

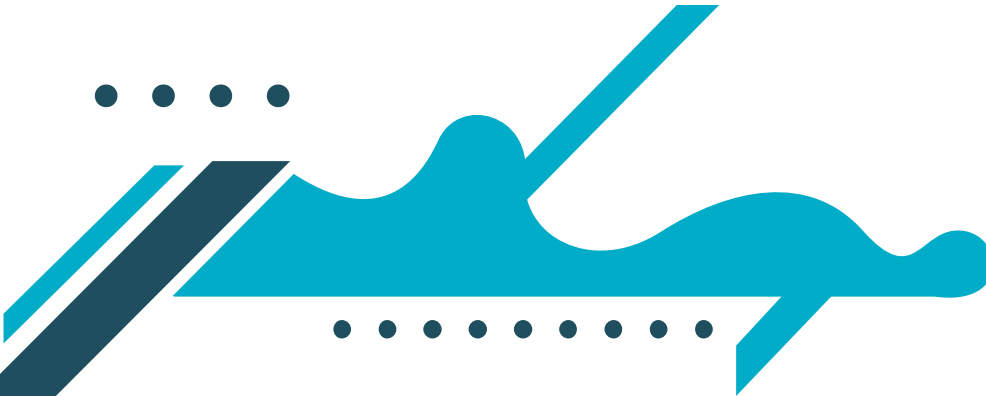


MAJALAT

Economic development and social dialogue

Capacity Building Session

31 August 2020



Programme co-funded by the
EUROPEAN UNION



Our
partner:



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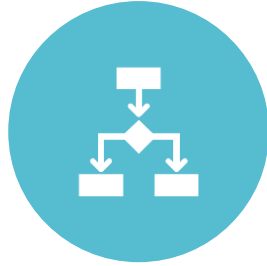


Rec
Réseau Euraméd France





CONCEPTS



ACTORS/PROCESSES



STRATEGIES/PLANS



ASSESSMENTS



CONCERNS



TRUE OR FALSE



Concepts!

- DG Trade Civil Society Dialogue is...
- Trade for All is...
- Open strategic autonomy is...
- European Fund for Sustainable Development is...



Trade requires moving
beyond static definition-
contextual changes
impact trade policy



Contextual changes



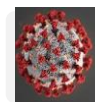
Globalisation



Emerging economies



SDGs



COVID 19



Protectionism



uncertainty



Multi-sectoral impacts

Trade is complex=breakdown!!!- growth and job focused trade and investment policy is limited



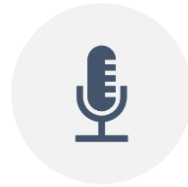
SUSTAINABLE
DEVELOPMENT



ENVIRONMENT



HUMAN RIGHTS



INCLUSIVENESS-
GENDER
/PWD/YOUTH



ROLE OF CIVIL
SOCIETY?



TRANSPARENCY



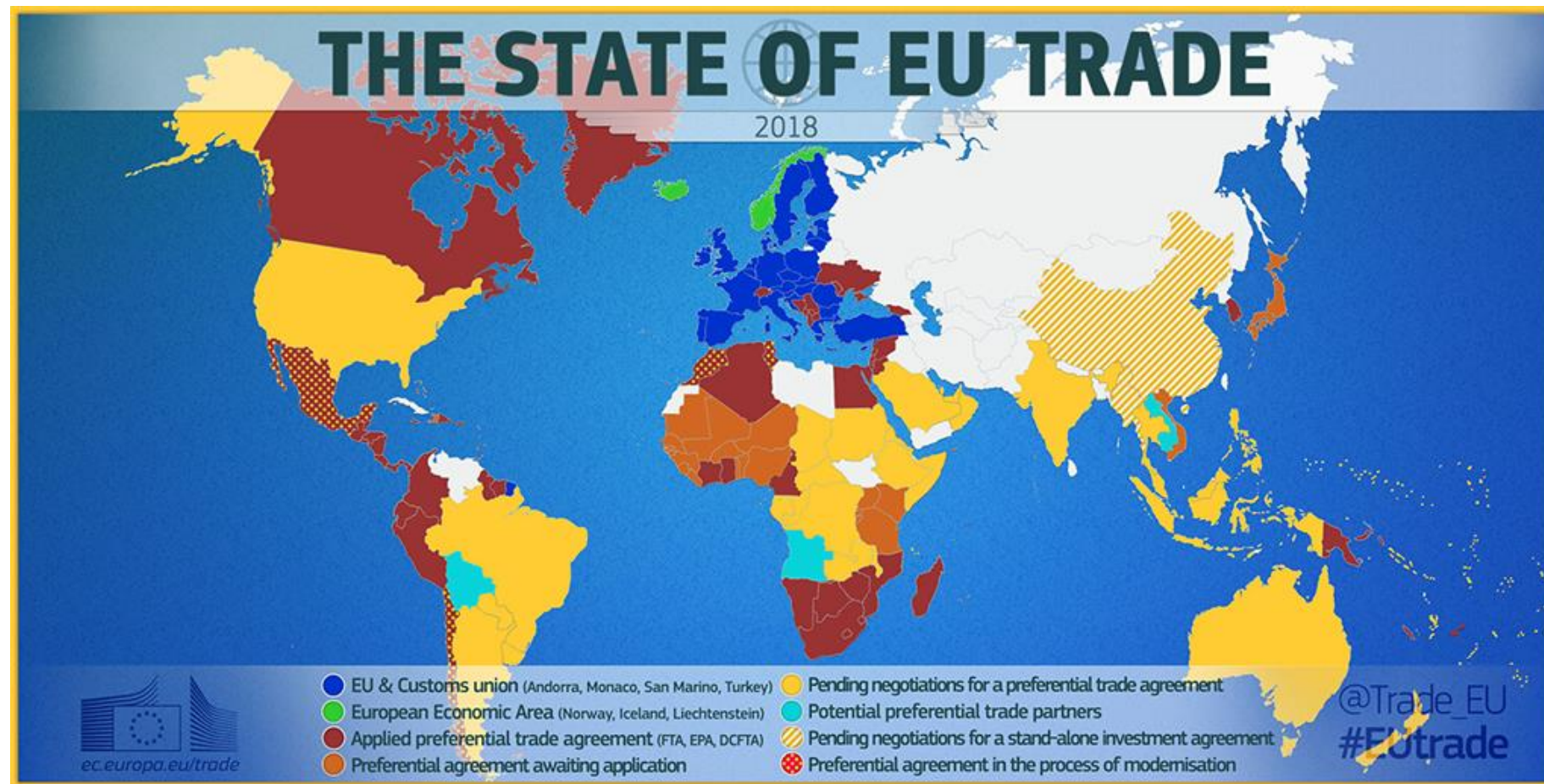
Trade and investment is...

