



6 June 2012

THE MEDITERRANEAN: A CHANCE FOR THE EUROPEAN UNION

SEMINAR ORGANISED BY THE UNIONE ITALIANA DEL LAVORO (UIL) –
EESC, RUE BELLIARD 99, ROOM JDE 62 – 2:30-6:00PM

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Introduction

- Thank you for inviting BUSINESSEUROPE to this interesting seminar.
- The Euro-Mediterranean cooperation is challenged by ongoing development on the two shores of the Mediterranean but it is still ongoing and needs to be reaffirmed.
- In The European Union, the crisis has many facets on labour markets:
 - There are strong disparities in terms of actions taken. Some countries had already carried out major structural reforms before the crisis, enabling them to manage unemployment more smoothly. Others have postponed reforms and are nowadays confronted with severe choices.
 - As a result, there are contrasting situations and trends in the different member states, including in terms of unemployment levels;
 - The unsustainable budget deficits many countries face in the European Union do not offer much room for manoeuvre for public investments. The deficits reinforce the need to put in place effective structural labour market reforms, but even more important to implement them.
- In the Mediterranean region, to some extent, there are similar difficulties, for example the need to tackle unemployment and to put in place labour market reforms.
- But after the Arab Spring, some countries of the Southern shore are challenged by the adaptation of their institutions, combined with new democratic impetus.
- The above have direct impact on social dialogue, with more pressure put on social partners in both regions to find solutions to urgently improve the functioning of labour markets and contribute to a solid recovery.



BUSINESSEUROPE's views on Euro-Mediterranean cooperation

- BUSINESSSEUROPE has a long-time involvement and commitment in strengthening Euro-Mediterranean cooperation.
 - *Political cooperation*: biennial meetings of employment Ministers of the Euro-Mediterranean region (in 2008 and 2010).
 - *Economic and trade cooperation*: we work with The Union of Mediterranean Confederations of Enterprises (BUSINESSMED) in the field of trade and investment between the two regions.
- In the social field, the Euro-Mediterranean social partners agreed to contribute positively to the process and to organise a regular social dialogue forum. A first EuroMed social dialogue forum took place in Barcelona in March 2010 and the next will be held later this year.
- More recently, informal roundtables have been organised, notably to allow for exchanges between European social partners and social partners in countries that have experienced / are experiencing the “Arab spring”.
- In the field of trade and business, European companies need strong trade partners, especially with our neighbour just to the south.
- A huge block of over 700 million people will bring benefits to both sides. We think that business can be a force for good and mutually benefit the EU and its trading partners.

Our first priority: Growth and jobs

- The most important challenge for us nowadays is to stimulate job rich economic growth.
- There is an urgent need to act. Slow economic growth in Europe, in the last ten years at a little more than 1%, calls into question our capacity to sustain our generous social systems founded on solidarity.
- Unemployment rates are unacceptably high, in particular among young people. There are 24.6 million men and women without jobs in the EU. This is the highest level since the early 1990s. Almost 5.5 million are under 25.
- At the same time, four million jobs are vacant in the EU due to a mismatch between the skills of the unemployed and the skills required for available jobs.
- The World Bank has calculated that Europe spends 58% of worldwide government expenditure on social protection. This corresponds to almost 30% of the EU GDP. European companies and citizens are attached to their social systems.



- However, it must be clear to all that if we want to sustain them, we must achieve urgently a more robust economic growth of at least 2%. BUSINESSEUROPE is currently developing more detailed proposals based on the five pillars we identified in our letter ahead of the informal dinner of heads of States and Governments of 23 May:
 1. Reinforcing the euro
 2. Consolidation of public finances and structural reforms
 3. An investment policy for Europe
 4. Unleashing the single market
 5. Expanding EU external trade
- Tackling unemployment requires a set of measures and key actions:
 - To modernise employment policies, including demand-side employment policies and to reduce labour costs in order to encourage companies to recruit more;
 - Labour flexibility in order to find the right framework for flexible work contracts and flexible working time. In many countries, notably in southern Europe the rigidity of indefinite contracts has led to a strong segmentation of the labour markets;
 - Managing human resources intelligently, notably when it comes to managing human capital by Governments more proactively, and including reforms of education and training systems.
- To some extent, similar measures may also be needed by Mediterranean countries. We can only encourage the countries of the Southern shore to move forward and engage the potential of skills and people. Migration issues are also a key component of the Euro-Mediterranean cooperation.

