

Report of the Working Group meeting in Beirut, Lebanon

June 4-5th, 2012

Participants: *Lebanon: Association of Lebanese Industrialists (ALI), Morocco: Confédération Générale des Entreprises du Maroc (CGEM), Syria: Damascus Chamber of Industry (DCI), Tunisia: Union Tunésienne de l'Industrie, du Commerce et de l'Artisanat (UTICA), Egypt: Federation of Egyptian Industries (FEI), Jordan: Jordan Chamber of Industry (JCI), Algeria: Forum des Chefs des Entreprises (FCE), Denmark: Confederation Of Danish Industry (DI).*

Absent: *Libya: Libyan Businessmen Council (LBC)*

Introduction

The second 2012 working group meeting of the Arab-EU Business Facilitation Network took place in Beirut, Lebanon on June 4-5 and was kindly hosted by the Association of Lebanese Industrialist (ALI). The working group was organised around three policy issues decided upon at the 2011 annual meeting in Copenhagen: 1) Education, 2) International Trade Politics and 3) SME Environment.

The objective of the meeting was first of all a further prioritization of the three chosen issues in order to enable feasible implementation of policy advocacy strategies, herein measurable goals. This objective relied on the work and data collection completed since the first 2012 meeting in Amman in March. A second objective was to develop best practice catalogues based on the practices of each participating organisation in their respective home contexts in order to create a practically usable tool for all members of the network in their works with policy advocacy *and* member services.

Plenary session

The working group session was opened by a plenary session with high-level key note speakers. The opening speech was given by his excellence, the Danish Ambassador to Lebanon, Mr. Jan Top Christensen. The ambassador talked about the different drivers that led to the Arab uprisings and gave his insights on the future challenges and opportunities. His intervention called for actions to be taken to improve the private sector and to facilitate economic growth by reducing burdensome legislation and corruption. He furthermore emphasized that political stability, good economic governance and social development was interlinked and essential issues to pursue.

Following the ambassador, Mr. Gaby Tamer, Vice President of the General Union of Chambers of Commerce and Vice President of the Chamber of Commerce of Lebanon, welcomed the network to Beirut. He emphasised the need to implement the various free trade agreements in the region and to work for a sound business environment.

Mr. Francisco Lopez-Menchero, Economic Development Programme Manager, EU Delegation to Lebanon, presented a detailed overview of all EU activities in the MENA region with special emphasis on the funds granted to Lebanon under the EU Neighborhood Policy. The EU is funding supports to improve legislation, minimise corruption and set-up incentives for local business incubators and credit guarantees etc.

The final guest speaker of the meeting was Mr. Antonio Fanelli, Deputy Head - Private Sector Development Division, Directorate for Enterprise and Financial Affairs, OECD. Mr. Fanelli presented macro-economic data and statistics for the region – especially as pertaining to the topic of SME development. This presentation took point of departure in a forthcoming OECD publication on SMEs in the MENA regions entitled “Firm Creation in the business life course: MENA Countries in the Global Context”.

Working sessions

DI experts on Education and SME Policy joined the meeting in Beirut in order to present best practices and to assist on the facilitation of the discussions in the working group meetings.

Ms. Sarah Gade Hansen, Senior Advisor on Education, presented key data from the MENA region with regards to benchmarking of each country vis-à-vis regional and international educational levels. She presented how DI works with educational policy advocacy as well as some best practices from a Danish context.

Mr. Sune Jensen, Senior Advisor on SMEs, presented how DI works with creating an enabling environment for SMEs and to create awareness of the importance of SMEs for the economy. Mr. Jensen presented ideas for benefitting SMEs in the MENA region and proposed the introduction of a MENA Small Business Act as well as benchmarking of SME business environment in order to persuade governments to take action on this issue that could significantly strengthen growth and employment. The presentations of both DI experts are attached.

