

ARAB-EU

Business Facilitation Network

3rd Working group meeting, Copenhagen, Denmark, September 29th 2014

Participating Delegations:

Algeria

Forum des Chefs des Entreprises

Denmark

Confederation of Danish Industry

Egypt

- Chamber of Food Industries (CFI) Environmental
- Compliance Office and Sustainable Development (ECO SD)
Both from Federation of Egyptian Industries (FEI)

GCC

Bahrain Chamber of Commerce
Council of Saudi Chambers of Commerce
Qatar Chamber of Commerce & Industry
Federation of GCC Chamber

Jordan

Jordan Chamber of Industry (JCI)

Libya

Libyan Businessmen Council (LBC)

Morocco

Confédération Generale des Entreprises du Maroc (CGEM)

Syria

Damascus Chamber of Industries (DCI)

Oman

Oman Chamber of Commerce & Industry

Palestine

FPCCIA

Qatar

IFP Qatar

Tunisia

UTICA

UAE

Sharjah Chamber of Commerce

Summary

The third working group meeting of 2014 took place in Copenhagen, Denmark, on September 29th, 2014 and was hosted at the Confederation of Danish Industry (DI) in conjunction with the DI Annual Business Summit. The working group meeting was the third in the 2014 project circle. The discussions were focused on SME policies, strategies for policy advocacy and cross border co-operation. The agenda included items such as presentations on the upcoming MENA Benchmark Report and DI's Efforts towards SMEs as well as a review of the SME conference in Jordan. The morning also included a workshop on how the MENA Benchmark report could be used as a tool for policy advocacy and progress mapping. The afternoon included a presentation from the Danish Business Authority on how to make public bureaucracy in Denmark more efficient, a presentation on EU-GCC Trade Relations and a presentation on a Vocational Training Gap Analysis in Egypt. Lastly, the work plan for 2015 was presented.

Welcome and Introduction

Thomas Bustrup, Deputy Director General, DI

Mr. Bustrup started the morning by welcoming all the esteemed guests to DI, followed by a brief history of DI and Danish Politics and the composition of the Danish economy. As a point in case he noted how DI's annual general meeting is always hosted one week before the opening of the Danish parliament in order to ensure that DI's top priorities are manifested on the political agenda. The main item on DI's agenda for the coming year is the question of how to attract more international labor to Denmark, since Denmark is running short on both high skilled and low skilled labor. Denmark is often regarded as a knowledge intensive service economy, but the manufacturing sector in Denmark is still around 19% of GDP and an important component in driving innovation forward in Denmark, as production and innovation goes hand in hand.

Introduction to DI's Efforts towards SMEs

Sidsel Dyrholm Holst, Director of SME's and Entrepreneurship, DI

Ms. Dyrholm discussed DI's efforts towards SMEs (DI defines SMEs as companies with less than 100 employees) and explained how one of the main tasks is to ease the administrative burdens. One challenge SMEs face in Denmark, is that they primarily rely on bank loans for financing, which has become difficult to obtain following the financial crisis. To accommodate this, and to support SMEs in general, DI is working together with the government to find alternative financing methods. In addition, DI is providing digital tools to increase productivity and ease the communication with the public sector. As a part of the dialogue with the public sector, DI also invites key civil servants on "study tours" to SMEs so the policy makers get a firsthand experience of how an SME works.

In order to increase the attractiveness for SMEs to join DI, new young SMEs (less than five years old) get free membership for the first year.

Output from SME Regional Conference, Amman, April 2014

Hiba Abu Taleb, Deputy Director, Jordan Chamber of Industry (JCI)

Ms. Taleb discussed the JCI SME Empowerment Roadmap for Chambers and Business Associations (CBAs). In April 2014 JCI and partners hosted an SME conference over two days, with the focus on helping CBAs to work with, and empowering, SMEs in the region. As a result of this conference, JCI has created a roadmap for CBAs to take this agenda further. It was noted how a change of mindset is needed in the environment for SMEs and CBAs to work better together. Discussions revolved around what CBAs can do for SMEs and what the expectations are for the SMEs when it comes to CBAs. The discussion on how to influence governments on SME business environment was depicted as a mouse and cat game or Tom vs Jerry. There was a general feel that the private sector could push for an agenda over and over again, but in reality it was difficult to have the ears and eyes of the government.