Learning from each other and building capacity

- A better mutual understanding of industrial relations and social systems in the 43 countries of the Euro-Mediterranean region, may allow national social partners to identify, select and apply the most effective ways to meet the challenges ahead.
- Thanks to long experience with capacity-building, the European social partners have assisted many EU national social partner organisations in terms of structural, organisational and practical issues. We have conducted analysis and run workshops and seminars aimed at sharing information and best practices, providing concrete examples and insight for actors involved.
- BUSINESSEUROPE is ready to give its support to similar projects, if so requested by Southern Mediterranean social partners and taking into account capacity constraints, aiming to reinforce the capacity of social partners in the Southern shore of the Mediterranean.



Conclusion

- Europe's future prosperity depends on the implementation of structural reforms and well-designed growth strategies.
- The EU-Med cooperation should take part of this process by strengthening social partner organisations, reinforcing cooperation on trade and investments, reforming labour markets and in restoring confidence.
- This can benefit both the EU and our partners in the South.

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KEY FIGURES

Source: 2009 figures from the 2011 Eurostat "pocketbook on Euro-Mediterranean statistics"

The Mediterranean economy and structure of the labour force is somewhat very different from the EU27 economy.

GDP

If we compare sizes of GDPs the EU27 stands at 11 770 billion while for MED7* the GDP is 503 billion (ratio: 1/23).

**Algeria, Egypt, Israel, Lebanon, Morocco, Occupied Palestinian Territories, Tunisia*

FDI

The MED countries receive large amounts of Foreign Direct Investments, accounting for up to 6% of the GDP in Jordan and more than 8% in Lebanon for instance.

Employment rates

If we take employment rates, when comparing them in the wake of the European crisis and before the Arab Spring, the EU27 rate was 64% while in the MED6* the rate was 46.5%, with figures as low as 20% for female employment.

**Algeria, Egypt, Israel, Lebanon, Morocco, Occupied Palestinian Territories*

Youth unemployment...

However, the youth unemployment in EU27 is approaching the MED9* figures. The unemployment rate of those aged 15-24 was respectively 17.4% and 27.98% in 2000 while in 2009 it was respectively 20.1% and 24.33%.

>In April 2012 the youth unemployment rate has reached 22.4% (EU27) or 22.2% (Euro area) – Source: Eurostat news release of 1 June 2012.

**...and education**

But the above figures on youth do not tell the whole picture: education plays a major role in those entering the labor force. For instance, in EU27 and MED9 the net enrolment rates in primary education are respectively 98.2% and 92.2% while the rates drop significantly for MED9 in lower-secondary (73.4%) when the rate is still high in Europe (97.4%). As a result, the rate of illiteracy for the population aged 25 and over in the MED9 can be as high as 35.3% in Algeria, 41.4% in Egypt and 48.1% in Morocco.

**Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Occupied Palestinian Territories, Syria, Tunisia*

Trade

Trade and exports are key drivers of the EuroMed economy, with on the one hand exports from EU27 to the MED8* accounting for 9.3% of GDP, and on the other hand export from MED8 as high as 32.8% of GDP (Algeria, mainly energy products) and 33.1% of GDP (Tunisia, mainly manufactured products, like textile).

**Algeria, Egypt, Israel, Lebanon, Morocco, Occupied Palestinian Territories, Syria, Tunisia*