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Policy recommendations to the European Union: Towards a positive role to achieve social justice in the Arab world

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Policy recommendations to the European Union: Towards a positive role to achieve social justice in the Arab world

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Arab revolutions have shown in the past years that the followed economic models that was backed by the European Union has failed to achieve the promised development goals, and resulted in a clear reduction in citizens' access to economic and social rights. In spite of the endorsement of the European Union on that, it still adopts policies in the course of the Deauville partnership, which goes in line with international financial institutions, which are still promoting more liberalization of trade and finance, privatization and attracting foreign direct investment, as well as austerity in spending to meet the State budget deficit.

The EU interventions in the Arab region are among the most important external influences on public policy in the Arab world, especially on policies affecting social justice, such as economic policies of agriculture, commerce, industry and employment policies. European relations is remaining in the Arab region, whether direct, bilateral relations between European countries and Arab countries, or the neighborly relationship between the European Union as a whole and an Arab country, or European investments and relationships in politics and business, the European Union remains the most important partner for Arab States. Hence, the European Union handles several responsibilities. First their economic and trade policies and relations with the Arab world should not cause destruction of local industries as well as failing the hope of Arab peoples in industrialization and growth of their economies that are remaining fragile. The hopes of the Arab peoples also can be seen that the European Union shall play a role in supporting development of the region, without deviation or political interventions and involving conditionality in economic relations. Finally, we hope that European interventions shall be characterized by honesty and clarity: if they are for the sake of Arab states, thus policies should be as well in their favor. And if the European Union's interventions are driven by economic interests of European countries, they should not claim they are interfering for the Arab sake.

Therefore, the most important thing to pay attention to is the lack of consistency of the European interventions, where there is a clash of European policies and targets. The most important conflict witnessed in European policies, is actually the inconsistency between the EU targets in enforcement of human rights, and between the EU's goal in spreading respect for the right-wing-market policies. It is possible that this inconsistency stems from an important conflict between interests of European Union countries, and interests of southern Mediterranean countries, i.e. countries in the Arab world. Thus, the first and most importantly recommendation is that the European Union shall re-examine their policies, taking into consideration clarity of objectives, and consistency.

Below are the most important European policies and the most important recommendations that the European Union shall be taken into account, in order to play a positive role in achieving social justice in the southern Mediterranean countries, or at the very least, do not be one of the perpetrators of spreading social injustice.

European Neighborhood Policy

European banks:

1- The EU should compel European banks to apply the same laws and regulations adopted by them in European countries, in southern Mediterranean countries. Hence, the EU must review the European bank for reconstruction and development interventions in the countries of Eastern Europe, and the Arab States since 2011, particularly with respect to the Bank's policies to stimulate privatization of the service sectors, especially the most important sectors for the citizen such as transportation and public services. The EU should as well review the

Bank's interventions particularly with regard to loans provided to the private investment banks, and private companies for minerals and natural resources. The most important policies that the EU should take a firm position on is to compel the bank to respect the environment, particularly by not financing projects of pollutant coal as an energy source, a threat that Egypt is currently facing¹, while the Bank rejected any criticism of its willingness to finance such projects.²

The EU should ensure a minimum level of transparency in those banks', where is the European Bank for Reconstruction and Development is characterized with lack of transparency compared to banks and other international institutions that have a similar role.³

2- Due to the developmental role that the European Union attaches to European banks, led by the European Bank for Reconstruction and Development and the European Investment Bank, the European Union should rearrange responsibilities of European banks from the following aspects:

- First, type of funded projects: It is expected that development projects funded by the European banks to be based on employment (for the elimination of unemployment), and encouraging manufacturing and service sectors. Banks should also set rules to ensure respect for human rights by those in charge of the funded projects, especially rights of workers involved in the project.

- Secondly, in terms of partners in the project: It is expected from development banks to take care of local partners, particularly manufacturers, small and medium-sized producers, not the wealthiest businessmen, that businessmen are able to finance their projects from private banks, and they do not need development banks, which must have a clear role socially. We shall notice as well the unwillingness of European banks to finance government projects, despite the fact that Arab governments, in particular, still have the largest service and developmental role in the Arab countries. Hence, European banks require privatization of any sector before working on its development, so as not to violate their rules to work only with private sectors which does not serve the developmental goals, but also result in the imposition of privatization policies on many sectors in which the State is in charge of in order to maintain the availability of low prices such as water and drainage and underground subway.

- Finally, the EU should check the clarity of vision and mission of these banks. While the European bank for Reconstruction and development confirms its developmental role, the European Investment Bank continues to oscillating between the developmental role and the investment role, which makes the bank, loses its legitimacy, on the developmental level.⁴

Economic recommendations:

1- The most important economic recommendations submitted by the European Union to Arab countries is done through the Neighborhood Policy, where the European Union apply economic analysis for each of the Arab countries, also based on this analysis they come up with economic recommendations. The problem about these analysis and recommendations is that they are based on the point of view of the European Union and their economic objectives and biases in solutions. Therefore, it is not surprising that the focus of the European Union recommendations is relying on foreign loans and loans by international financial institutions, in order to deal with economic problems, which are concentrated –from the point of view of

¹ ECESR. Memo on the Coal to Gas Switch in Egypt and EBRD Involvement. Egyptian Center for Economic and Social Rights. 9 May 2014. <http://is.gd/n7AfQW>

² CEE Bank watch. Guest Post: EBRD Justification for Supporting Coal in Egypt's Cement Industry is Negligent. 15 May 2014. <http://is.gd/fqVU5M>

³ Aid Transparency index. European bank for Reconstruction and Development. *Publish What You Fund*. <http://is.gd/4TCw4A>

⁴ Glopolis. European Investment Bank: Investment in Development? 14 July 2011. <http://is.gd/AbwXSg>

the European Union- in dealing with the budget deficit, and ensure high growth rates.⁵ Thus, the European Union's recommendations to Arab countries were on signing International Monetary Fund loans and accepting its conditions, stressing that conditional policies of the International Monetary Fund are in its entirety the policies that need to be taken by Arab countries to stimulate their economies.

