

The Social Clauses and the Euromediterranean Agreements

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Abstract

This paper addresses the topic of social clauses through the European Union's trade agreements with the Arab countries, considering first the degree of presence of social clauses in these agreements, and second, the repercussion on the economic and social conditions of these countries, and especially on workers' fundamental rights when social clauses are poorly included or totally absent. It provides a quick overview of the key ideas in the ongoing theoretical debate on the relationship between economic development and social clauses, as different specialists, international organization experts and academic researchers still disagree.

Keywords: *Social clauses, trade agreements, economic development, Euro-Mediterranean partnership.*

JEL classification: R11, R58

1. Introduction

Despite economic progress and increasing openness that characterizes today almost all of the developing countries and the Arab states in particular, there was no significant improvement in the promotion of workers' fundamental rights or in the respect of fundamental labor standards. In this globalization process characterized by the emergence of the society of information and knowledge and by social protest movements against injustices and against the restrictions of rights and liberties, the debate on international trade agreements and social clauses has been relaunched. In fact, in 1994, the World Trade Organization has failed to integrate the social clause in the Marrakech agreement and I.L.O. efforts to enforce its standards and treaties still need more attention and further endeavor to achieve this goal.

The European Social Observatory (The European Social Observatory, 2008), (2008) reports that "In spite of stunning development in international trade, most of the workers saw no improvement in their living conditions and their efforts to get their share of the growth benefits are met with resistance or repression." It also asserts that "the idea of including social terms in international trade must use trade expansion as a tool to enhance workers social rights."

The social clauses are a set of procedures included in trade agreements, which obliges the concerned countries to respect international labor standards and which are used in case these standards are infringed.

ILO has included these fundamental labor standards in eight core conventions on the respect of trade union rights (87 and 98), the Abolition of Forced Labor (29 and 105), of child labor (138), and of discrimination (100 and 111), and has promoted the respect of these standards through the Declaration of Principles of 1998.

We note that the clause is only concerned with basic labor standards without the other social aspects such as the minimum wage guaranteed, social security, vocational training, retirement and occupational safety as these are covered by other ILO agreements.

Distinction should be made between social clauses in the private and public sectors on the one hand, and bilateral or multilateral social clauses on the other hand, and also between negative clauses (sanctions: preventing market access) and positive clauses (providing preferential procedures to facilitate market access).

However, social clauses are contractual by nature and are only a moral commitment as stated in the final declaration of the World Trade Organization in Singapore conference. They enable the States to assess the respect of social clauses and intervene when necessary, without specifying the mechanisms of this "humanitarian intervention" (Granger and Siroen, 2006). However social clauses are not legal duties or obligations, as breaching them does not lead to prosecution and are rather left to the discretion of the involved parties.

It is also worth noting that the European Union supports social clauses but opposes sanctions in case of violations. One EU expert considers that the Social clause is one of the several conditionality clauses in international agreements, which links goods entry to markets with the respect of law in the producing country. This means that it conditions a privilege given to a country by the respect of rights as enshrined in social, environmental or human rights clauses.

The purpose of adopting social clauses in international trade agreements is to prevent some international companies from moving out their production units from their original countries to other countries where International Labor standards are lower, thus allowing these companies to reduce production costs and increase profits. This can lead to closing down facilities and dismissing workers in the country of origin. Developing countries which allow a lower social coverage are merely "business centers" for international companies.

Therefore, with the objective of modifying this global division of labor and reducing the migration of factories from industrialized countries to the socially tolerant developing countries, WTO has tried since its inception in 1994 to include social clauses in its agreements. However, it has failed in this endeavor because of the resistance of developing countries, which consider that social clauses are in reality protectionist measures benefiting to the rich countries and that they were not ready with both their public and private sectors to bear the consequences of applying social clauses both on financial balances and also on a set of privileges meant to boost export and attract foreign investment but in fact based on low wages and precarious labor relations.

Controversy therefore started between those in favor and those against the insertion of social clauses in international trade agreements, and this controversy has also reached trade unions and civil organizations in the Southern and Northern countries, despite their agreement on many issues such as combating racism, discrimination, and liberal globalization.

