Economy

Tunisia's powerful labour unions and employers' federation on collision course

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Tunis

Successive Tunisian administrations have made a point to carefully cater to the country's powerful labour unions — the Tunisian General Labour Union (UGTT) and the Tunisian Union of Industry, Trade and Handicrafts (UTICA). However, a burgeoning showdown between the two groups could force the government to pick sides.

UGTT and UTICA are both signatories of the Carthage Accord, an agreement signed by the country's main political parties and labour unions that outlines priorities for the unity government. They are also recipients of a 2015 Nobel Peace Prize, as part of the Tunisian National Dialogue Quartet, for their contribution to the country's post-revolutionary transition to democracy.

Competing visions for next year's economic agenda, however, have driven a wedge between the two groups.

UTICA leader Ouided Bouchamaoui threatened to walk away from the Carthage Accord, arguing that next year's draft budget is biased against the private sector.

"The draft finance bill for 2018 is not a finance bill. It is indeed a bill to balance public finances," Bouchamaoui said. "This draft bill seeks to achieve one result: Balancing the budget. The only way to do that is to target well-structured enterprises that are already paying their taxes."

Bouchamaoui said: "We hoped for measures to encourage investment, export and the expansion of the tax base. We hoped for lower taxes on the people who contribute the most to taxes. We hoped for encouragement of the people who work and produce wealth and to those who are bold and forward-looking. These things we hoped for did not happen."

Bouchamaoui said UTICA made sacrifices in return for commitments that have not been met. "Today is enough," she said. "We are not here for the show."

"In 2017, we are the only social group that accepted to make the sacrifices," Bouchamaoui added. "I insist we are the only one... All the signatories of the Carthage Accord must be treated equally."

Bouchamaoui noted that, despite the group's support of Tunisian Prime Minister Youssef Chahed, the government failed to take its input into consideration in drafting the finance bill.

"We backed the head of government Youssef Chahed, not by words launched in the air," she said. "When it was time to pay, we did it."

Competing visions. Secretary-General of the Tunisian Genral Labour Union (UGTT) Noureddine Tabboubi (L) and UTICA leader Ouided Bouchamaoui in Tunis. (AFP)

> **The government expects to increase both the value added tax and the employers' contribution to social benefits for workers by 1%.**

Bouchamaoui added that UTICA was "the first to articulate and announce (its) demands for the draft budget of 2018... At the end, we see that only the enterprises were affected by that budget bill. They dismissed all our demands and suggestions."

Among UTICA's demands are the partial privatisation of struggling state-owned enterprises, efforts to reduce tax evasion, integration of the informal economy into the economic cycle to increase tax earnings for the government and measures to improve governance and management of state monopolies such as the Port of Rades and utility services.

UGTT Secretary-General Noureddine Tabboubi said there "are a thousand red lines" against privatisation. UGTT spokesman Sami Tahri added that the "Carthage Accord is not a trading licence to threaten us with."

Other businessmen spoke out privately against the UGTT, however, saying it was partially to blame for Tunisia's economic stagnation and for the "endless spiral" of foreign debt the country is struggling to overcome, as much of the loans went towards raised public salaries claimed by the union.

Former Finance Minister Houcine Dimassi said "2018's draft budget law showed that the country has entered a dangerous stage. Since 2011, 60% of the budget spending went to pay salaries and 30% to pay back debt."

"In 2018, we will enter a stage of severe indebtedness," he added.

"Figures about the debt send shivers down the spine," said economist Houcine Ben Achour, who pointed out that foreign debt jumped from $6.2 billion in 2010 to $13.7 billion in 2016 and an estimated $16.9 billion in 2017.

The government expects to increase both the value added tax and the employers' contribution to social benefits for workers by 1%, in addition to increasing taxes on imported cars, telephones and other telecommunication gear, transport, tourism, petroleum products and other consumer goods, the budget blueprint states.

Whether Bouchamaoui follows through on her threat to withdraw from Carthage Accord, the group is unlikely to hold as much sway as the UGTT, which, UTICA's economic affairs chief Nafaa Neifar said, "got all [it] asked for from the government."

A UGTT spokesman announced that talks with the government and UTICA over wage raises for hydrocarbon transportation and petrol station workers had failed and a strike was called for midnight October 25.

Downtown Tunis was soon choked with traffic as residents lined up to fill their vehicles' tanks before the deadline. However, no strike occurred and the announcement was then seen as an attempt to influence negotiations.

World Bank highlights Morocco's achievements but sees youth employment as 'daunting challenge'

Saad Guerraoui

Casablanca

Morocco has made undeniable economic progress in the past 15 years but youth employment poses a "daunting challenge," a World Bank report stated.

