

**Speech of Ambassador Angelina Eichhorst, Head of the Delegation of the  
European Union Delegation to Lebanon  
Opening Session of the  
FIRST ESCWA ARAB ECONOMICS FORUM  
UN House, Beirut, 23 November 2012, 10h00-11h00**

*Check against delivery*

Your Excellency, Minister of State, Mr. Marwan Kheireddin,  
Your Excellency, Deputy Prime Minister for Economy of Tunisia, Mr.  
Rida Saidi  
Dr. Abdullah ad Dardari,  
ESCWA Executive Secretary, Dr. Rima Khalaf,

Ladies and Gentlemen, dear friends

I am pleased that we have decided to work together to find sustainable solutions. Over the last two years, this region has been shaken – awoken – by popular uprisings. While the uprisings have evolved in different ways they have shared common popular aspirations for dignity and opportunity. It is saddening that some of these aspirations were met with fierce violence and repression and have turned into war in neighbouring Syria, into serious clashes in Bahrain and into ongoing tension and risk of escalation in many parts in the region. We saw a severe escalation of violence in Gaza and welcome the ceasefire between Israel and Gaza and the role Egypt played in securing the deal. There are still too many unresolved questions in this region

which require sustainable solutions. Nevertheless, the wave of uprisings offer a unique opportunity for the people of this region to reflect on which kind of societies they want to strive to be – more stable, prosperous and inclusive - and to re-write the social contracts within each country and potentially within the region as a whole.

The three main themes to be discussed during these two days in Beirut are selected for their great relevance for the citizens and their governments – 1) employment, 2) fiscal space for social protection, and 3) regional sources of funding. They are all concrete areas in which policy makers can take concrete measures with the resources already available. These are ironically some of the key areas we are currently re-discussing in Europe, through a challenging process of macro economic rebalancing.

It is true that, whether in terms of employment and youth policy, social security or regional integration and cooperation, the European Union has a lot of experience to offer. The European project itself was built in response to conflict and was an effort to bridge divides and differences through cooperation towards common benefit. Both among states and among citizens. The relative peace and security the European Union Member States enjoyed for the last 67 years is thanks to shared interests in common benefits, including the economies of scale that made it more attractive to all parties to work together. We used to focus on what unites us and not on what divides us. . This is

what the Nobel committee recognised when it accorded this year's Noble Peace Prize to the European Union.

One of the main challenges facing the Neighbourhood is how to ensure jobs and opportunities to a rapidly growing young population. Creating new jobs is a medium to long-term process and it will not be possible to satisfy all demands and needs at once. However, simple measures can go a long way to defuse some of the frustration felt by the youth. One simple no-cost remedy that could be introduced is transparent and merit-based recruitment practices. When the process for employment is clear and based on known selection criteria, the feeling of opportunity and social justice increase as the general belief that jobs can only be ensured through *wasta* is countered. Private and public sectors alike could easily adopt such employment mechanisms and should be strongly encouraged to do so.

A second challenge is that of social protection. The question asked in today's session is whether there is fiscal space in Arab countries for development including social protection. I would rather turn the question around and ask whether countries can really afford disregard social protection. The uprisings in the region clearly show that stability cannot be ensured in the absence of social justice. In Europe, we generally have high rates of taxation, both for direct and indirect taxes, but it is our experience that it is not the level of tax itself that is the issue, it is what the citizen or the company perceives as getting in return from the taxes paid that is essential. If you understand what your taxes are spent on and if you feel you have a say on how they are

spent, people generally are willing to pay. If that is not the case, even the lowest level of tax rate would be unacceptable.

The third element of the forum is the interesting question of Arab cooperation in the field of financing. It is well known that there are significant amounts of funds available within the region that could support development and growth.

Regional integration – and coordination – can significantly facilitate investment flows to the benefit of resourceful oil producing countries in search of economic diversification as well as for Arab countries rich in investment opportunities looking for financing and employment creation. Regional infrastructure projects are also an area that holds promising mutual benefit, especially in the areas of transport and energy.

Through the discussions today and tomorrow, and a second high-level meeting to take place in the beginning of 2013, we hope that the exchange of information and experience ESCWA and the EU can assist in ensuring a tangible response to the "calls for change" that could be heard loud and clear across the region since 2011. I wish to thank ESCWA for organising this event, in particular Dr. Khalaf for her relentless efforts to put people at the centre of our shared interests and move ahead with much needed reforms across the region, and Dr. Abdullah ad-Dardari for his constant urge to address the economics through a holistic approach. Thank you to our friends and partners

from Lebanon for being present and hosting this event. As European Union we encourage as many regional and local, all-level events to help demonstrate that Lebanon is a country worth visiting, investing and enjoying.

Thank you.