However, WTO's failure to include social clauses and transferring the issue to ILO, as the competent body to do that, did not prevent the conclusion of different social clauses in regional trade agreements such as the European Union's agreements with some NAFTA countries (North America's Free Trade Agreement) or with Mercosur. Some of these clauses provide for the respect of labor standards and others for the development of human rights, social dialogue or environmental protection. Social clauses were embedded with new principles, approaches and concepts such as the OECD guiding principles and the concept of corporate social responsibility or the Global Europe strategy principles adopted in 2006 or Europe 2020 or the United Nations Global Compact initiative. However, ITUC considers the "outcomes of social clauses as poor because most of these cannot be implemented, and therefore environmental clauses are merely declarations of intent and commitments to "make more efforts" (International Trade Union Confederation, 2008).

Regarding the European Union, it seems to be alternating between a social contract approach based on the fundamental labor standards included in the old generation of agreements, and a new approach based on sustainable development which includes but goes beyond labor standards. Hence, it should be appropriate to consider to what extent is the European Union eager to include social clauses in its agreements with the Arab countries, as well as the consequences of Euro-Mediterranean partnership on basic labor rights and on development in these countries.

2. Euro-Mediterranean trade agreements and social clauses

2.1. Barcelona process: content and recent development

Following the conference of Barcelona in 1995, the European Union has pushed its twelve south Mediterranean neighbors to accept a joint project that would be implemented progressively over 12 years in Tunisia). The project was named the Barcelona process and it relies on a pragmatic approach to the very different economic relations and situations of these countries.

Most of the Mediterranean countries have ratified individually free trade agreements with the European Union. Algeria has signed a partnership agreement in September 2005, Egypt in June 2004 and ended the negotiation about agriculture trade which has ended in 2008, and Israel has signed a partnership agreement in June 2000.

Jordan has signed a partnership agreement in May 2002 and Lebanon in March 2003. Morocco in March 2000 and Tunisia in 1997. Palestinian Authorities have signed a transition partnership agreement in July 1997. The collaboration agreement with Syria was however not enforced for political reasons since 1977, but negotiations have been conducted in 2009 and the agreement was signed in 2010, whereas Libya has started its partnership agreement negotiations since November 2008 (Brondel, 2010).

Euro-Mediterranean partnership relies on a four-dimensional infrastructure, as it is multilateral, regional, sub-regional and bilateral. The euro-Mediterranean strategy relies on three axes. The first is vertical and consists of bilateral relations between the European Union and Mediterranean states.

The second axis is horizontal and aims at promoting south/south relations and the relationships between the European Union and sub-regional integration areas such as the Arab Maghreb Union and the Gulf Cooperation Council. The third axis concerns the financial and technical procedures which aim at promoting economic reforms in the partner countries.

The bilateral dimension of Euro-Mediterranean partnership appears in a network of agreements including those addressed to the Mediterranean countries of southern Europe and aiming at establishing a customs unit to prepare their integration in the European Union. These countries are Cyprus, Malta and Turkey. Other agreements concern the south Mediterranean countries, namely eight Arab countries and Israel which is granted a special status.

Whereas the project pretends to create a large zone of peace and development, and unlike the full integration program proposed to the southern and eastern European countries, Portugal, Spain then Malta and Cyprus, the European project for the south Mediterranean countries is based on a purely trade dimension as it relies on the progressive creation of a free trade area between all these countries and the European Union. Therefore, the concept of economic integration as a process creating mutual consistent and harmonious institutional dynamics between the parties, and shall aim at boosting trade, production, innovation and creation. We notice then, that the European project addressing the south Mediterranean countries does not focus on these objectives but is rather limited to a traditional vision of economic integration through trade liberalization based on the principle of comparative privileges which gives the project a static nature.

There is indeed a big difference between the two integration process approaches. Whereas the extension of the European Union and the integration of other states is based on a strong institutional integration which unifies or brings closer the economic and political objectives of the different European union's countries, the Euro-Mediterranean partnership project is based on the idea of rehabilitation and on the possibility to catch up, and these are two different concepts in terms of content and consequences on the integration principle which is based on the harmony of objectives through institutional convergence and co-evolution.

And what has made these visions about the future of the European Union's relations with the Arab Mediterranean countries more easily accepted is the disintegration of the political and economic ties in these countries. The Arab countries, rather than proposing another approach and another vision to the European part, have preferred to negotiate individually. Therefore, the partnership agreements that have been contracted have a purely commercial content which ends the privileges of Arab exports (especially the Moroccan) in European markets, and starts the application of the principle of reciprocity by removing quantity and customs barriers for the access of European goods to the Arab markets.

