

# Jobs through Trade and Investment in the Southern Neighbourhood

#GLOBALGATEWAY

#TEAMEUROPE

## NATIONAL CONTEXT

- Most countries experienced a recession in 2020.
- All countries - weak external demand of trading partners and a growing debt unsustainability.
- FDI (one of the lowest levels in the world<sup>1</sup>) - severely impacted, plummeting by over 40%.
- Unemployment, one of the highest levels globally - increased at over 13%<sup>2</sup>, adversely impacting women.

### Trade and investment policies:

- Establishing active links between investment, trade, and decent employment.
- To attract quality FDI, including from the EU, and grow region's exports.
- To increase labour productivity and create decent employment.

**Union for the Mediterranean (UfM)**  
Regional Policy Dialogues

Growing population: working-age population and labour force grew faster than the employment generated.

### Challenges of labour market:

- On the demand side - job creation is concentrated on too few sectors and often a few geographical regions.
- On the supply side - significant skills mismatch among youth entering the labour market and high youth unemployment.
- Youth are three times more likely than adults to be out of a job.<sup>3</sup>

### Regional policies:

- Joint Communication "Renewed partnership with the Southern Neighbourhood - A new agenda for the Mediterranean," Feb 2021.
- Multiannual Programming (MIP) 2021-2027.
- Economic and Investment Plan - "Flagship 5 - Connected Economies" and "Flagship 6" - Inclusive Economies.

## GEOPOLITICAL CONTEXT & RELEVANT SDGs



NO POVERTY



GENDER EQUALITY



DECENT WORK AND ECONOMIC GROWTH



INDUSTRY, INNOVATION AND INFRASTRUCTURE



REDUCED INEQUALITIES



PARTNERSHIPS FOR THE GOALS

**EU Trade Policy Review –**  
An Open, Sustainable and Assertive Trade Policy,  
February 2021.

### Coherence with:

- National TEIs in Morocco and Tunisia
- Regional African TEIs - "African Continental Free Trade Area (AfCFTA);" "Investing in Young Businesses in Africa."

<sup>1</sup> In 2019, the Southern Neighbourhood Region received about 1.04 per cent of the World's Foreign Direct Investment inflows.

<sup>2</sup> According to 2020 World Bank data.

<sup>3</sup> Global employment trends for youth, 2017, ILO: [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_600465.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_600465.pdf)



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## TEAM EUROPE PROPOSAL

**Align trade and investment policies and entrepreneurship policies with employment objectives** in the Southern Neighbourhood to contribute to macroeconomic stability and inclusive recovery.

### Sustainable trade and investment support to:

- Trade facilitation in labour-intensive sectors (creative industries, agriculture, logistics).
- Facilitation of investments into higher value-added, green, skill- and technology-intensive sectors and value chains (IT, electronics, clean energy and transport infrastructure, high-value services).
- Investment climate and the business environment reforms (local economy linkages, balanced regional and national FDI distribution, impact investment).
- Promotion of targeted investment from diaspora communities in Europe.

### Vocational training / technical skills support in areas of green and digital economy:

- Regional policy exchanges
- Creation of "skills networks" (Centres of excellence)
- Inclusive skills development
- Recognition systems strengthening
- Sectoral skills matchmaking
- Focus towards youth and women

### Inclusive entrepreneurship, support in areas related to digital and green transitions and social economy development:

- Young and women entrepreneurs
- Social entrepreneurs
- Start-ups
- Access to finance
- Financial inclusion - innovative financial products

## MODALITIES / TOOLS

- Policy dialogue
- Capacity building (Technical assistance)
- Financial and guarantee instruments
- Direct support to SMEs, including access to finance

## COMMON AREAS OF INTERVENTION

- Trade and investment
- Decent jobs and employment
- Entrepreneurship and skills development

### Transformational potential

- To foster decent job creation through increased levels of trade and investments.
- To contribute to an inclusive economic recovery through improved skills and entrepreneurship in the Southern Neighbourhood region.