Progress of MENA Benchmark Report

Iman Awadh, Consultant and Oleg Izgorodin, Analyst, DI

Ms. Awadh and Mr. Izgorodin from DI presented the work DI had done on the MENA Benchmark Report, which is an analytical tool currently being developed on behalf of the AE-network. The aim of the report is threefold:

1. To provide a tool for monitoring and benchmarking the macroeconomic environment and the development of the general business environment in the MENA region and compare it to advanced economies and high growth emerging markets.
2. To highlight important economic and policy developments relevant to the SME sector.
3. To identify good policies and practices and exchange them on a regular basis.

The report includes a business environment index which is composed by five areas: (1) Institutions, (2) Infrastructure, (3) Access to Finances, (4) Innovation, Entrepreneurship and Human Capital, and (5) Market Sophistication. Based on these results, the report will assess the quality of the business environment and be the to-go-to source for analyzing and ranking business environments in the MENA region. The initial data collection has revealed preliminary results, and the final report is expected to be published in January 2015.

Interactive session: using a benchmark report in practice

Jes Lerche, Senior Advisor, MMV & Entrepreneurship, DI

Mr. Lerche presented DI's Global Benchmark Report, which has been published for the past 10 years, and is used by DI to inform the government on the areas in which it could improve the business environment. One example is the administrative burdens in Denmark, which DI has lobbied to reduce. Using the benchmark report, DI managed to convince the government that business bureaucracy was too complicated compared to that of other countries. This resulted in a government led initiative called "Business Forum for Simpler Rules" that seeks to eliminate unnecessary bureaucratic rules and procedures for Danish SMEs.

In order to discuss how the AE-network members may utilize the MENA Benchmark Report an active workshop was conducted in which five groups discussed the following questions – results are listed below:

Group 1

Please discuss who to target with the MENA Benchmarking Report and how to target them.

1. *Targeting the relevant bodies, such as Governments, banks, NGOs, Media, etc. in order to tackle any problem. Moreover, partnering with those bodies (private & public) would ease the process and discard barriers (instead of cooperating with them only).*
2. *Getting high level Government Representatives in open meetings with Representatives from private sectors (face-2-face) to discuss problems and needs will improve situations.*
3. *In some cases, getting high-level leadership, such as the prime minister or other high-ranking official involved could help solve problems faster.*

Group 2:

Please discuss how to improve the abilities of your respective organizations to collect and analyze data that stems from our members' opinions (e.g. design and conducting member surveys, arrange company focus groups etc.)

1. *Improve survey design in order to maximize answer rates (big problem with response rates).*
2. *Provide feedback on survey results in order to encourage future engagements with members (perhaps through publications of the results).*
3. *Communicating the importance of the survey and policy issues.*
4. *Outsourcing data collection could be an effective solution due to capacity and HR issues.*
5. *Create focus groups to collect qualitative analysis.*

Group 3:

Please discuss how to develop services on the basis of the results of the MENA Benchmarking Report.

1. *Developing special industrial zones with certain incentives (e.g. loans with zero interest rates).*
2. *Lobbying with the government in access to finance with regulations of lower interest rates for SMEs and minimum collateral (up to 60% of the loan).*
3. *Advisory services: sensibility studies, capacity building.*
4. *Research and study units to provide data and information.*
5. *Developing committees on sectoral basis to assist firms to reduce cost and provide advice in cost and production efficiency (bidding, purchasing, linkages, as well as exchange knowhow and experience).*

Group 4:

Please discuss how to convert the results of the MENA Benchmarking Report into policy recommendations in your respective organizations.

1. *Engagement with local bodies to verify data.*
2. *Increase awareness, using PR, the Media, etc. to make the public aware of needs.*
3. *Enter into dialogue with government / right body.*

Group 5:

Please discuss how the MENA Benchmarking Report is relevant for AACCSA and may be used actively

To publish a similar report for Ethiopia (sectorally) which later could be used for ENC Africa region, (socio - economic profile).