Hence, given the poor results achieved, the European neighborhood policy of 2004 has tried to give new impetus to the Barcelona process. It seeks to set up a network of free trade areas between the north and the south on one side, and the south and south on the other side, and to "achieve economic integration/complementarity" beyond trade liberalization. The example is the establishment of common regulatory bases between the Euro-mediterranean partners. The European Union has also announced the creation of the "Union for the Mediterranean" in 2008, and it also

seeks to develop the concept of partnership by imagining the “rank” of privileged partner or advanced partnership, but this actually did not change the mercantile nature of its real economic relations with its south partners as evidenced by the impacts recorded in the Arab countries especially the non-oil and the Maghreb states due to the historical tie of their economies with the European Union.

2.2 Brief assessment of the economic and social consequences of Euro-Mediterranean partnership on Arab countries

These visions which have guided the Euro-Mediterranean partnership would naturally not have significant development effects on the economies of the South countries in general, and the Arab countries in particular. This is clear through the results recorded since the conclusion of the first partnership agreement with Tunisia in 1996, either in terms of increase of foreign indebtedness, or in the decrease of Arab countries share in international markets or the weakness of foreign investments, added to the worsening of the problems of industrial countries due to foreign competition and the resulting unemployment increase (Sami, 2004).

The impacts we shall consider do not all result from Euro-Mediterranean partnership and it is difficult to determine and distinguish its factors in an accurate way as their reasons are interrelated. Some of these are related to partnership, such as the flow of imports, exports, local and foreign investment and public deficit, others are related to the consequences of the development model that has been followed since the eighties and which relies on the “Washington agreement”, that has proved its limits and which is no longer able to provide a genuine development of the economic infrastructures in Arab countries, and some others result from both such as growth, unemployment and public indebtedness pace.

Maghreb countries are the best example to study as their agreements with the European Union are old and because of their strong economic ties with the EU. In this regards, we shall rely on the study of Dr. Sami Aouadi (Sami, 2001) on Maghreb countries, eight years after the implementation of the first partnership agreement with Tunisia. The study is based on several indicators summed up as follows:

Foreign debts increase

Even if this cannot be explained by the partnership impacts only, we notice that this partnership did not decrease the indebtedness of contracting states. Despite the difficulties that foreign indebtedness causes to these countries especially that they are about to re-structure and upgrade their industrial and institutional fabric to address the consequences of partnership agreements, the demands of the Euro-Mediterranean partner countries to decrease their debts to the European Union’s countries throughout re-investing and recycling into economic projects did not have any effect.

Decrease of International market shares

Foreign trade in Maghreb countries is importantly focused on the European Union markets. This focus has become even more significant after the ratification of partnership contracts as Tunisian exports towards the EU have increased from 63% in 1990 to 80% in 2011 and in Morocco from

68% to 74%. An official Tunisian study has confirmed “an important increase in the value of imports from the European Union to the Tunisian market, reaching the annual average of 12% in the period 1997-2000 against 5.5% per year in the past period of 1993-1996, whereas the pace of imports from outside the EU did not exceed 1% a year for the same period.” Besides, Maghreb countries shares not only of the global trade but also of the foreign trade of EU countries have decreased. Whereas international trade has regularly developed with an annual rate of 5.4% in the period 1980 – 2011, and European foreign trade almost the same development (5.3%), the shares of Maghreb countries of international trade and for the same period have decreased from 2% in 1980 to 0.7% in 2011 and their share of EU foreign trade from 4.7% to 2.1% in the same period. Therefore, the impact of partnership agreements on the exports sector of partner countries has stopped at the level of good intentions and the theoretical possibilities of free trade policy.

Weakness of foreign investment flows

Along with the decline of foreign trade, direct foreign investment flows have also decreased during the last decade in Maghreb countries, especially if we compare the period before the partnership agreements and the present period. Whereas at the global level the movement of capitals has known a regular development in the last decade, due to the liberalization procedures and economic globalization, the Maghreb countries shares of the total global foreign investments have decreased from 0.04% in 1990-1995 –that is before Euro-Mediterranean agreements- to an average of 0.02% in the years 1996-2011. It seems therefore that this partnership has made foreign investment reluctant towards the Maghreb countries despite their engagement in economic globalization and all the measures and incentives adopted to promote their capacities to attract direct foreign investment particularly in Tunisia and Morocco. If we exclude the privatization operations of public institutions (portfolio investments), we note that the volume of these investments is weak and does only represent a small part of public investment (10% in Tunisia). Therefore, saying that by becoming part of these partnership agreements these countries would become more attractive to foreign and especially European investments is only an announcement effect and a mere idea among others spread by the new liberalism and its global institutions.