- Trade and Investment policies boost **economic growth** and **create jobs**.
- **The way to development and growth** is through **cutting all barriers to trade**.
- **Free trade is ultimately beneficial for developing countries**.
- **A roll back for the government** is needed; **regulatory role of the government should be replaced** with market-driven approach.



THE STATE OF EU TRADE

2018



world's largest economy

the largest trader

**top trading partner for
no less than 80 countries**

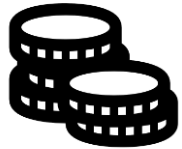
**promotes trade opening
for economic growth,
consumer benefits and
labor effects**



- **90% of global economic growth** in the next 15 years is expected **to be generated outside Europe.**



- Lower prices: gains for the average consumer



are in the range of €600 per year.

Egypt-Jordan-Morocco-Tunisia

(consumer prices- modest -0.05%, -0.44%, -0.01%,-0.28%

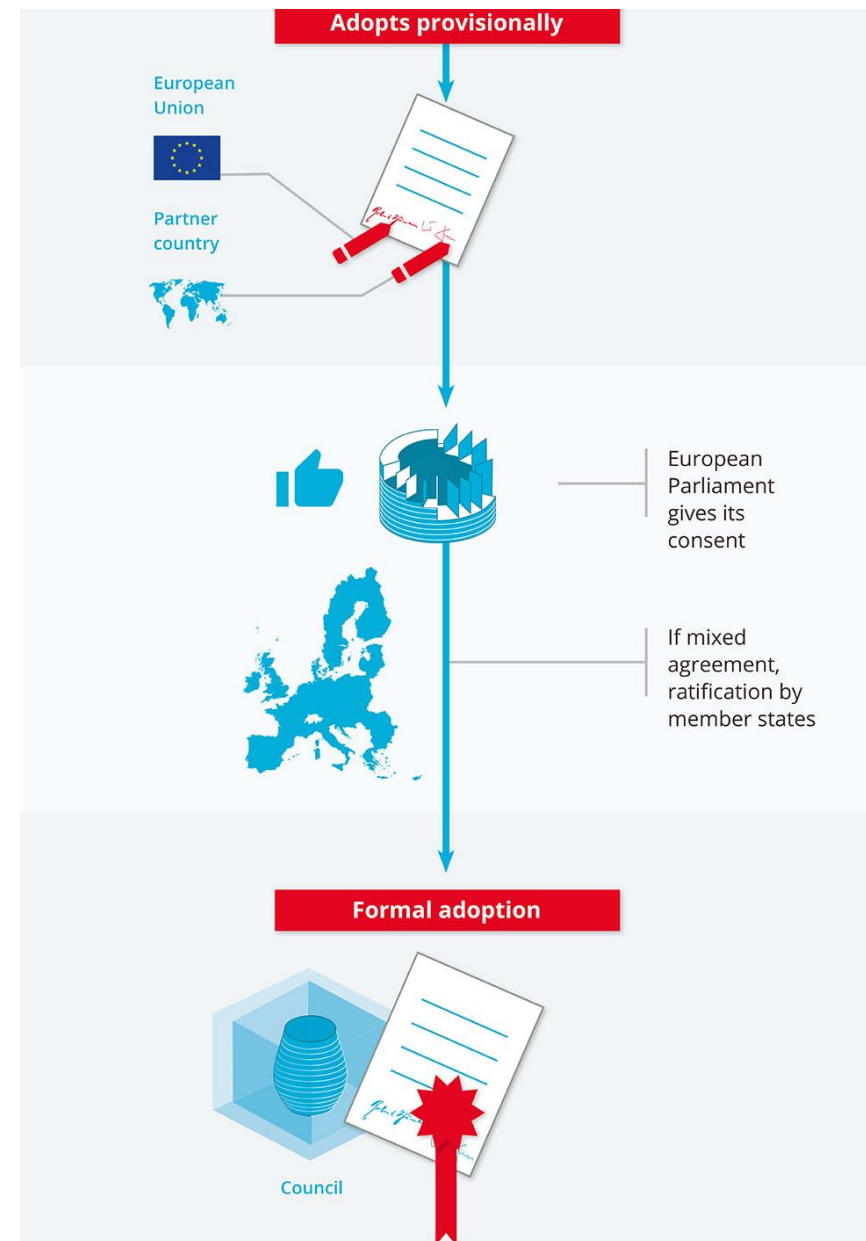
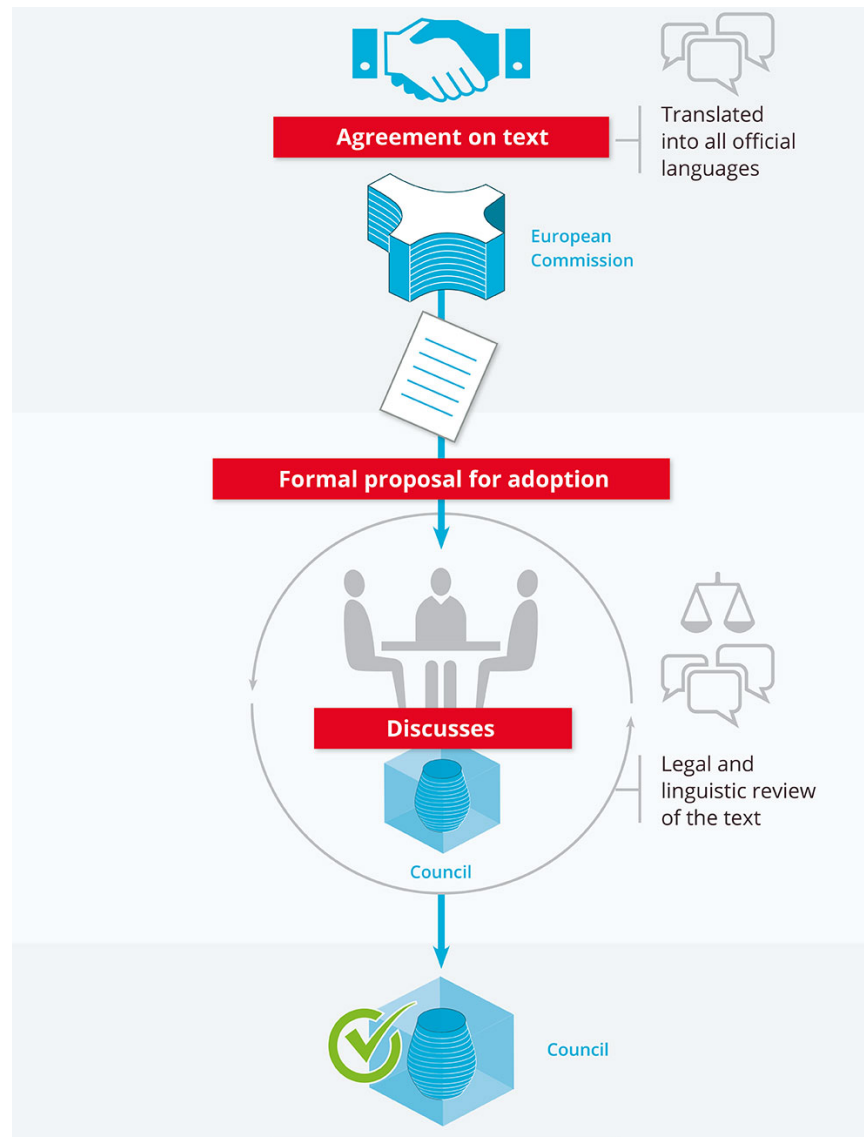
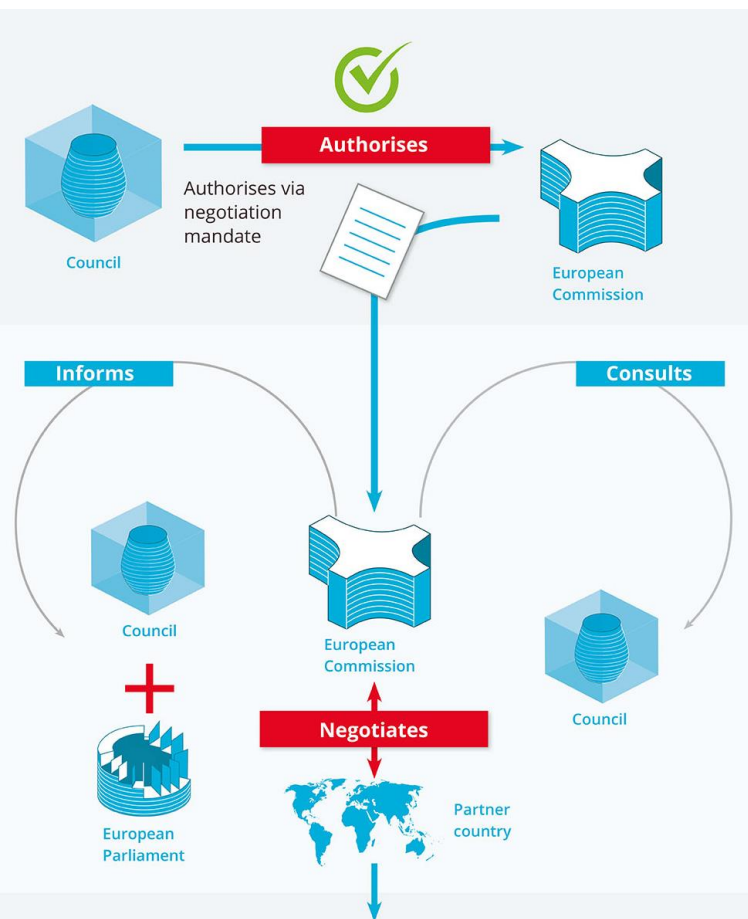
- More than **30 million jobs** are now supported by exports outside the **European Union.**
- For instance, 200,000 jobs in Poland, 140,000 in Italy, and 130,000 in the United Kingdom are linked to German exports outside the EU. French exports outside the EU support 150,000 jobs in Germany, 50,000 in Spain and 30,000 in Belgium.



