

**Report from the Annual Meeting and Conference, Brussels, Belgium,
December 4th - 5th 2012**

Participants

Ahmed Al Saati (BCCI), Basil Al Awami (FGCCCC), Abdulrahim Naqi (FGCCCC), Nabeel Abdulrahman al Mahmood (BCCI), Ziad Homsy (JCI), Dina Khayyat (JCI), Maher Al-Mahrouq (JCI), Fadel Allabadi (ACI), Yousri Tinawy (FEI), Mohamed Shoukry (FEI), Shahat Selim (FEI), Mosa Bin Jaafar Al Mousawi (OCCI), Ahmed Bin Saleh Baabood (OCCI), Ahmed Abu Nahia (QCCI), Sid Ahmed Tibaoui (FCE), Mehdi Bendimerad (FCE), Saad Oueini (ALI), Armal Moussallem (ALI), Amanda Drisgaard Hansen (DIBD), Niels Tanderup Kristensen (DIBD), Meriame Filali Adib (CGEM), Najeeb Al Hamer (BCCI), Mohammed Al Sharif (MCCI), Saleh Al Sharqi (QCCI), Shaban I. Almentaser (LBC), Mohamed Taher Yousef (LBC), Abdurazzag Ben Suleiman (LBC), Mouloud Hedir (FCE), Abdulnaser Ben Nfaa (LBC), George Ayyash (IFP Qatar), Jacob Kjeldsen (DIBD),

Conference “Reform Growth in Arab-EU Trade“

On the first day of the meeting the members participated in a conference co-hosted by Friends of Europe, the Confederation of Danish Industry, and the AE-Network on the possible future developments in the trade relations between EU and the Arab World as well as the policy recommendations made by the AE-Network.

The first part of the conference featured a panel debate on the new possibilities of Arab-EU trade after the Arab Spring and the role of the European Union in this process. The panelists consisted of Peter Balas (European Commission Deputy Director General for Trade), Abdul Rahim Hassan Naqi (Secretary General of FGCCCC), Sajjad Karim (Member of the European Parliament Delegations for Relations with the Mashreq Countries and EU-Egypt Task Force Representative), Dina Khayyat (Board Member, JCI), Alar Olljum (Adviser for North Africa, Middle East, Arabian Peninsula, Iran and Iraq for the European External Action Service), Louis Telemachou (Cyprus Ambassador to the Political and Security Committee of the EU), Sid Ahmed Tibaoui (President of the AE-Network) and Ilham Zhiri (Founder and President of the Moroccan Women’s Network for Mentoring).

The debate was moderated by Shada Islam, Head of Policy, Friends of Europe.

The political and economic tracks in these fast-changing nations are deeply interconnected. "Corruption, cronyism, the absence of democratic representation are all of the things that have led to the types of revolutionary change that has happened. They have significant effects on economic activity and investment decisions. All of these things need to be addressed", said **Sajjad Karim**, Member of the European Parliament Delegation for Relations with the Mashreq Countries and an EU-Egypt Task Force Representative.

Success on both tracks can only be assured if economic growth is inclusive; shared through all sectors of society, rather than kept for the wealthiest as was often the case in the past. "Economic growth and political stability are only sustainable if the growth is inclusive. We have to ensure that the growth will be inclusive, that it will address the issues of women's empowerment and youth unemployment", said **Alar Olljum**, Advisor for North Africa, Middle East, Arabian Peninsula, Iran and Iraq for the European External Action Service.

The strength of Europe's engagement could also have a decisive influence. "There is concern that perhaps given the global crisis, which is hitting Europe and the euro, that the EU might

disengage itself vis-a-vis the countries of the south and from the commitments it has made to them", said **Ahmed Tibaoui**, President of the Arab-EU Business Facilitation Network.

The European Union is the leading trade partner and investor in the countries around the Mediterranean rim. The EU is seeking to negotiate deep and comprehensive free trade agreements (DCFTA) with many countries in the region. EU foreign ministers decided, almost exactly a year ago, to launch DCFTA talks with Egypt, Jordan, Morocco and Tunisia. The accords cover a range of areas, such as trade facilitation, technical barriers to trade, health measures, investment protection, public procurement and competition policy.

"This process has been very useful" in Eastern Europe, said **Peter Balas**, European Commission Deputy Director General for Trade. "We think that investment inflows are a major growth factor for the countries of region, and creating more stable conditions for investment is an extremely important element of our relationship and the way we can help these countries".