Arab governments have to realize the necessity to ask the European Union to provide incentives for European investments in their countries and especially to provide guarantees for these investments to build the European investors trust.

Employment and Unemployment

Fierce global competition in the countries which removed customs protection barriers led to major difficulties for industrial countries and the loss of thousands of jobs. A study conducted by the Tunisian employers’ organization has shown that partnership agreements shall lead to the destruction of one third of the industrial fabric and the loss of 120 thousand jobs. Therefore, as foreign investments decreased, and so did public investment due to the state withdrawal from economic activities as recommended by international organizations, and as private investment weakened because it could not face global competition, it is normal to have increasing unemployment rates in the Maghreb countries after their engagement in Euro-Mediterranean partnership.

In 1994 the unemployment rate was around 14% in Tunisia and jumped to 18.5% in 2011, and one of its new specificities is that it affected new categories, namely youth and university graduates. In Tunisia, the unemployment rate among the youth under 25 reached 33% for the year 2011.

It is also worth noting that unemployment obviously leads to social misery but also represents a threat for social protection systems as it urges the states and employers to adopt more flexible labor legislations, in the form of fixed-term contracts and more lenient redundancy procedures, as well as the closure of institutions on the grounds of economic difficulties. The revision of the Labor Code in Tunisia falls in this same orientation.

Public deficit and the decrease of social transfers

It is obvious that the suppressions of customs duties results in a decrease in the state budget's self-resources and in the aggravation of budget deficit. States do not have several solutions to address this issue. If the government wants to resort to the economy for management expenditure, it is blocked by the administrative procedures and bureaucracy. If it chooses to reduce development expenses, it affects the economic infrastructure in a period where production companies are in dire need of support, of modernization and upgrading to cope with global competition. The States therefore adopt two main solutions which consist in foreign borrowing and in the reduction of social transfers. In Tunisia, budget losses arising from the suppression of customs taxes and VAT on imports -as per the partnership agreement- amounted to 1500 million dinars in 2001, which represents 3.4% of GDP. At the completion of the free trade area, this loss has amounted to 2740 million dinars, which is more than 5.4% of GDP, approximately half the development budget for the year 2011. The Tunisian government has tried all possible solutions to heal the public deficit, mainly:

- Privatization of public companies
- Adopting a 10% VAT to compensate for the decreasing customs duties
- increasing VAT to 18% and generalizing it
- Resorting to external borrowing (30% of budget resources)
- Increasing the minimum ratios of income tax and corporate tax.
- Decreasing consumption subsidies from an average of 5% of GDP in the early nineties to less than 1% presently.
- Commercializing several public services that used to be provided free of charge, such as some public health services.

We also note that these procedures are non-social and unpopular as the tax burden on consumption and the reduction of social transfers mainly target workers and low-income groups. The horizon of this policy is therefore clearly blocked as it would sooner or later have to cope with the limits of endurance of popular categories, and hence, the issue of social performance of the free trade policy which has a serious strategic nature as it is closely linked to the political and social balances in our countries.

Weakness of the European commitment and financial cooperation

The most eloquent evidence of the European commission's indifference towards the concerns and priorities of our countries as well as its unique interest in opening our markets, is the following extract from the Tunisian government's official report: «The European Commission has not fulfilled its promise, as it did not provide the additional resources required by the countries

engaged in the Barcelona Process and which would help them diagnose the projects to enable them face the consequences of applying the partnership agreement and accelerate the integration of their economies in the European economy and thus reduce the gap between the two sides as evidenced by the EU experiences with some members such as Spain, Portugal and Greece. The aspirations of Tunisia, and in general of all the south Mediterranean countries, to increase the quota allocated to Southern Mediterranean countries during the coming period, as it is the case for Central and Eastern Europe countries was not respected by the European Union, which has recently decided to maintain that share, and even reduce it for MEDA II period (2000- 2006) ». The same study confirms that, in general, cooperation with the EU «remains below the level of the objectives determined within the agreement and does not cover many important sectors in Tunisia».

