high productivity and cheap labor.

The participants recognized that liberalization proposals in the negotiations process will have negative implications on various levels: the liberalization of services, especially Information and Communications Technology (ICT), will lead to the deterioration of this sector, due to its size and lack of pricing competition. In addition, the weight of liberalizing the agricultural sector based on the principle of asymmetry and the dismantling of the agricultural tariffs system¹¹- in the transitional period (10 years)- will be felt in Tunisia more than in the EU, due to the latter's internal agricultural policies which compensates for the lack of support resulting from this liberalization; a matter absent in Tunisian policies.

As for the bilateral partnership agreement with Lebanon, the discussion focused on the development of priorities before and after the ENP review and the shifts in regional and national situations. It stressed three key issues: economic and social development focusing on job creation and growth, improving national governance, and security. It was also noted that these partnerships allowed bilateral trade in goods to grow (from 3.7 million Euros in 2007 to 7.7 million Euros in 2017).¹² However, the trade deficit remains in favor of the EU, due to Lebanon's low level of exports.

¹⁰ A mechanism based on blending private sector funding with grants and loans from European banks to finance programs and activities related to European foreign policy.

¹¹ The EU adopts the WTO's mode of liberalization, based on two approaches: the first (negative list) depends on the liberalization of all agricultural commodities, except for a range of protected goods, and the second (positive list) depends on the protection of most agricultural commodities, except for a group that would be liberalized. The negative list approach is adopted in the case of Tunisia.

¹² https://unctad.org/en/PublicationsLibrary/diaepcb2017d11_en.pdf



On the other hand, the participants were critical of the content of the investment plan aimed at supporting Lebanon in light of its multifaceted crisis (CEDRE Conference). It does not contain elements of an actual plan and the investment program is neither linked to nor it is part of an economic vision, being merely a number of projects focusing on the infrastructure sector. Allocations to social sectors are miniscule and limited to education, health and culture. Investment in industries and the agriculture is absent, as well as innovation and alternative energy sectors. It does not contain any real support for SMEs and fails to take into consideration the regional disparities brought about by the dynamics created with the projects' development and their environmental and health impacts.

Recommendations

- ✚ Expand the dialogue between the EU(particularly DG-Trade) and CSOs to evaluate previous trade policies and their developmental impacts to propose specific alternatives, which take into consideration the requirements of equality, social justice, and developmental priorities in the Southern Neighborhood.
- ✚ Work on a structured dialogue between the EU, regional states partners in agreements (currently Tunisia), CSOs, and Trade Unions on issues related to sustainable agriculture, such as agricultural planning, developing industrial water-saving technologies, and questions related to food sovereignty as an integral part of negotiations.
- ✚ Work on a structured dialogue between the EU, regional states partners in agreements (currently Tunisia), CSOs, and Trade Unions on questions related to intellectual property rights, as an integral part of negotiations.
- ✚ Work on supporting research and development programs in the Southern Neighborhood and on exchanging experiences, vocational training, and technological exchange as an integral part of negotiations.
- ✚ Avoid removing tariff barriers on internally subsidized goods by the EU (such as red meat, dairy, and wheat) until the question of European internal support is decided in the WTO in light of the US-EU conflict over tariffs, which will destabilize the common agricultural policy of the EU.¹³ As for non-tariff barriers, avoid using standards and quotas with protectionism objectives for goods that Tunisia is not allowed to export (mainly agricultural and pharmaceutical products) and either adopt international monitoring standards the principle of equivalence of standards through mutual recognition agreements- similar to those between EU member states.

¹³ حرب الزيتون جبل الجليلد المخفي في الحرب التجارية الأمريكية – الأوروبية، جريدة العرب الإقتصادية الدولية، 5 مايو 2019
http://www.aleqt.com/2019/05/04/article_1593381.html



3. Roadmaps for Civil Society Engagement

A roadmap was developed for civil society engagement in building a common strategic framework for working with European missions on the national level, as an initiative to strengthen dialogue with civil society in neighboring countries. The roadmap is based on an analysis of civil society space, evaluating its engagement with the EU in the country to set the partnership priorities in this respect.