The DCFTA negotiations, which are likely to take three years to complete, also allow the EU to focus on ways to improve economic integration and cooperation between countries of the region. This is important in helping to reduce dependence and also helps Arab countries to help themselves by improving inter-regional trade and travel. "Very often what we see, and frankly do not enjoy and appreciate, is that the EU is in the centre, and that there are spokes leading out to every single country bilaterally", said Balas. "We would like this to turn into a wheel where all along the rim countries are liberalising among themselves. The EU can promote, and encourage this but the decision is clearly in the hands of the governments".

In order to fully exploit business possibilities, speakers and members of the audience - many of them from the region - urged the European Union to reach out to the private sector. "We are looking for better and stronger relations with our friends in the EU, and we truly hope that they will continue to support the private sector. We need a focus on education, training, transfer of technology and know-how", said **Abdul Rahim Hassan Naqi**, Secretary General of the Federation of Gulf Chambers of Commerce (FGCCC).

Fadel Allabadi, Industrial Development Department Manager at the Amman Chamber of Industry, echoed those sentiments, and also encouraged Europeans to address the needs of both the public and the private sectors when it comes to aid. "We need more EU aid programmes. But we need to make sure that these programmes, which are mainly designed for the public sector, are done in consultation with the private sector, complying with private sector demands to have more impact on the business sector", he said.

To foster relations between business communities in Europe and the South, Allabadi called for a number of concrete steps to be taken. "We need more match-making events with European business partners, and why not have trade promotion offices, export trade houses, that can promote and provide services for all Arab exporters, not only single countries?" he said. European investment, he said, could be a main driver for creating job opportunities and should be channeled into high-added-value and hi-tech industries.

Speakers also drew particular attention to the need to empower women in the Mediterranean region, where they have traditionally been underemployed and their talents neglected. "Women in my country, and perhaps the whole region, total 52 percent of the population", said **Ilham Zhiri**, President of the Moroccan Women's Network for Mentoring and Networking. "We only have 25 percent of those who participate actively in the workforce, while 65 percent

graduate from university. And again; 70 percent of women in my country are still living in precarious circumstances, if not at the level of poverty".

"It is through public-private partnership that we can make things happen and really have women playing a role. We are agents of change, and we are looking for an effective, strong, sustainable partnership with the European Union to empower women and also to help the next generation of young people", she said. Zhiri and other speakers also voiced concern at the chronic unemployment among young people, and particularly well-educated people including university graduates.

Louis Telemachou, Cyprus Ambassador to the EU's Political and Security Committee, emphasised that Europe was doing its best to help in this regard. But he sounded a note of caution, as the EU is wary of imposing its views. "We want to extend a hand to help these countries to include all members of society in the new societies that they want to create. We are not going to do the work for them, we actually should not interfere, this is not our job", he said. "But we should encourage the new societies being built to be more inclusive in terms of minorities and to be more inclusive in terms of women".

Touching on a contentious topic that found resonance among many listeners, the FGCCC's **Naqi** urged Europe to further open its market to Arab businesspeople by cutting red tape for those seeking Schengen area visas. He said it was far easier to obtain visas for Britain and the United States than for continental Europe. "We need to facilitate visas for the businessman from the Gulf area. It is a shame, in 2012, to be asking Europe about visas", he said.

But **Telemachou** noted that Europe had taken many years to create the Schengen area, and that travel is not very easy for people in the region wishing to do business with their neighbours. "What are the initiatives taken among the Arab world to help business people travel within the region? How easy is it for a Libyan businessperson to visit one of their neighbouring countries and promote their exports? So, I would argue that the first step on this is to facilitate visas among the Arab states themselves. Then we, as the EU, we will also have our homework to do", he said.

Above all, the European speakers emphasised the so-called "more for more" principle, whereby the EU has stood ready to reward nations in the region for any additional progress they might make on democratic reforms. "Ultimate responsibility rests with the states themselves, to want to bring about the sort of changes that are required", said MEP **Karim**.

Yet those from both the North and the South acknowledged that, whatever the challenges, the Arab uprisings could become a well spring of economic opportunity for all. "Yes, there are fears that there will be a flood of cheap goods, of cheap labour, etc. But actually it's a win-win situation. In fact, the economic gains quite often come to the more advanced partner. Both sides would win, but we would win more in fact." said the EU External Action Service's **Olljum**.