The study shows that «cooperation in the industrial field ... did not quite live up to the agreement's objectives... and does not fit within the upgrading programs ... besides, even if European investments have positively developed in Tunisia in the last years, it was mainly due to the efforts made by Tunisia to create an enabling environment ... and it was hoped that the European Union would pursue a more serious policy to direct European investment towards Tunisia in particular and the southern Mediterranean in general ... in the field of scientific research and technology which is also enshrined in the partnership agreement as one of the cooperation priorities with the European Union to meet the aspirations of Tunisia ... the cooperation remained limited to participations in Euro-Mediterranean meetings and events.» The study concludes that: « in fact, the modest results of the cooperation in the previously mentioned fields apply to most of the other sectors, in particular to agriculture, transports, telecommunications and information technologies, energy, tourism and other services ...»

Some analysts consider that the fall of dictatorial regimes during the Arab Spring did not change anything. "In November 2012, the head of the Tunisian government has signed an agreement with the European Union in order to be granted the status of " advanced partner ", and the aim was only to ensure financial support and get political back up for his political party, just as the previous regime used to seek support from Europe for its oppression policy against Islamists.... The analyst concludes that "the partnership agreement does not contain anything justifying the term " partnership" or "advanced partner ", pointing out that in 2011, the Arab countries have only received 43 billions of foreign investment, that is 28%, which represents a sharp decrease of 47.8% compared to 2010 (Hamila, 2014).

The partnership effects can be summarized as follows

1. Decrease of budget resources due to the suppression of customs duties:

- * Increased consumption taxes
- * Increased payroll taxes
- * Decrease of social transfers
- * Reduction of the development budget
- * Deeper regional disparities
- * High deficit of the state budget as a result of the pressure of increased food subsidies costs, necessary to maintain the purchasing power without a significant payroll increase (competitive price system).

2. Growing foreign competition in the domestic market

- * Closing facilities
- * Dismissal of workers
- * Mounting unemployment
- * Aggravation of social vulnerability
- * The emergence of informal sector and smuggling
- * Reduction of social transfers

2.3. Euro-Mediterranean trade agreements and social clauses

In general, on a global level, trade agreements which contain social clauses have remarkably developed during the last two decades. According to an ILO study (2013), until June 2013, 57 free trade agreements have been concluded, against 21 in 2005, providing for social actions related to labor, 40% of which include conditional social clauses which lead to economic sanctions in case of breaching. Most of these clauses are found in agreements between the United States and Canada.

The remaining 60% of these agreements with social content include 'promotional' concepts relating to labor, but do not provide for economic sanctions. These often represent a framework for dialogue and partnership and are mostly found in agreements of the European Union with some partners. The organization considers that these terms have nevertheless led to an improvement in the labor legislations and to the respect of the right to organize in southern countries such as Morocco, Oman and Bahrain.

Within this context, the final declaration of the founding conference in Barcelona on November 28, 1995, mentions the contracting states commitment to "develop the rule of law and democracy in their political system ... respect human rights and fundamental freedoms and ensure real and legitimate practice of these rights and freedoms, including freedom of expression and association for peaceful purposes and freedom of thought and individual and collective worship without discrimination of race, nationality or religion." It also states the need to "respect and ensure the respect of diversity and pluralism in the societies of these countries and promote tolerance and fight racism and xenophobia."

Concerning the EU in particular, the new generation of agreements contains a section on sustainable development that includes social and environmental clauses, in the context of the recent evolution of the EU new trade strategy adopted in 2006 under the name "Global Europe".

These new agreements are based on the most important global texts in the social and environmental fields:

In the social field

- Basic conventions of the International Labor Organization.
- .Decent work agenda
- Ministerial Declaration of the United Nations Economic and Social Council.

In the environmental field

- Kyoto Treaty

- Johannesburg plan for sustainable development

European agreements invite partners to:

- The actual consecration of its contractual social obligations
- Engage in new social standards
- Make national legislation consistent with their international obligations.

