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## **REPORT:**

### **AACC participation at Experts' Group Meeting & Round Table organized by the Arab Program Unit of the UNIDO, Vienna, 24/29 November 2011**



#### **KHOUJA: PRACTICAL PROPOSALS TO REDUCE ARAB UNEMPLOYMENT RATES**

The Arab Program of the United Nations Industrial Development Organization "UNIDO" held a Round Table Forum for a group of experts under the title of "Youth Participation in the Overall Economic Development in the Arab Region" on November 24/29, 2011.

The participants surveyed the challenges facing Arab youth, the opportunities, and the role that can be played by the UN agency in opening up a promising future to Arab manpower.

The Secretary General of the Austro-Arab Chamber of Commerce, Engineer Mouddar Khouja, pointed out in his presentation, the economic situation in the Arab countries, noting that one of the most important reasons that led to the outbreak of the recent revolutions was the deteriorating economic situation suffered by the people in the rebellious states. Khouja cited the economic state in Egypt, quoting the results of a recent poll conducted by the Institute of GFK (a German market research institute), that the economic problems came in second place among the causes of the youth revolution against the Egyptian regime in the past. Only 24% of the participants in the survey said that the cause was the economic situation, whereas administrative corruption occupied place one. Khouja pointed out that the economic situation presented itself again strongly *after* the revolution. According to the survey, it was only after the onset of the revolution that the number of those who believed that the economic problems were the cause went up to 43%, and those who believed that administrative corruption was the cause went down to 8%, thus bringing all down to the economic difficulties and their reflection on all the walks of life. The 43% of the participants set safety and security on Egypt's streets as their first priority, then the improvement of the economic situation and the reduction of unemployment. 57% believe that the economic boom will come in the period of 1 to 5 years.

The Secretary General of the Austro Arab Chamber of Commerce presented some reasons that induce the high rate of unemployment in the Arab countries such as the population growth that is disproportional to the economic growth. He said that the population in the Arab world is doubling every three decades, while the doubling of population in Western countries occurs every 114 years.

He went on saying that the existing gap between the private sector and education in all its sectors, and the lack of partnership or coordination between the private economic institutions and the education authorities is another reason for the explosion of unemployment in the Arab countries. In addition to the failure of developmental programs that take care of social affairs inside the Arab societies and the concomitant growth of the economy that is not suitable.

Khouja referred to the contradictions in the job markets of a number of Arab countries where the need and hiring of foreign crafts is increasing and at the same time the rate of unemployment on the local basis, too. As an example he mentioned the Sultanate of Oman and Bahrain where the rate of unemployment reached 15% and in Saudi Arabia 10%. In Libya, before the revolution, the rate of unemployment was 30%. Khouja lead this problem back to the alienation of education and vocational training of the countries from the needs of the countries for economic development. Education in the Arab countries is going in one direction whereas development is going in the opposite direction. This is what leads to what is known as "structural unemployment". The responsibility in this, according to Khouja, goes back to the failure of the legislature in many a country in molding legal structures that enhance investment and the generation of major projects in the private sector in addition to the bureaucratic measures in dealing with these projects.

Proposing suggestions for the solution of this problem the Secretary General called upon the Arab countries to follow the example of other countries that were able to master unemployment and reduce the rate to 3.9% (as in Austria) the real rate being 6.9%. He said that Austria had the lowest rate of unemployment in Europe where the average is 9.7%.

He also pointed out that Austria depends on social partnership to guarantee the issuance of legislations that ensure social harmony. He elaborated on this point explaining that this partnership is based on the following: the legislator asks for the advice of the competent ministries in labor, economics and social affairs in addition to the NGOs such as the economic chambers, the federal economic chambers, the general unions and the representatives of civil servants. Not a single law that deals with labor or social issues is passed without being discussed into the smallest detail by these groups mentioned earlier. This eventually leads to the passing of laws that serve the needs of the labor market and the outcome is a balance between employers and employees.

Khouja recommended that businessmen and owners of economic institutions find a kind of common cooperation basis to support and promote educational and vocational training, especially in larger companies. The companies should become a part of the educational system and play a greater role. He noted that the educational system in Austria is based on the regular schools and other professional and specialized higher institutes and universities; and although this same system exists in many Arab countries, it is either weak or far from the labor market and its requirements.

Khouja urged that there is a dire need for a practical experience represented by the managers of companies and economic institutions. This experience has to be integrated in the educational system and in order to provide the functional and applied side to the students so as to enhance their practical development alongside with the theoretical part of education.



Khouja elaborated, furthermore, that the establishment of economic units based on scientific foundations to keep pace with the actual requirements of the labor market and to develop the system of personnel management by creating units for the development of scientific and technical innovations and the development of procurement mechanisms, in order to complete the sustainable value added chain, of would be one practical solution.

Khouja provided the example of creative Arab projects; the Qatari Silatech foundation. This foundation works on creating job and innovation opportunities by operating through its several institutions to facilitate work and projects for the Arab youth in offering and concentrating strategically on training according to the needs of the market.

Finally, Khouja pointed out an idea of Counselor Nabil Kuzbari, the Arab President of the Austro Arab Chamber of Commerce that he had in the nineties: the establishment of an Arab "Supermarket" called "Our Goods" that sells Arab products in the Arab countries. This would open many job opportunities and for investment and inter- trade exchange between these countries.