Tibaoui said: "The EU must consider the countries of the south as real partners, and encourage companies to invest there because the environment is favourable and because today, Europe is in crisis. It can reclaim some of the market share that it has lost in our countries through investment and co-development." Meanwhile, **Naqi**, from the Gulf Chambers of Commerce, had a final word for the European business community: "In 2010, 51 billion euros was invested in the Gulf area. Your investment is more secure in Arab countries than in Europe, and it is guaranteed."

QUOTES:

Peter Balas, European Commission Deputy Director General for Trade

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[For a photos and other info from the Conference, please see this link](#)

After a networking lunch the day continued with a workshop on specific instruments under the ENP, including the DCFTAs and Rules of Origin. The workshop was moderated by Adrian Van Den Hoven, Director of International Relations, Businesseurope.

Workshops

During this workshop four speakers gave their views on issues concerning Rules of Origin and the Euro-Mediterranean countries. The speakers were Ziad Homsy (Vice President, JCI), Pierre-Jacques Larrieu (Head of Unit, Rules of Origin, DG TAXUD, European Commission), Ali

Nakai (International Director, UTICA) and Olivier de Laroussilhe (Head of Unit, Trade Relations with Euromed and the Middle East, European Commission)

Main issues raised were the DCFTAs and the Rules of Origin (RoO). Mr. Larrieu from DG TAXUD gave a presentation concerning the RoO and the Pan-Euro-Mediterranean convention, highlighting the fact that the ambition of the PEM convention is to base diagonal cumulation of origin in a single legal instrument without separate protocols on RoO, which should lead to a revision and simplification of the rules.

In the eyes of as well Mr. Homsy as Mr. Nakai, the full potential of the DCFTAs in terms of export and growth in their respective countries has not been reached, which they believe is mainly due to the fact that the RoO are too complex and hence do not facilitate trade.

However, from the perspective of Mr. de Laroussilhe the main reason for the missing rise in export from and investment in the MENA countries despite the DCFTAs is the lack of diversification in the economies in the MENA region.

Mr. Van Den Hoven concluded the debate by encouraging the BMOs to bring up specific problems concerning the RoOs if they wish to have impact on policy-making. He also stressed the need for the BMOs to involve the European Industry Sectors to have larger impact and influence. Lastly, Mr. Van Den Hoven recommended that the industry organisations from the countries try to get access to free trade negotiations, so that they are not held 'in secret'.

Van Den Hoven also moderated the second workshop which focused on specific instruments concerning food safety and veterinary policies in Arab-EU trade.

This workshop featured presentations by Ulrich Weigl (Deputy Head of Unit, Agriculture, Fisheries, Sanitary and Phytosanitary Market Access, DG Trade, European Commission), Lorenzo Terz (Head of Unit, International Relations, DG SANCO, European Commission) and Yousri Tinawy (Executive Director, Chamber of Food Industry in Egypt).

The main issues raised were about the SPS rules. Mr. Weigl from DG Trade gave a presentation of the background and development of the rules. He stressed the fact that the rules are based on scientific evidence and that the removal of a restriction can only take place if it has been proved that it will not pose a threat to the health safety of consumers.

Mr. Terzi from DG SANCO added to this by explaining that the EU food laws need to have:

- All member states presenting credible inspection and control systems
- All food and feed operators showing: liability, traceability, reporting
- Risk based controls
- Specific requirements: hygiene rules, animal and plant health management,

He highlighted the fact that the same rules apply to countries outside the EU and that there are no short cuts when it comes to food safety. He also noted that the EU was the largest food importer in the world and had the most open and accessible regulations. Since animal health poses the biggest challenge, Mr. Terzi encouraged the MENA countries to invest in animal health through long term control strategies such as infrastructure, animal ID, and movement controls; measures that will present the states with significant costs, but are essential if they want to increase their trade with the EU.

It is worth noting that both workshops saw a lot of attention from the audience and many questions were raised by the attendees.

Annual Meeting

On day two the delegates of the AE-Network gathered at the Radisson Royal for the Annual Meeting of the AE-Network.

At the beginning of the meeting Jacob Kjeldsen, International Director, Danish Industry, gave a brief introduction to DI as an organization and to the main services that DI provides its members. He also gave a description of the broad range of members as well as of how DI focuses on entrepreneurship and provides new companies with a two-year period of fee-free membership. Kjeldsen also mentioned how DI takes action on a local as well as a global level; hence DI has a strong representation in Brussels and offices in e.g. Russia, India and USA.