However, these objectives have regulations which allow the partner countries the possibility of amendment which means a kind of sovereignty over their social legislations but not to use this to attract investment. In order to achieve these goals, the European Union relies on the principles of cooperation and coordination without any other binding mechanism. Among the most prominent agreements containing a section on sustainable development, there are the agreements with Korea (2011), Singapore (2012) and such a section is not included in any agreement with the Arab states. However, the agreements with Peru and Colombia have faced strong resistance and the European Parliament threatened not to ratify them if social and environmental clauses are not developed, and the civil society organizations opposed these agreements after the death of trade unionists in Colombia. These events have prompted the EU to adopt a roadmap as an additional element to these agreements. The French Minister of Commerce has then presented the five following proposals for the development of social and environmental clauses in the free trade agreements:

- A better assessment of the sustainable development chapter using a strict impact assessment approach.
- A better monitoring of the implementation of social and environmental clauses with a stronger participation of the civil society.
- A better cooperation with labor and environment international organizations.
- More participation of institutions with the integration of elements related to the social responsibility of enterprises within the sustainable development section in free trade agreements.

However, one of the European Union experts in international disputes recognizes the limitation of conditional clauses in the European Union agreements, especially after the agreements of "Cotonou" where social clauses have been included in a "democratic clause," considering this operation "conditional diplomacy," and sees that the end of the agreements of Cotonou have emptied this diplomacy from its effectiveness, saying that the European Commission seems to be abandoning conditional c and it seems that there is a trend towards optional social clauses or "social labels", considering these as a private social clauses. He also states that the dominance of the neo-liberal tendency on the European Commission has prevented the legalization of these clauses.

According to the researcher Canda Muhammadiyah (2014), "the trade dimension is remarkably advanced in Euro-Mediterranean relations. The trade agenda has the utmost interest, while labor policies and the issue of working force mobility in the region, wages and social protection, do not receive the same attention at the regional level..."She also confirms that "Employment and labor issues and topics have not been included in the trade policy-making process both at the level of the Arab states as well as at the level of the Euro-Mediterranean area. There was

therefore no interaction nor coordination between policy- making process specialists on employment, and trade-related policies and did not engage together in dialogues or joint meetings within the Euro-Mediterranean framework until today, " and she adds that" the Arab parties participating in the Euro-Mediterranean Partnership didnot discuss enough their own common labor policies yet... ".

3. Economic and social impact of the weakness of social clauses in the Euro-Mediterranean trade agreements

3.1. Theoretical debate about the relationship between social clauses and economic development

It is a controversy between those who believe that the application of social clauses and incorporating them in international trade agreements is a protective measure for the benefit of the companies in industrialized countries and aims at undermining the comparative privileges of developing countries which are based on exporting intensive and low- wage labor force, and those who believe that exportsbased on low costs and wages because of the absence of social clauses do not lead to the accumulation nor favor the emergence of genuine sustainable privileges based on quality and innovation.

In an a study of the Organization of European Cooperation and Development (OECD) on international trade and basic labor standards, there is an analysis of the relationship between trade and competitiveness, growth and basic labor standards. This study concludes that the failure to comply, partially or totally, with basic standards in any country is not considered a critical factor to support the competitive privilege with regard to increasing the share of international trade or attract direct foreign investment. There is a positive interaction between the liberalization of international trade and the application of basic labor standards.

* Recurrent arguments in favor of including social clausesin international trade can be summarized as follows:

- Basic human rights must be respected, regardless of the economic development and the country productivity level.
- Social dumping threatens economic development and social peace on the long term in the South and North countries.
- The maintenance and effectiveness of social norms require a minimum of incentivesand sanctions adopted in the worst case.

* Those who are opposed to social clauses (including many from developing countries), present the following arguments:

- Social clauses are mainly demanded by rich countries to disguise protectionist purposes
- It is not a good way to remove any defects in the competition system and it is limited because restricted to certain specific products;
- It only sanctions the developing countries which do not have the option of changing the producing country in case of violation of social norms;
- It represents new restrictions on trade, and this violates the freedom of international trade;
- It only applies to exported products.