Following the presentations each organisation in the network presented their work with regards to the three policy issues and made a distinction between challenges that related to business services or to policy advocacy as well as identified which challenges had a short, medium or long term perspective of a successful change. Regarding education, it was prioritized to work with vocational and educational training and on the issues related to the immediate future.

| Division of Education Challenges to prioritize issues | | |
|---|----------------------|--------------------|
| Short Term | Medium Term | Long Term |
| Vocational Training | Lack of Rural Access | Youth Unemployment |
| Lack of long term strategy | Low Budget | Brain Drain |
| Low quality | | Lack of Innovation |
| Skills mismatch | | Female Access |
| Outdated Curriculum | | |

Concerning SMEs, the following subjects were prioritized and divided according to member services and policy.

| Division of Education Challenges to prioritize issues | | |
|---|---|---|
| Challenges | Services | Policy |
| Access to Information | - Information Dissemination - Consulting services to members | - Public-Private Partnerships - Sectoral information centres |

| | | |
|-----------------------------------|---|--|
| Foreign Market Access | <ul style="list-style-type: none"> - Information Dissemination - Direct Training - Study Tours | <ul style="list-style-type: none"> - Public-Private Partnerships - Get a mandate to negotiate on behalf of members - Lobby to keep subsidies on export promotion |
| Access to Finance | <ul style="list-style-type: none"> - Increase competition among banks - Surveillance of financial markets/banks - Seminars alone or together with EU - Pressure banks to widen service-range - Partnership with Banks | <ul style="list-style-type: none"> - Regional Investment Centres (CRI) - ANPME (Public agency aiming to promote SME) - Micro-Finance Instruments (incl. savings and loans associations) e.g. INDH (Initiative Nationale pour le développement humain) |
| Training (Human Resources) | <ul style="list-style-type: none"> - Either direct training or through EU - Training of trainers - Training of job-seekers - Internships and student employees - Knowledge Pilot (subsidize academic employees in SMEs) (Denmark) | <ul style="list-style-type: none"> - Donor cooperation - Bench-Marking - Public-Private Partnership - Participation in University boards (Morocco) - Vocational training through public-private partnerships (Morocco) |
| Innovation | <ul style="list-style-type: none"> - Innovation Café (linking academia with member companies) (Egypt) - Case Competition at Universities, incl. across disciplines (Denmark) - Sign conventions on intellectual property in partnership with academia and government (Morocco) | <ul style="list-style-type: none"> - Public-Private Partnerships (Innovation Centre) - Cluster-Creation |

Rules of origin

There was also a brief debate on the issue of Trade Policy and Trade Facilitation – particularly regarding Rules of Origin. The following issues were discussed in the network:

- A fair trade regime that would require a move away from double to single transformation
- A general wish for the MENA region to obtain the same preferential trade agreements with the EU as the ACP countries
- It was agreed that the essence of the problem is that current RoO are too complex and that RoO are not transparent enough
- RoO do not benefit economic or social development and RoO should be fair
- RoO should be changed sector by sector, but a good starting point could be textile

Work plan (Homework)

- All organizations should continue with the implementation of the 2011 issues. Please refer to the [checklist handed out in Amman](#) for an overview.
- For the 2012 issues (SMEs and Vocational Education), each organization will submit to DI (Niels) a brief description of their experiences with regards to the identified best practices. Please use the format in the template for submission and please be as detailed and specific as possible (see yellow highlights). Feel free to add further best practices.
- Complete the questions in the template concerning rules of origin.
- DEADLINE is end of June. If needed, funds for external consultants are available upon request.

Next meetings

- FCE kindly offered to host the third working group meeting in Algiers on September 12-13th 2012
- It was confirmed that the 2012 annual meeting will take place in Brussels in December (date to be specified) in order to allow for the successful implementation of a policy advocacy campaign targeted at the EU institutions, while drawing on the extensive network and local office in Brussels of DI.
- A SMV conference – as part of the advocacy initiatives of the network – would be organised in the GCC in late March next year.