Issues/rationale:

1. *The region is almost on the same level of development.*
2. *There is no similar reports (separate/isolated by the IFC/WB/IMF/AU, but not SME).*
3. *The report could be used as a tool for FDI Attraction.*
4. *As a way of improving the investment environment and increasing competitiveness by addressing admin hurdles.*

Foundation:

1. *Tied to DI/AACCSA partnership.*
2. *AACCSA, Dubai & MENA (B2B, etc.).*

The aim of the workshop was to discuss specific ways in which the MENA Benchmark Report could be used as a tool for policy advocacy in the region. With the report as a comparative document, interested parties can refer to this report when advocating changes in policy to the government. We will continue to work more with the report and its possible uses for the next working group meeting. The draft report will also be circulated for comments before being finalized.

Discussion of commercial politics: Opportunities and Challenges for Growth in Denmark

Anders Hoffman, Deputy Director General, Ministry of Business and Growth, Denmark

Mr. Hoffmann started out by presenting information on Danish GDP and Growth by noting how growth in GDP in Denmark is very low, even though GDP pr. Capita is still high. When it comes to sector division in Denmark, 92 % of Danish companies are SMEs with less than 10 people employed, yet more than 50% of workers are employed in companies with more than 100 employees. The majority of the “big” companies are very old, so there is a problem with SMEs being SMEs for too long and not growing into larger enterprises.

When it comes to SME policies, regulation is getting a lot of emphasis in policy circles. There is an increasing interest from the government, especially the ministry of finance, to reduce burdensome regulation. This is partly because it is a “free” way of boosting economic growth, but also because there is a growing recognition in policy circles that heavy regulations are impeding growth.

To address this Mr. Hoffman presented the government initiative *Business Forum for Simpler Rules*, which is a place where business and policy makers can discuss regulations and come up with suggestions for better regulations for all parties. The government has to *comply-or-explain* all regulation simplifications proposals sent by businesses. Often these changes or simplifications do not require changes in laws, but are often just simpler or better ways of doing things already required. The final discussions revolved around how EU regulations affects the Danish business environment, in particular relating to SMEs.

Looking ahead 2015:

Presentation on EU-GCC Economic Relations:

Abdel Aziz Abu Hamad Aluwaisheg, Assistant Secretary General, GCC

Mr. Aluwaisheg started out by noting how the GCC have some of the biggest trade surpluses in the world. It is only with the EU that the GCC does not have a trade surplus. The GCC export more than they import, but are not able to invest the surplus locally, so it is invested in American bonds or sovereign wealth funds around the world. EU-GCC have a history of cooperation, but the EU have several trade barriers preventing the GCC from exporting certain goods. China has grown in importance for the GCC in terms of trade over the last 20 years and will soon be the main trading partner on behalf of Europe.

The EU-GCC has been negotiating a Free Trade Agreement (FTA) since 1988, which has been in a deadlock since 2008. The main point of disagreement revolved around export duties on goods from GCC. In addition, the GCC had difficulties on the EU's stand on human rights. Despite these contentions more than 98% of the FTA was agreed upon.

In the future, oil and gas will continue to be a key sector, but renewable energy will increase in importance.

Discussion after the presentation revolved around how price support affects economic conditions, and why they are used and whether they are subsidies.

EU-GCC Business and Trade Facilitation Project Brief

Niels Tanderup Kristensen, DI

Mr. Kristensen briefly presented the EU-GCC Business and Trade Facilitation Project, which aims to bring together EU and GCC private sector partners to increase trade and business. It is still in the early stages and while the focus is on the GCC, the idea is to involve the AE-network where relevant. The project runs for 3 years.

Pilot Gap Analysis of Vocational Training Centers in Egypt

Yousri Tinawy, FEI/CFI

Following the last network meeting in April, FEI/CFI has conducted a pilot gap analysis on the vocational training centers (VCT) in Egypt within food and beverages industry. Mr. Tinawy presented the results of this analysis.

During the analysis, visits were made to vocational training centers, which can both be driven by universities or private sector partners. Mr. Tinawy noted how the main challenges were the lack of quality offered by the VCT. This results in the private sector not wanting to rely on the VCTs for their employees. Recommendations based on the gap analysis included to undertake more training on how to use and maintain new and old equipment, as well as training the trainers on new tech trends, as well as strengthening the relationship with the industry.