Mustafa Abdullah al-Kafri (2002) believes that "linking trade issues with international labor standards is a form of clear intervention in internal affairs, and it affects the sovereignty of the state in particular in developing countries where child labor exists and the working conditions are not suitable and this shows us the danger of social conditionality." He adds that the social clause... will not be able to protect the rights of workers, neither in developed countries nor in developing countries. The effects are uncertain for several reasons, including:

- The weakness of the relationship between trade and labor rights standards.
- Trade sanctions contained in the Social clauses could be counterproductive by harming workers in developing countries instead of helping them.
- These sanctions may also increase the barriers impeding the access of products from developing countries to global markets.
- Social clauses apply to production sectors intended for export only, and these sectors provide only a small part of job opportunities.
- The sanctions stipulated by social clauses would not help fighting poverty.
- Social clauses could be a powerful tool for a rich and big country, but for a small developing country, the impact of such a clause is very weak. Trade sanctions may therefore have more devastating impacts on a small country exporting only some commodities.

The researcher thinks that "what is needed to protect workers' rights and improve their conditions in developing countries is not a social clause but rather the increase of investments and economic growth, which create more job opportunities, along with stronger national laws. This is added to the adoption of specific standards by the domestic private sector and by foreign companies."

Regarding the environmental social clauses, some industrialists in big countries who are subject to strict rules are bothered by the competition of producers in emerging industrialized countries which are more flexible. They therefore threaten to outsource their production in these countries and this would have a negative impact on global environment. In this context, two pressure groups in developed countries are opposed: trade unions which seek to protect the national labor force from the competition generated by outsourcing in emerging countries on the one hand, and human rights organizations which have moral and social motivations.

In academic circles, the debate on social clauses remains of great interest, especially the issue of the relationship between trade and labor conditions. Baghawati (Granger and Siroen, 2006) stood in particular against the establishment of international social norms, stressing the need for a diversity of labor standards consistent with the diversity of developing countries situations and the different distributions of production factors and income differences.

The charge of social dumping launched by France and the United States is merely an attempt to increase the production costs in southern countries and reduce the competition of their products. This attempt is based on a false understanding of the competitive reality of developing countries. The relative privilege of developing countries of using unskilled labor force is not only the result of the reflection of low prices on economic development and the abundance of unskilled labor.

Many studies show that since the entry of developing countries' industrial exports to the global markets within the framework of handling policies, this export capacity is still relying on low costs by virtue of the low wages conferred by policies of incentives and exemptions and the absence of

social legislation guaranteeing the rights of workers. The competitiveness of these countries has remained of the price competition type, growth did not progress and therefore unemployment increased especially among graduates and this has kept the internal and external economic balances dysfunctional especially by resorting to external indebtedness.

The absence of social clauses did not urge industrial companies to look for a genuine system of comparative privileges based on excellence in international competitions and to win markets thanks to a competitive quality based on high productivity and on the efficiency of productivity and to develop manufactured products and improve their quality thanks to the control of technology and research and development (RD) policies.

The crisis in the textile sector in exporting countries such as Tunisia and Morocco, following the dismantling of multilateral conventions and the strong entry of Chinese textiles to global and in particular European markets, highlights clearly and explicitly that the price competition prospect is limited and it does not allow insoluble privileges nor a sustainable and lasting economic growth. The countries that have remained in a price competition system have paid the price of their inactivity and the non-adoption of a quality and innovation-based competition which is not opposed to social clauses guaranteeing social workers' rights and decent work.

We should nevertheless understand the World Trade Organization's waiver about including the social clause in 1994 "economic and social diplomacy" to push the developing countries to open their markets to Western goods and dismantle the protectionist system. The West would, in return, ignore social clauses and continue to use an artificial system of comparative privileges and competitiveness based on the overlooking of social rights and even on social dumping.

Is it possible then for the Arab countries, especially those which are not part of the Arab spring, to keep relying on this competition in light of growing social movements and protests in the post-Arab Spring situation? And in light of the developing countries' race to reduce the social system ceiling in order to attract foreign investment and promote export. This race has taken a variety of forms, such as tax exemptions and the over-burdening of state budget with social expenditure, all of which has caused the remarkable unbalance of public budget in developing countries.

However, what has been noted is that the absence of genuine partnership in international trade agreements did not stimulate the adoption and respect of social clauses but rather supports the arguments of their opponents. This has also prompted some locals to consider that the corporate social responsibility is the future of, or an alternative to social clauses.

3.2. Repercussions of the weakness of social clauses

1 / Seeking to maintain exports and internal profitability

- Internal profitability is not used for investment but rather for real estate speculations
- high state budget deficit under the pressure of the rising costs of subsidies on food products in order to preserve the purchasing power without an important increase of wages (price competition system).