Policy making/Institutions

- Trade outside the EU is **an exclusive responsibility of the EU.**
- **European Commission, Council and the Parliament** are key for trade negotiations.
- EU's priorities for trade policy are set out in **strategies by the Commission.** The last one 2015 Trade For All.





	Agenda setting	Proposal Ex-ante assessment	Negotiations	Conclusion ratification	implementation	Monitoring imp, ex-post assessment	
European Commission	CSDs Group of Experts on Trade agreements (EU level) Meetings with stakeholders/EESC Meetings with civil society During neg: position papers, proposed text, reports of neg, impact assessment, background paper, factsheets						
EEAS	Road maps for engagement with civil society: do not stipulate structured dialogue on trade						
European Parliament	Hearings at EP, Resolutions issued; INTA Standing Rapporteurs for trade relations;						
Council	Ad hoc and transparent – with business						
EESC	Advisory body- opinions (on engagement of civil society)						
Ind. Member states	Lobby groups - Ad hoc no single approach						

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Southern Neighborhood

- For more than 25 years the EU has openly engaged in promoting trade and investment relationships with the Southern Neighborhood countries.
- **From Barcelona Process to European Neighborhood Policy EU promoted liberalization of trade and finance, privatization, and attraction of foreign direct investment.**
- Trade and investment agreements within the partnership are a crucial priority also for Arab partners, given that **EU is the leading trading partner for them.**

https://ec.europa.eu/trade/trade-policy-and-you/in-focus/exporters-stories/#p=#filter-partners-Algeria&c=*&p=#filter-partners-Jordan&c=*

- None of the SM countries is well integrated into global supply-chains and the presence of high-value export sectors is still weak.



True or False Exercise



- FTAs have human rights clause. TRUE
- FTAs with SMCs have Sustainable Development chapter. FALSE
- We don't know what FTAs bring because there are no impact assessments. FALSE
- They have a positive effect on the SMCs' imports from partners other than EU including on intra-SMC trade FALSE
- FTA assessments consider employment realities in the partner countries. FALSE
- Design of DCFTAs will not depend on the previous assessments made. FALSE
- DG trade organizes civil society dialogues. TRUE
- CSOs from the region can attend to CSDs. FALSE
- Assessments made by the EU on trade impacts are available in AR. FALSE



Section II: Assessments: as tools for accountability

Sustainability
impact assessment
(2007&2013)



Ex-post
Assessment of
FTAs (2020)

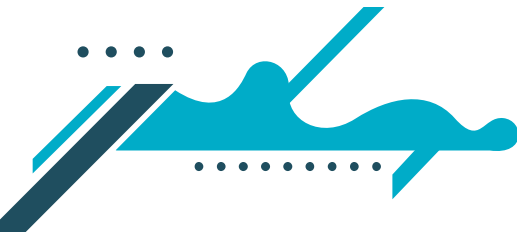


The findings of the SIAs

*Benefits – if/ **comprehensive development strategy***

«In the absence of such strategic measures, in individual MPCs and regionally under the co-responsibility of the EU and MPCs, the economic benefits of the EMFTA are small, and may be accompanied by significant adverse social and environmental effects.»

