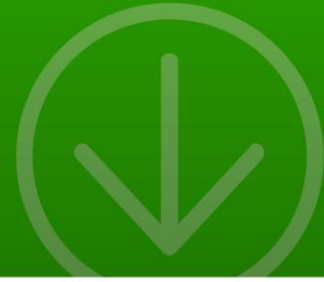


ARAB-EU

Business Facilitation Network



Dear reader,

We hereby present to you the re-launch of our quarterly newsletter of the Arab-EU business facilitation network.

The content has been adjusted according to feedback received from members of our network and consequently this edition will focus on updates on EU policies relevant for the MENA region and on the sharing of experience and best practice amongst members of the network.

It is the hope that the newsletter will facilitate knowledge sharing and dialogue in the MENA region and thereby enhance not only the business environment, but also the inter-regional trade between the EU and MENA. The newsletter should thus serve as an important element in the platform of economic growth that the Arab-EU network represents.

We hope you enjoy the newsletter!

Yours sincerely,

Niels Tanderup Kristensen
Manager,
Confederation of Danish Industry



Content

- 02** Editorial
- 03** Where is the EU heading?
- 05** EU directives: developments relevant for Arab-EU trade
- 08** Morocco-EU trade partnership
- 10** Best practice example from Jordan: SMEs Technical Support Unit
- 11** News & Events
- 13** About the Arab-EU Business Facilitation Network



ECO supports social responsibility

Editorial



*By Eng. Ahmed Kamal, Executive Director
Environmental Compliance Office and Sustainable Development (ECO
SD), Federation of Egyptian Industries (FEI)*

Since its establishment in 2002 at FEI, ECO has sought to consolidate its role as a center that offers consulting services with high level of quality to beneficiaries in the field of industry in areas related to environmental compliance, energy efficiency and sustainable development.

We aim to link with donor agencies, Egyptian Environmental Affairs Agency, research and development institutions, consultancy firms, and FEI members in our efforts to assist Egyptian industry in implementing cleaner production methods and technologies. In addition to environmental compliance, ECO has been providing efficient consulting services to its customers in the fields of quality control, social development, and capacity development of workers and employees.

Compliance to environmental laws & regulations means increased competitiveness

ECO adopts a holistic approach for the development of the Egyptian industry with a special focus on improving the working conditions for workers and employees. As they are considered a cornerstone in the Egyptian Industry, ECO believes in the importance of raising awareness of employees on environmental, health, safety, and gender issues. The main objective of ECO is to help factories in different industrial sectors "achieve compliance" with the Egyptian regulations and Environmental Laws, and to improve working conditions for workers. This will lead to improved quality of production and will increase competitiveness both locally and internationally.

SMEs & CSR

ECO is introducing a mandate for SMEs to promote sustainable Corporate Social Responsibility (CSR) practices. This initiative recognizes the importance of SMEs in enhancing Egypt's competitiveness, innovation, and sustainable growth, as well as the great value added to the SMEs through the implementation of healthy CSR practices. This initiative aims to translate the concept of CSR into business opportunities and practices for SMEs to secure long term benefits and to strengthen their competitiveness. Adhering to socially responsible practices will not only benefit SMEs in



terms of staff development, productivity, and image, but also society as a whole as the sustainability of businesses and societies are interlinked and directly related.

I am hopeful that the Arab-EU business facilitation network will prove to be a fruitful platform for cooperation and exchange of experience within the areas of environmental sustainability and CSR. These are hitherto neglected topics in the MENA region, but nonetheless hold great potential for businesses as well as business environment.



Where is the EU heading?

In the wake of the Euro crisis, the economic and political integration of the European Union has accelerated. Especially in the Euro area. To put it simply, the debt crisis, and the fear of a collapse of the euro, has forced the Heads of state and governments of EU's 27 member states to take decisive action towards closer cooperation.