2 / Rising subsidy costs on food

- Higher taxes on wage income.
- Higher taxes on consumption;
- Emergence of the informal economy and smuggling .

- Reducing social transfers, social vulnerability;
 - Reducing the budget of equipment: deeper regional disparity.
- 3/ Maintaining price competitiveness
- Continuing an unsustainable competitive system threatened with competition or the international bidding of social systems;
 - Blocking the establishment of a competitive system based on quality and not encouraging scientific research and the employment of high skills and competences.

4. Conclusions and Recommendations

- Despite the economic progress and openness to the world in almost all developing countries, especially the Arab countries, there was no marked improvement of the evolution of the fundamental rights of workers, and of the adoption and respect of fundamental labor standards.
- Undoubtedly, neo-liberal free trade policies cause on the one hand labor fragility in industrialized countries, and on the other hand labor force exploitation in developing countries.
- Whereas the EU enlargement and integration which is based on a sound institutional integration uniting or bringing closer the different economic and political goals of the various EU countries, the Euro-Mediterranean partnership project is based on the concept of upgrading and on the possibility of catching up, and these two concepts totally differ in terms of content and repercussions from the integration concept based on a harmony of objectives achieved through convergence and co-evolution.
- What has actually made it easy to pass these visions of the future of the EU's relations with the Arab Mediterranean countries is the disintegration of the political and economic ties of these countries. These should have proposed another approach and another vision to the European part, but have opted to negotiate individually. The result was that the partnership agreements have a purely commercial content that puts an end to the preferential privileges previously enjoyed by Arab exports in particular the Maghreb ones in European markets, as well as the beginning of the application of the principle of reciprocity.
- Arab governments must realize that they need to ask the European Union to adopt incentives and measures in favor of European investments in their countries and in particular to give their guarantees for these investments to build the European investors trust.
- Integrating a social clause in international trade agreements can be a mechanism for ensuring the globalization of justice and to promote international solidarity towards the predominance of the global financial authorities.
- The absence of social clauses did not push industrial companies to look for a genuine system of comparative privileges based on excellence in international competitions and able to win markets thanks to the competitive quality based on high productivity and on production efficiency and to develop manufactured products and improve their quality thanks to technology control and research and development policies (RD).
- The countries that have remained in the price competition system of have paid the price of their inactivity and the failure to adopt competitive quality and innovation which are not in contradiction with social clauses that guarantee workers' rights and decent work.
- Is it possible then for the Arab countries, especially the non-rentier ones, to keep relying on this competition in light of the growing social movements and protests in the post-Arab Spring

situation? And in light of the developing countries' race to reduce the social system ceiling in order to attract foreign investment and promote export.

- Trade agreements and investment agreements must contain binding social and environmental clauses connected with dispute resolution mechanisms, and developing countries must equally be assisted to improve labor standards.
- An international campaign must be conducted in order to include non-protectionist social clauses in trade agreements and investing to ensure the basic as per ILO Conventions as well as an equal benefit for all peoples from trade globalization.
- A social developmental clause or global social clause that respects national specificities must be developed.
- A social clause must be based on the basic standards of the International Labor Organization, and it must not provoke distortions in the labor market but rather create an appropriate legal framework to improve the functioning of the labor market and delete deformity
- A social clause must not threaten the system of privileges in developing countries, neither their exports and growth but rather stimulate their capacities to gain genuine privileges based on quality and innovation and not on low wages which have a socially, politically and morally blocked horizon.
- In order to include binding social clauses in international agreements, all the countries must feel that they are winning and not losing in the process, and that's what did not happen in the WTO agreements of Marrakech in 1994, because it was signed to lure developing countries with unfair commercial agreements and in return rejected social clauses.
- The most effective way to improve working conditions is economic growth and not trade sanctions.
- Fundamental human rights must be respected, regardless of the economic development and the level of productivity of the country;
- Social dumping threatens economic development and social peace in the South and the North on the long term.
- Maintaining and effectively implementing social norms requires a minimum of incentives and, in the worst case, sanctions.
- What is needed to protect workers' rights and improve their conditions in developing countries is not the social clause, but also the increase of investment and economic growth, which creates more job opportunities, along with strong national laws, and specific standards to be adopted by the local private sector and foreign companies.

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