«efficiency vs human dignity»



Back in 2007

In the absence of appropriate preventive and mitigating measures, the potential impacts of greatest concern are:

- a **significant short term rise in unemployment**, which could continue into the long term if not successfully mitigated, particularly for liberalisation of EU-MPC trade in industrial products and agriculture, and to a lesser extent for services and south-south liberalisation;
- a **fall in wage rates associated with increased unemployment**;
- • a significant **loss in government revenues** in some countries, with potential for consequent **social impacts** through reduced expenditure on health, education and social support programmes;
- greater **vulnerability of poor households** to fluctuations in world market prices for basic foods;
- adverse effects **on the status, living standards and health of rural women**, associated with accelerated conversion from traditional to commercial agriculture.



Back in 2007

With regard to environmental impacts in the absence of preventive and mitigating measures, the main potential adverse impacts that have been identified are:

- significant **local impacts on water resources**, soil fertility and biodiversity in areas of high existing stress;
- higher environmental stress in cities, **resulting from declining rural employment and accelerated rural-urban migration**;
- **higher air pollution and coastal water pollution** from greater international transport;
- higher **waste generation from greater use of packaging materials**.



2020- what does the numbers in the region say? (ASDR-2020)



41% Applying a multidimensional poverty measurement,⁴ poverty rates reach 41 per cent for 10 countries with about 75 per cent of the region's population.⁵

The overall employment-to-population ratio was 44 per cent in 2017, significantly below the world average of 58.6 per cent, primarily due to low employment rates for women and youth.⁷

**Only
44%
employed**

Unemployment

The regional unemployment rate was 10.3 per cent in 2016, the highest rate in the world and almost double the world average.⁸

39.3% unemployed

Youth unemployment is high in the region, and highest among young women at 39.3 per cent on average in 2017.⁵

25% The region has the highest rate of food imports in the world; many countries record significant food trade deficits. The region imports more than 25 per cent of the wheat traded on world markets.⁶

Social public expenditure to GDP

Average public social expenditure in the region, taking into account current demographics, is generally low. Oil-rich countries spend approximately

12 per cent of GDP and oil-poor countries around 11 per cent,⁸ significantly below the 21 per cent average of OECD countries.⁹



Deep and Comprehensive FTAs

- On 14th December 2011, the Council authorized the Commission to open bilateral negotiations to establish **Deep and Comprehensive Free Trade Areas** with Egypt, Jordan, Morocco and Tunisia.
- The DCFTAs were envisaged to **deepen trade liberalisation in agriculture and fisheries**, free up trade in **services** and create **mutual investment opportunities** by lowering cross-border investment barriers. Outside of the traditional trade barriers, the main purpose was to **lower technical barriers to trade, establish common practices on sanitary and phytosanitary measures** (in other words, broad regulatory convergence), as well as **strengthening investment protection, opening up public procurement within the FTA and cooperating on competition policy.**

....

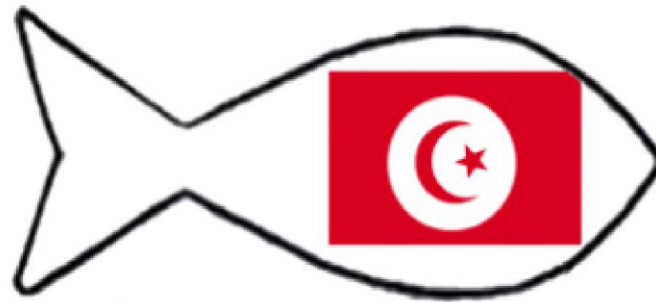
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Concerns on DCFTAs

The “Comprehensive” Dimension ---- Coherency Dimension?

The “Deep” Dimension---- Development dimension?

The “Free” Dimension---- Fair dimension?



Priorities defined in Strategies

- **2006 Global Europe**
- **2010 'Trade, Growth and World Affairs' strategy** as an update of the 'Global Europe' strategy.
- **'Trade for All' strategy in 2015**
- **Revised trade strategy= current consultation**



Way forward new strategy?

*To help **repair the economic and social damage brought by the coronavirus pandemic**, kick-start **European recovery**, and **protect and create jobs**, we have recently proposed a major recovery plan for Europe based on harnessing the full potential of the EU budget.*

*The European Union is the world's trading superpower. Open and rules-based trade will contribute significantly to the global recovery. **We need to make sure that trade policy serves our citizens and companies.** Today, we launch a trade policy review in order to adjust the EU's approach to the global trade at this critical moment for the global economy.*



Consultations launched

- Open strategic autonomy
- Improve EU's resilience
- Market access for EU exporters and investors



Buzzword: open strategic autonomy

- strengthening the EU's capacity to pursue its own interests independently and assertively, while continuing to work with partners around the world to deliver global solutions to global challenges. (environment, sustainability..)
- "protect our businesses and consumers" and to promote "the diversification of supply chains to ensure our strategic independence".