Setting up a crisis fund, the now permanent European Crisis Mechanism, to provide emergency loans to the most indebted euro countries, e.g. Greece, Ireland and Portugal, was the first response to the crisis.



Consolidation of public deficits is a core element of EU's strategy to combat the crisis and EU's rules on the budgetary planning have in course of the last years been strengthened a number of times, with the adoption of the Fiscal Compact Treaty in 2012 as the culmination.

The financial markets have generally reacted positively to these actions.

However, the biggest game change in the handling of the crisis was the announcement by the European Central Bank (ECB) in 2012 that the ECB will do whatever it takes to safeguard the euro, indicating that ECB is willing to buy unlimited sovereign bonds from indebted euro countries. The ECB announcement immediately calmed the financial markets.

With the more stable situation on the financial markets, the Heads of State and Government have now set their eyes on strengthening the financial and political cooperation in the EU. This is part of a vision to complete the Economic and Monetary Union.

To reinforce trust in the European banking sector, a Banking Union covering banks established in the Euro area is a key part of this vision. A single supervisory mechanism, with the overall bank supervisory responsibility, is already adopted and will be operational from July 2013. The remaining elements currently on the table for a full-fledged Banking Union are an EU-wide scheme to rescue and restructure troubled banks and an EU deposit insurance plan.

Finally, some member states, in particular Germany, wish to strengthen the cooperation on economic reforms. This is to ensure that the reduction of budget deficits are not based on increased tax levels, but rather on competitiveness enhancing reforms.

On the table for the European Council 27-28th of June is a proposal on "reform contracts". The idea is to build on the existing economic policy cooperation, by strengthening the legal basis, thereby making the EU recommendations for reforms at the national level more enforceable.

To conclude, the debt crisis has politically and fiscally brought the euro area closer together. And decisions which only a few years ago would have been impossible to imagine - such as the completion of the Economic and Monetary Union - are now in place. In sum, a stronger Europe is emerging out of the crisis.



*By Andreas Brunsgaard, Consultant,
Department of European Affairs, Confederation of Danish Industry,
Brussels*



EU directives: developments relevant for Arab-EU trade

The Department of European Affairs of the Confederation of Danish Industry (DI) monitors the development in the EU within leading issues of the members of DI. In the following they offer an overview of developments particularly relevant for trade with the MENA region.



Internal market **Product safety and market surveillance package**

Briefly about the case

The proposed new Consumer Product Safety Regulation aims at clarifying the regulatory framework for consumer products to make it fit for purpose to meet the challenges of a globalised market. It takes account of the regulatory developments in the EU during the last decade. The basic principle that all consumer products must be safe when made available on the market is kept.

The proposed new Market Surveillance Regulation aims at simplifying the Union framework for market surveillance of non-food products so that it works more effectively in order to protect public interests such as human health and safety or the environment. Enforcement rules that apply to products will be more uniform, market surveillance procedures streamlined and the activities of market surveillance authorities in the EU will benefit from enhanced coordination and monitoring.

Latest development

The package, adopted by the European Commission on 13 February 2013, is being discussed in the European Parliament and in the Council. It is expected that the new legislation will come into effect in 2015.



Energy & Climate **2030 framework for climate and energy policies**

Briefly about the case

The 2030 Policy Framework will influence Europe's energy and industrial outlook for decades and thus be the basis for companies to make informed choices about their investments. A smart design of the EU's post-2020 energy and climate policy will be key to strengthen competitiveness and to facilitate re-industrialization of Europe.



Latest development

A Green Paper adopted by the Commission in March 2013 has launched a public consultation on what the 2030 framework should contain. In light of the views expressed by Member States, EU institutions and stakeholders, the Commission intends to table the 2030 framework by the end of 2013.



Energy & Climate
EU Emissions Trading Scheme (EU-ETS)

Briefly about the case

The EU Emissions Trading Scheme (EU ETS) is a cornerstone of the European Union's policy to combat climate change and its key tool for reducing industrial greenhouse gas emissions cost-effectively. The first - and still by far the biggest - international system for trading greenhouse gas emission allowances, the EU ETS covers more than 11,000 power stations and industrial plants in 31 countries, as well as airlines.