Titled "Morocco 2040: Emerging by Investing in Intangible Capital," the report praised Rabat for improving the average standard of living and access to basic public services and for significantly developing public infrastructure.

"These achievements have enabled the kingdom to launch a process of economic convergence with southern European countries (France, Italy, Portugal and Spain)," the report said.

It predicted that Morocco's per person GDP could reach 45% of that of southern Europe in 2040 — it is currently 22% — if it took advantage of its assets and reduced its weaknesses, including political instability in parts of the country.

Moroccan economist El Mehdi Fakir said the report was technically credible because it focused more on the qualitative aspects than the quantitative ones. "What's the point of developing an economy if the conditions and driving forces of a durable development are not there?" asked Fakir.

The report stated that Morocco's economic progress was reflected in growth performance, improvement in the population's standard of living, more access to basic public services and significant public infrastructure development.

It also warned that the country lags in the integration of young people into the economic and social mainstream.

"With roughly only one-in-two young people between the ages of 25 and 35 years employed, in a job that is often informal and insecure, youth employment poses a daunting challenge," noted the report.

Fakir acknowledged that Morocco had improved in many aspects but warned that a strong development model was still some ways off.

"When we see foreign direct investments pouring in, we think that Morocco is an attractive country but its development model is hampered by many factors, such as corruption, mismanagement, degrading educational system and bureaucracy," he said.

One bright spot for Morocco has been the National Initiative for Human Development (INDH), which was launched in 2005 with the aim of assisting the government in fighting poverty, precariousness and social exclusion.

Hania Lamrani Alaoui, head of communications at INDH, said the initiative "eyes the poorest areas in Morocco based on the statistics of the High Planning Commission to help improve their standard of living."

From 2005-16, the number of INDH beneficiaries reached 10 million, 50% of whom were in rural areas, with total investment of $4.2 billion. There were 44,000 projects and 8,800 income-generating activities that benefited 132,000 recipients.

"We have conventions with governmental institutions to support youth training and employment," Alaoui said.

Fakir called for a quality educational system that would help boost youth employment and meet the economy's needs.

"What we are doing in Morocco is focusing on developing the economy and then adjusting education because there is simply no development research," he said.

The World Bank report called for the modernisation of the productivity model, including the reform of the labour code, improvement in public institutions and services and investment in social and human capital.

"We have some counterproductive public institutions that reinforce mistrust and worsen corruption. Their overhaul is a must because they reflect the country's image," said Fakir. "There are improvements but we need a radical cultural change within public institutions in order to have an efficient administration."

Briefs

Eastern Libyan central bank launches its own coins

Authorities in eastern Libya will circulate their own coins for the first time to ease shortages of money, a central bank official said, in another sign of disunity in the country that has two rival governments in east and west.

The new coins, made in Russia, will join Russian-made paper currency issued in the eastern half of the country, which is outside the control of the UN-recognised government based in Tripoli in the west.

Libya, once one of the richest countries in Africa, faced a sharp decline in living standards since a 2011 NATO-backed uprising toppled dictator Muammar Qaddafi.

(Reuters)

Saudi Arabia launches mega-zone on Red Sea

Saudi Arabia has announced the launch of an independent economic zone on the Red Sea, three times the size of Cyprus and with $500 billion in projected investments.

The zone, dubbed NEOM, covers an uninterrupted coastline of nearly 470km in north-western Saudi Arabia and is to extend into neighbouring Jordan and Egypt, a statement released by the kingdom's Public Investment Fund said.

(Agence France-Presse)

Qatar agrees to minimum wage as part of labour reforms

World Cup 2022 host Qatar, under global scrutiny over its alleged ill-treatment of foreign workers, agreed to a range of labour reforms, including the introduction of a minimum wage.

Other proposed changes include job contracts being lodged with the government so they cannot be changed on arrival in Qatar and employers no longer being able to stop staff from leaving the country.

State media announced the gas-rich emirate had signed bilateral accords with 36 countries, from which it draws most of its 2 million-person foreign workforce, to provide legal protection for workers.

(Agence France-Presse)

Turkey says it will help Iraq restore pipeline

Turkish President Recep Tayyip Erdogan said his country was prepared to help Iraq's central government export oil through a pipeline that would largely bypass Iraq's Kurdish region.

Speaking alongside Iraqi Prime Minister Haider al-Abadi, Erdogan said talks were under way on a possible move to close Turkey's border with the autonomous Kurdish region, which had a non-binding referendum on independence in September. Both Turkey and Iraq strongly opposed the vote.

(The Associated Press)