2- We call on the EU to stop endorsing specific economic policies, as it reduces the chances of Arab governments and Arab communities to look for alternative economic instead of the failed models that the Arab people protested against in the streets, rejecting poverty, hunger and policies of austerity, the same policies advocated by the European Union.)

3- We call on the European Union to replace the economic recommendations with rights-based recommendations, which enhance respect for rights of children, women and people with disabilities, and focus on the fight against poverty, hunger, and illiteracy, thus supporting the United Nations policies, especially their rights-based mechanisms, rather than supporting international financial institutions.

4- In the same context, we call on the European Union to strengthen cooperation between Arab and European people, hence, for example, to facilitate movement of citizens, especially from the south of the Mediterranean to the north, giving priority to these goals that develop cooperation between the people of the two regions.

Profound and comprehensive free trade agreements:

Despite these cautions, the EU assesses the impact of sustainability in a rapid manner, using quantitative and fragmented standards for measuring and evaluating the impact without extensive consultation with stakeholders. In order to speed up implementation of the European business agenda, the European Union uses financial institutions and aids to put pressure on governments to agree on the offered package of aid and trade agreements, undermining their ability to negotiate and maintain national economic priorities. The danger of current negotiations on profound and comprehensive free trade that they go beyond reducing tariffs, which are included in previous agreements, to the direction to include in the terms of the agreement rules on liberalization of trade in services, over-protection of investment and the European investor in Arab countries in particular, as well as liberalization of government purchases. Liberalization of public purchase is considered as a competition for the national production in a vital sector in the Arab countries. Protection of foreign investors in accordance with the customary conditions, would undermine the political space available to governments to direct investments to serve the interests of the national productive sectors, therefore, negotiations deal with areas in the organization of the economic system and directing economic policies, which in this form directly affect the state's ability to choose its policies, even threats flexibility of decision-makers in Arab countries to change their economic policies as a response to the people's demands.

First, we call on the EU to suspend negotiations on the profound and comprehensive free trade agreements, and so end the study of the impact of previous agreements that they entered bilaterally with Arab countries on development and evaluation of its role, positively and negatively, on the national economies.

Second, we call on the EU to delete articles related to investor protection, especially those that lead resolution of disputes to international arbitration, in response to the initiative of several countries, which began to get rid of this system, which is unjust for states in general, including the European countries and developing countries in particular.

⁵ EEAS. Egypt Country Strategy Paper: 2007-2013. 4 January 2007. Pp. 9-10 <http://is.gd/4AcuTU>

Finally, we hope the EU respects transitional periods experienced by Arab countries, and in which we hope that transitional governments give up the legacy of corruption and impoverishment, and adopt different policies that respect rights of citizens, enhance the local economy, and fighting poverty, marginalization, unemployment and poor distribution of wealth. Hence, we demand that the EU postpone negotiations on profound and comprehensive free trade agreements, so that policies and options at the local level can be crystallized first, so as not to handcuff Arab governments with the same failed policies that caused the outbreak of revolutions.

Civil society and private sector partnership:

European banks projects focus their investments on partnership between the public and private sectors with what these projects represents of future debt on public budgets of states, and what it shall include corruption of contracts in developing countries experiencing high rates of corruption. Finally, the European Commission began working with financial institutions to promote integration between development aid and private investment mechanisms, and this is because of the lack of available funding for development projects. Yet, results on the development level may be extremely negative, with shrinking of public ownership of the development process, and development options become at the disposal of the investment and the private sector, the sectors that is not concerned with developmental objectives, and will not put it on its list of priorities.

1- We call on the European Union to respect the role of the state in its development, and that by continuing to support efforts of the Arab countries to fight poverty, illiteracy and establish service projects, without requiring privatization of efforts or integration of the private sector in all the effort taken by the European Union

2- We call on the EU to focus its role as a partner for Arab governments, and by helping governments to promote transparency, and participatory decision-making, and creating necessary channels to detect and fight corruption. Perhaps these same efforts are needed by the Arab states and European investors at the same time to create bridges of trust and cooperation.

3- Finally, we call on the EU to enhance channels of civil society participation in decision-making mechanisms, not only at the national level, but on the EU level as a whole. In spite of numerous mechanisms created by the European Union through the Neighborhood Policy, for example, to incorporate voices of civil society in the Arab world, but these efforts are still confined to a limited number of actors who are capable of reaching the commission, and it is still limited to meetings and mechanisms that do not allow the civil society and its experts the access to political decision-makers, and on top of them, for instance, those in charge of the trade file in the European Union.