Latest development

The European Commission had proposed to postpone (back-load) the auctioning of 900 million EU ETS allowances from the years 2013-2015 until 2019-2020. This measure was designed to rebalance supply and demand and to reduce price volatility without any significant impacts on competitiveness. However, on April 16th the European Parliament voted to reject the Commission's proposal. The Commission in turn chose not to withdraw its proposal, and the dossier was therefore sent back to the responsible Parliament Committee.

The Parliament plenary is now expected to vote on an amended proposal 3 July 2013.



International trade
EU's export control of products with double usage

Briefly about the case

EU rules for export of products that can be used for military and civilian purposes are embedded in a regulation, that defines common criteria for when export of a product is allowed.

Latest development

The EU Commission is currently looking at the possibilities for revising these rules to ensure that EU rules are adapted to the changing conditions in the rest of the world. The EU commission is expected to publish a communication during the course of 2013.



International trade

A European Trade Strategy – general

Latest development

- Full commitment to a strong, rules-based multilateral trading system; fight against all forms of protectionism, including non-tariff trade barriers; ensure better market access; promote appropriate investment conditions, including protection; enforce and promote intellectual property rights; open up public procurement markets.
- Call for progress in regards to the Association Agreements including DCFTAs with the Republic of Moldova, Georgia and Armenia; the start of negotiations on Deep and Comprehensive Free Trade Agreements with Morocco and rapid progress towards the negotiations with Tunisia, Egypt and Jordan; and the development of a renewed partnership with the African/Caribbean/Pacific countries through the conclusion of Economic Partnership Agreements.
- Efforts to ensure the effective and robust enforcement of EU rights under existing rules, including through the recourse to the WTO's dispute settlement system and to own trade defense instruments where appropriate.
- Full support to multilateral trade liberalization, including as well sectoral and plurilateral approaches.



International trade

Access to resources

Briefly about the case

In 2011 the EU Commission published its Raw Materials Strategy to address the challenge of securing access to raw materials. The strategy identified three tracks:

- Sustainable access to raw materials from the global market
- Better use of EU's raw materials
- Increased resource efficiency and reuse

Latest development

The agenda on conflict minerals is indirectly linked to raw materials. The European Commission has launched a wide stakeholder consultation on conflict minerals. It is expected to present a proposal for legislation before the end of 2013 that resembles the Dodd Frank Act from the US.



What is the impact of the Advanced Status on the Moroccan economy? What are the next steps?

Morocco-EU trade partnership

Within a context of globalization, Morocco has witnessed drastic changes in its own relations with other countries. It has reaffirmed and reinforced its strategic choices by entering a new stage of partnerships particularly with the EU, Morocco's major trade partner and investor.

Trade Agreements with the EU

Morocco and the EU have been witnessing conspicuous business developments since the signature of the Trade Agreement in 1969. The two partners continued to reinforce their economic, social, cultural and financial cooperation. The signature of the Association Agreement in 1996 and its implementation in 2000 depicts Morocco's determination to make Europe a strategic partner. The Agreement emphasized the need to strengthen economic co-operation including provisions on freedom of establishment and the liberalization of services, free movement of capital, and competition rule. The bilateral commerce between Morocco and the EU has more than doubled thanks to implementation of the Free Exchange Zone in 2012.

Advanced status

Better still, Morocco has been granted the advanced status with Europe since October 2008. This important step is considered a milestone towards the integration of Morocco's economy into the EU market. This choice aims at deepening its regional integration, taking into account the expected effects in terms of creating new flows of trade and investments. This decision enables Morocco to participate in EU programs and agencies. The implementation of the advanced status takes into account three main dimensions:

- The political and institutional dimensions enabling Morocco to adhere to the conventions and structures of the European Council
- The economic dimension, through a gradual integration of Morocco into the EU internal market
- The human dimension, particularly through the promotion of cooperation in training and research and the development of technology platforms involving businesses.