Kjeldsen also noted that DI will be happy to provide its sister-organizations in the MENA region with relevant training and seminars as part of the AE-Network.

Following the introduction by Jacob Kjeldsen, Chief Economist Fabian Zuleeg, the European Policy Centre (EPC), presented his views of the challenges that the European Union currently is facing. His main focus was on the challenges such as climate changes, population aging, globalization and the financial crisis, and the effect of these challenges on future policy-making at the EU-level. Following his presentation, Zuleeg answered questions from the delegates.

Furthermore, Zuleeg emphasized that even though the 27 EU-countries are very different, the EU has proved itself to be a very strong unity and overall has some of the best positions in the world in terms of educational level, wealth, green development, innovation and trade. Zuleeg believes that this overall position should be an inspiration for other countries to engage in similar relations.

Selection of focus areas for 2013

Niels Tanderup Kristensen gave a short update on the Annual Report of the AE-Network, and how the members have chosen five main objectives that are of common interest to all. He also highlighted that the main objectives of the AE-network is to speak with one voice and thereby improve the impact of the network on policymaking.

Following this brief update the delegates took part in a workshop during which each member was to choose the three most important areas on which they believed the AE-Network should focus in 2013. The focus areas were divided into two categories; the intraregional level and the MENA-EU level.

There was a long list of different incoming proposals:

Intraregional level:

- Rules of Origin
- Improved education
- Increase of human resources
- Lack of good management/leadership
- Industrial integration is low, across borders/markets
- Lack of innovation
- Economical unity
- Business facilitation

- Increased meeting between organisations to build partnerships
- Border issues
- Political stability (difficult to attract investors without it)
- Improving the rule of law
- Unified standards across the region

Between the MENA and the EU:

- Rules of Origin; more sector-specific
- Technical barriers to export to the EU
- Assessment of the bilateral FTA's to be able to compare them
- Visa issuing
- B2B/match-making
- EU-role in political reform in the MENA region
- Transfer of technology to the MENA region
- Limited access from the MENA region to the EU institutions
- The impact of EU-funded support programs
- Improved information flow between the local EU-missions and the members of the AE-network/business organisations
- The impact of the macro-level image of the region in the eyes of the EU policy-makers
- Establishment of a regional EFSA office in the MENA region

During the session it became clear that there was a lot of overlapping between the previous and current focus areas of the AE-Network and the incoming proposals. In summary 8 issues could cover all the above, being:

1. Access to EU-markets,
2. Harmonizing of standards,
3. Export know-how,
4. Vocational training,
5. SME environment,
6. Anti-corruption,
7. Rules of origin
8. Visa.

Trough a referendum the members of the AE-Network choose to continue working with the following focus areas:

- 1) Access to EU markets,
- 2) Vocational training,
- 3) SME environment and
- 4) Rules of origin.

Endorsement of the Annual Report

The members then collectively adopted the Annual Report of 2012 without any changes and upon wishes from the present Gulf-countries it was decided that they should also be given the opportunity to become signatories of the report. Translation and publication of the annual report is on its way and will be finalized in January.

Next Steps (tentative calendar for 2013)

Finally, the agendas and possible dates of the working group meetings in 2013 were outlined.

1st Working Group Meeting in Doha, Qatar – February 27-28.

Agenda: To outline issues in more detail and plan what kind of activities the network should organize in order to meet the challenges within the focus areas; what are the activities that the network can do in order to make a change. Who are the stakeholders and how do we engage them nationally and regionally?

2nd Working Group Meeting in Jordan, Resort by the Dead Sea (To be confirmed)

Agenda: Finalise issues and position papers in more detail and develop business advocacy campaigns with clear division of tasks and calendar for activities. Define new issues if necessary from the list above.

Farewell Dinner

In the evening a farewell dinner was hosted by the Danish Ambassador to the European Political Security Committee, Mr. Lars Faaborg-Andersen. The ambassador delivered a speech wherein he stressed the importance of the network and its unique timing in the aftermaths of the Arab spring. He also highlighted the steps being taken by the European Union as a consequence to the recent developments in the Israeli-Palestinian conflict.

Thank you for your continued support
Niels Tanderup Kristensen
Manager, DI

NB: All presentations will be uploaded on the [website](#) of the network in the coming week