Participants noted that the preliminary experience of this mechanism (covering the period between 2014 and 2017) allowed for civil society engagement, its acquaintance with EU policies, and monitoring its impact on the national level. However, it did not constitute an integrated strategy that could reveal the impact of regional, international, and European components on civil society's enabling environment. The EU's position regarding NGOs and Trade Unions in conflict regions keeps changing and the evaluation and participation mechanism in countries that are narrowing civil society space remains disrupted.

Moreover, several gaps in the methodology used for diagnosis and prioritization were identified, with the difficulty of accessing information in several countries of the region and inadequate measurement criteria. It was emphasized that effective representation was not respected in several national cases; the sample of civil society participating in the did not reflect its actual nature (the omission of lobbying, advocacy, and human rights organizations). It was also noted that the EU had announced the publication of the national consultation results and distributed them to governments. However, only those of Morocco, Tunisia, and Palestine were published, to protect the security of some activists.

Recommendations

The EU launched the review process of this EU mechanism in 2017, which provides an opportunity to improve the effectiveness of roadmaps through:

- ✚ Identify the role and mechanism of the EU and its national missions in pursuing civil society engagement in national policy formulation, as a tool to monitor the integration of priorities, recommendations, and joint accountability.
- ✚ Expand the consultation mechanism framework to create a space for civil society to discuss issues related to the economic and social framework of Southern Neighborhood countries, such as gender, children's rights, rights of PwDs, governance, trade, investment, tax policies, the role of the private sector, and so on.
- ✚ Review the evaluation criteria for civil society's enabling environment, as the standards' first version is limited to the legal framework governing NGOs, and linking this work to



international processes and standards, such as the Istanbul Principles, which constitutes a comprehensive framework for CSO effectiveness.

- ✚ Create a mechanism to modify the roadmaps in line with any changes in the national legal framework or in the case of imposing restrictions on civil society.

4. Private Sector Accountability

The fourth session focused on private sector accountability on the national level and the level of European policies related to the Southern Neighborhood and the challenges brought up by the concept, in light of the private sector's growing role in EU foreign policy, financing for development, Agenda 2030 through tools like PPPs and blended financing, and the aims of IFIs, such as the IMF, the World Bank, and European banks, to shift Official Development Assistance (ODA) from the public to the private sector. The participants stressed the urgent need to work on a legal framework for private sector accountability and responsibility, to ensure the realization of economic, social, and environmental rights, in the context of the EU's investment and financing in the region (especially since the largest TNCs working in the region are based in Europe or follow the European supply chain) and in light of the conducive environment being established by governments for their work, through tax and financial incentives.

Various legal approaches to be followed were discussed: hard law, although it reduces private sector incentives, and soft law, which might allow companies to relax their human rights responsibilities to stimulate growth. On the EU level, the discussion focuses on a series of recommendations on civil and criminal liability for human rights violations by the private sector, in the framework of the European Action Plan on Human Rights and Democracy (2015-2019). However, it remains committed to a voluntary approach for corporate liability and a non-binding legal approach, despite its dedication to human rights and the UN Guiding Principles on Business and Human Rights.

Recommendations

- ✚ Create a binding multilateral mechanism involving civil society to monitor the impact of European private investment and European TNCs in Southern Neighborhood countries, with attention to adapting standards by types of companies, their size, and the sectors in which they invest.
- ✚ Create a mechanism to monitor and hold accountable business enterprises in conflict zones in the Southern Neighborhood, such as Libya and Syria.



- ✚ Work on promoting transparency and access to information mechanisms in partnership countries and on the level of EU components, to support a joint monitoring and accountability mechanism.

Finally, the participants, representing civil society from the southern Mediterranean, emphasized their attachment to their states, in line with international concepts and standards - land, territory, people, and institutions, including internationally recognized governmental institutions. They are dedicated to serve pluralist and public interests through their organizations and institutions, as an integral part of the states where they work and live. In this context, they express their support and application of the principles of peoples' self-determination and permanent sovereignty over their natural resources and their protection, through the mutual commitment to democracy, human rights, and related state obligations, including States subject to peremptory norms of international law.



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