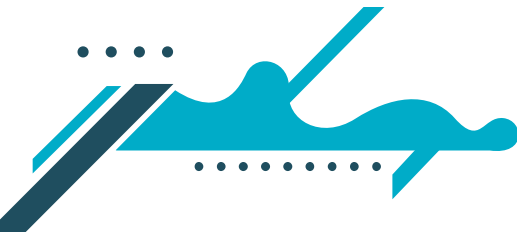




input from participants



- How important trade is in EU-your country relations in your opinion?
- How do you assess the situation in your country in terms of trade relations? Unemployment? Poverty? Informal sector?
- Do you have sectorial observations?
- How do you see gender impacts /informal labor?
- Observations?

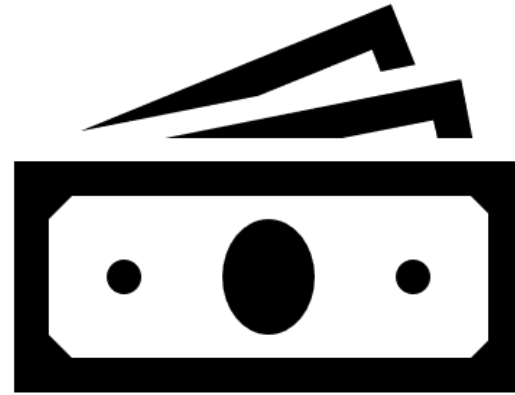
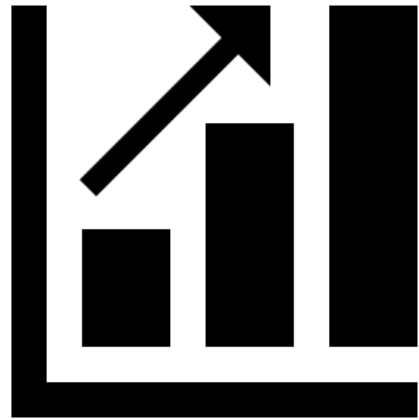
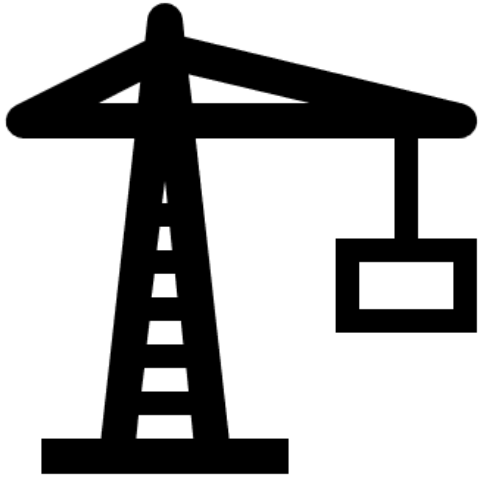


Spaces for engagement???		
Open consultations- (i.e. Trade policy review)	Tick-box/but opportunity/ EN!	ALL
DG Trade Civil society dialogues	Brussels based NGOs- not inclusive- informative (not two way dialogue) ** consultation launched on the mechanism: limited but networking with European peers- issues can be raised	EU
Domestic Advisory Groups	Not available within FTAs with region	N/A
Joint Working Group on Trade and Investment (i.e. Lebanon)	Not inclusive, no space	Country-level
FTA assessments- workshops https://www.fta-evaluation.com/eu-mediterranean/	Poll	Selected ???
Group of Experts on EU Trade Agreements	2018 -high-level initiative for liaison with major EU-level organisations and networks but is ambitiously tasked with advising on “perception and public debate” on trade agreements and in particular with providing insight into national-level debate	EU
Bilateral meetings	Limited	Specific

Understanding CSO engagement-Poll

- Did you attend 26 September 2019 Workshop in Tunisia?
- Did you attend 2 October 2019 Workshop in Morocco?
- Did you attend 16 October 2019 Workshop in Egypt?
- Did you attend 20 November 2019 workshop in Jordan?
- Did you attend 9 March 2020 workshop in Lebanon?





External Investment Framework

<https://audiovisual.ec.europa.eu/en/video/I-180847?lg>



True or False Exercise

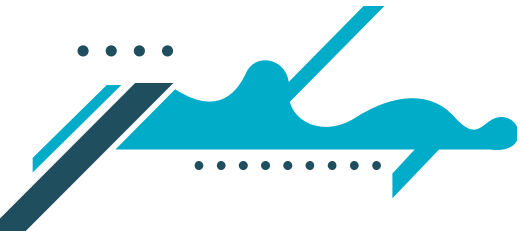


True or False

- External Investment Plan aims to encourage investment in EU partner countries (neighborhood and Africa) to strengthen its partnerships and contribute to achieve the Sustainable Development Goals. **TRUE**
- External Investment Plan and migration have no connection. **FALSE**
- The External Investment Plan will only support local companies in developing countries. **FALSE**
- Governments from partner countries and local civil society are represented in the body deciding which projects to support, and have a voting right. **FALSE**
- Detailed information concerning the investments and projects supported by the Plan will be publicly available. **TRUE**



https://ec.europa.eu/eu-external-investment-plan/projects-map?f%5B0%5D=field_eip_region%3A465&