Closing Statements

Niels Tanderup Kristensen, DI

Mr. Kristensen summarized the day, outlining the status on the major activities of the network as well as the next steps of the network. As previously agreed, a formal secretariat will be opened in Amman in January 2015 with a head of the secretariat being engaged. The secretariat will support the activities of the Arab-EU Network and secure more momentum in the implementation and the impact of the network. For 2015, the network will work around three pillars:

1. The network will develop and deepen its efforts on how to improve the policy framework for SMEs as well as how chambers and business organizations can develop business services to their members. As an example, DI illustrated the services provided by DI offices around the world. DI was willing to offer these services as part of the value proposition to the network. DI is also currently working with CGEM on finding a partner for a Danish investor as well as conducting a partner search for an

Egyptian company in Denmark. One main tasks for 2015 is therefore to develop a concept for which and how the partners could offer these services to one another and integrate these into the network structure. The work on the policy framework will also be essential to map, using the new benchmarking tool developed in the network as a baseline and further develop the best practice catalogue on SMEs. A follow-up conference on the Jordan SME conference is also a task to develop in 2015.

2. Qualify the gap analysis from Egypt and see how the results could be benchmarked towards EU standards and also how the results of the pilot study could be used to undertake similar gap analysis in other sectors.
3. Finalize and implement the B2B platform with company profiles and functions (investment legislation, trade regulations etc.) and in cooperate this information into the partner organisations with support from the network secretariat so the network can showcase a regional B2B service and generate income to the network and the individual partners in the network.

Feedback from workshop

In order for the network to improve the quality of the work, we invite everyone to send their feedback and suggestions on how we can improve the content and value of the network. In essence, the network is only as good as the energy we put into it and the quality of the discussions that we have that will create more value for us. We therefore welcome your commitment and efforts and welcome any suggestions to improvements or topics to address.

Next Steps:

A draft overview of the network activities was given containing the following dates:

- January: First working group meeting in Amman, Jordan
- March: PPD Conference in Denmark (optional)
- April/May: 1st EU-GCC Business Forum in Qatar or UAE (optional)
- June: Second working group meeting in Cairo, Egypt
- October: Third working group meeting in Amman, Jordan

Points of interest

- *All presentations from the working group meeting are available on www.ae-network.com*

Yours sincerely,



Niels Tanderup Kristensen
Deputy Director,
Confederation of Danish Industry (DI)

List of Participants:

Name	Titel	Organization
Mehdi Bemdimerad	Chairman of the Board	Forum De Chef D'Entreprise
Hussain Al Mahmouudi	Director General	Sharjah Chamber of Commerce & Industry
Basil Al Awami	Senior Foreign Affairs Manager	Federation of Gulf Cooperation Council Chambers
H.E. Abdulrahim Hasan Naqi	Secretary General	Federation of Gulf Cooperation Council Chambers
Nabeel Abdulrahman Al Mahmood	CEO	Bahrain Chamber of Commerce & Industry
Yousri Tinawy	Executive Director	Federation of Egyptian Industry - Chamber of Food Industries
Eng. Ahmed Kamal	ECO Executive Director	Federation of Egyptian Industry - Environmental Compliance Office
Ziad Homsy	Board Member	Jordan Chamber of Industry
Hiba Abu Taleb	Deputy Director	Jordan Chamber of Industry
Shaban Al Mentaser	Vice Chaiman	Libyan Businessmen Council
Fadel Agoumi	Directeur Délégué	Confédération Générale des Entreprises au Maroc
Abduladeem Al Bahrainy	General Manager	Oman Chamber of Commerce & Industry
Salem Saeed Al Alawi	Board Member	Oman Chamber of Commerce & Industry
Saleh Al Sharqi	Deputy General Manager	Qatar Chamber of Commerce & Industry
Essam Zamrick	Vice President	Damascus Chamber of Industry
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Fisseha Shanko Dulo	Board Member	Addis Ababa Chamber of Commerce & Sectoral Associations
Shibesi Gebrehawariat	Vice General Secretary	Addis Ababa Chamber of Commerce & Sectoral Associations
Molla Zegeye Hailu	Board Member	Addis Ababa Chamber of Commerce & Sectoral Associations
Elias Geneti Simma	President	Addis Ababa Chamber of Commerce & Sectoral Associations
George Ayache	General Manager	IFP Qatar
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