3 PILLARS OF THE EUROPEAN EXTERNAL INVESTMENT PLAN

INVESTMENT FUND (EFSD)

Africa
Investment
Platform

EU
Neighbourhood
Investment
Platform



Supported by a
new guarantee
to reduce risk

TECHNICAL ASSISTANCE

To support **local authorities
and companies** in
submitting projects to
the Fund



COOPERATION PROGRAMMES AND POLITICAL DIALOGUE

To improve the **investment
climate** and overall policy
environment in countries
concerned

A **one-stop-shop** for public
and private investors



Blending- buzzword

- Blended finance, or blending, as one of the recent ‘buzzwords’ in development cooperation and financing, refers to using development finance (i.e. public and philanthropic funding) to attract and leverage additional commercial finance (i.e. non-concessional loans and other private resources) towards sustainable development



Concerns on blending and EIP

- The use of ODA funding to leverage investment (**trade off** from development-oriented interventions)
- Serves as private-sector subsidy (**additionality**)
- pooling public resources and using ODA to subsidise private companies most often owned and domiciled in OECD countries, the EIP **diverts aid from public investments**
- Development effectiveness principles (**donor driven? Partner country engagement?**)
- **Migration and EU private sector concerns** at the forefront
- **Jobs** : what types of jobs, who will get the jobs (i.e. the most left behind or not)
- How funds used- no **space for csos engagement**



EFSD Assessment		
Relevance	The EFSD approach has been characterised as highly relevant in the ‘new Sustainable Development Goals (SDG)-led global development finance model’ : optimism towards private sector engagement	<i>Without a parallel recognition of the developmental role of the State and clear safeguards to its ability to regulate in the public interest, there is a great risk that the private sector undermines rather than supports sustainable development.</i>
Effectiveness and additionality	Early stage dialogue in-country ensures that the EFSD pipeline is aligned with SDG priorities-	<i>clear lack of national development strategies priorities vs comprehensive approach</i>



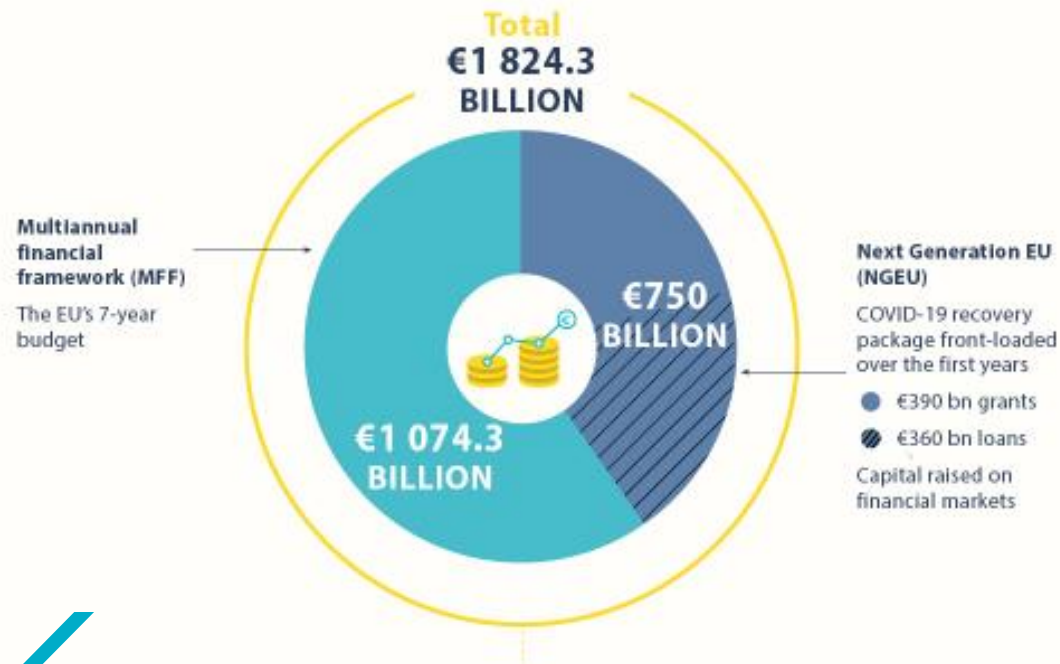
Recent issues at
stake

Recent developments



1. New EU budget

21 July EU leaders agreed on an overall budget of €1824.3 billion. Combining the multiannual financial framework (€1074.3 billion) and an extraordinary recovery effort known as the Next Generation EU (€750 billion),



Breakdown of EU spending 2021-2027

EUR billion, 2018 prices



2. EFSD+

- As part of the NDICI the Commission proposed the establishment of the European Fund for Sustainable Development Plus ('EFSD+'). The new investment framework, the EFSD+, will function in a similar way to the one established under the current EFSD.
- Licensed (pillar-assessed) European and International Financial Institutions will submit programme requests to the Commission, asking for a guarantee support for their proposed loan and equity portfolios, so that they can finance projects that otherwise would be too risky for them to finance.
- The Commission will choose the ones that offer the best development impact and contribute most to the EU policy objectives.



- The scope extended to the Western Balkan region
- The future EFSD+ is proposed to be based on the **‘policy first’ principle and on an open and collaborative architecture**, with specific governance.
- In application of the policy first principle, the programming would allow establishing long-term priorities for our cooperation with partner countries, including through the use of modalities such as blending and guarantees in the pursue of these priorities. Programming is an inclusive and iterative **process requiring consultations of partner countries, Member States, civil society organisations, private and public sector and financial institutions, as well as the involvement of the Council and the European Parliament.**

3. Trade Policy Review- 15 September!

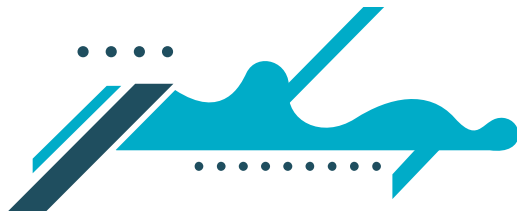
- Trade revision: EU focused questions- resilience building/recovery
 1. In particular, how can we strengthen our trade and investment relationships with the neighbouring countries and Africa to our mutual benefit?
 2. How can trade policy further promote the UN Sustainable Development Goals (SDGs)? How should implementation and enforcement support these objectives?



Recommendations

In recovery response, injecting money to market is a shortterm rescue. COVID-19 should be taken as an opportunity to re-visit resilience of partners in terms of health, social protection, sustainable job creation. Recovery and restore of a destructive/failed system won't bring any good in terms of prosperity, peace and sustainability. In this regard;

- With lessons learnt from COVID-19, ensure that external investment framework is based on promotion of the investments in public services, in universal coverage and in access to social protection.
- EFSD+ primarily should provide support to those local economic sectors/actors identified as opposed to European and multinational enterprises.
- Enhance the policy first principle; moving beyond consultation as the mere mechanism of engaging CSOs towards facilitating and supporting the establishment of «Consultative Committee» as a formal part of the investment framework. The committee can work with thematic groups to bring specific issues of concern.
- The Committee must identify sectors/priorities and be governed with principles of inclusivity, complementarity, and transparency
- Share best practices from already existing structures (DAGs) developing guidelines



Recommendations

In light of the concerns raised on ex-post FTA assessments and for future of any DCFTA negotiations recalling the limitations of the report (approach, inclusivity)

- Establish a structured, formal civil society dialogue on trade (similar to CSD of the European Commission for European level) opening up a space for CSOs to raise concerns. Encourage initiatives for European and Neighborhood CSOs to network on trade, investment issues through available funding- as business to business linkage/networking initiatives
- Revise CSO Country Road maps for enhancing the engagement of civil society in trade and investment policy-making, integrating trade and investment as a key priority and developing specific process/outcome indicators to measure progress
- Undertake an assessment for the already existing structures, (i.e. Joint Working Groups on trade) towards transparency, inclusivity
- Support country level assessments and case studies, engage civil society actors to identify case study areas
- Tackle selective CSO engagement within country level trade focused workshops with timely and inclusive information sharing on initiatives
- Increase awareness on reports/assessments/workshops/consultations (initiatives for dialogue/consultation); enabling AR versions for partner countries . This work can be coordinated directly by EuD- which will bring EU closer to partners rather than Brussels-centered. Benefit virtual-spaces to open up engagement channels for CSOs.

CSOs should

- Developing case studies on projects funded (focusing on additionality/impact)
- Sectorial analyses – COVID-19 impact
- Share the critical questions on Post-FTA assessments
- Enhance solidarity
- Register-Transparency Register mechanism
- Find your allies- what they promote <https://lobbyfacts.eu/>



Important to consider in advocacy

- DG trade position papers& factsheets(overall approach)
- EP INTA resolutions-monitoring/accountability
- MEPs questions- written and oral questions
- Association Council conclusions (HR issues)
- Union for the Mediterranean Trade Ministerial Conference outcomes (2018-2010)-(reviewing- new initiatives- business to business meetings...)



Engagement

- Continuous-coherent advocacy (Tunisia DCFTA engagement)
- Develop self-capacity to understand/follow trade issues
- Expand dimension of approach (labor/informal/gender/environment)

Yet

- The EU's efforts for engaging stakeholders are not getting sufficient public attention, as many consultation mechanisms are closed to the press.
- Stakeholders lack funds for analysing the EU's policies and engaging with EU representatives and their own members.
- The selection of stakeholders is insufficiently transparent

But

- EuD – constant call for information sharing/engagement
- Coalition building- among European and Southern civil society