Morocco aims at integrating the *acquis communautaire* in order to be part of the single market. This will be achieved by aligning its national regulation to all European directives and regulations. This will be a key condition to gain free access in various fields such as improving free movement of people and of goods and services, developing industrial



networks, and extending business opportunities in the field of public procurement. This could also be useful to boost trade and enhance the attractiveness of Morocco as compared to other competing regions.

Negotiations on a Deep and Comprehensive Free Trade Agreement (DCFTA)

The DCFTA is part of the existing Euro-Moroccan Association Agreement. It is a comprehensive agreement on trade and economic relations covering a full range of regulatory areas of mutual interest, such as trade facilitation, technical barriers to trade, sanitary and phytosanitary measures, investment protection, public procurement, and competition policy, issues related to trade and sustainable development. It is therefore expected that the DCFTA improves Morocco's economic governance and foreign investments.

The official launch of the negotiations of the DCFTA took place on March 2013 in Rabat in the presence of Morocco's Head of Government and the President of the European Commission. The first round of these negotiations occurred the week of April 22nd 2013 and the second round is expected in the week of June 24th 2013 in Brussels.



*By Meriame Filali, Free Trade Agreements and International Relations
Research Analyst, General Confederation of Moroccan Enterprises*



Best practice example from Jordan: SMEs Technical Support Unit

The challenges of SMEs in Jordan

In 2012 the SME sector in Jordan contributed significantly to the country's economic output at around 40% of the GDP. Over 60% of national exports were generated by this sector, which employs more than 70% of the total labor force. Moreover, SMEs account for 99% of all firms in the industrial sector.

Despite the major contribution of the SMEs to the national economy it is still suffering from many obstacles of which limited access to finance and relatively weak managerial and technical abilities are ranked highest. The SME sector has experienced a rapid growth in demand for permanent and sustainable technical support. This support is necessary to enable these firms to grow and develop, strengthening them to survive the repercussions of the global economic and financial crisis and the Arab uprisings (Arab Spring).

The solution of JCI: A Technical Support Unit

To help SMEs overcome the challenges mentioned above, JCI has launched a "SME Technical Support Unit". To fulfill this ambitious idea JCI started with a comprehensive audit of all services offered to SMEs. Based on international experience there turned out to be around 58 services required by SMEs. These were filtered to the needs of industrial firms and this resulted in a specific list of potential services for "Industrial SMEs". Another more focused survey was conducted identifying major needs, from the firms' point of view and from stakeholders' points of view.

What SMEs need

Analysis of the surveys showed that Industrial SMEs are in need of three basic services:

- Advisory and Consulting Services
- Access to Financing
- Networking and Access to Sector-Specific Data

These needs have been translated into a strategic plan for supporting SMEs, in addition to the creation of an action plan, which will enable the unit to achieve its Strategic Goals which are:

- Increasing the level of self-sufficient SMEs
- Promoting the concepts of self-employment and entrepreneurship
- Enhancing the business environment for SMEs
- Supporting the financial institutions programs directed to SMEs
- Building positive environment for workers in SMEs
- Creating sustainability in financial services
- Conducting research and analysis for serving the SME sector



Work in progress

At this stage, JCI has begun to improve 'advisory and consultation services' by using freelancers. JCI has signed a Memorandum of Understanding (MOU) with the Association of Retired Military Engineers in order to provide SMEs with the needed support and capitalize on their expertise in various areas of interest. In regard to improving 'access to finance', JCI signed MOUs with AHLI Bank, and several other credit facilities institutions, with the aim of strengthening the cooperation with them to develop specialized financial products for SMEs. In the area of 'networking and access to sector-specific data', JCI is working to create an Industrial Data Bank, which will contain domestic statistics in addition to providing information about the international export market.

JCI still regards the SMEs Technical Support unit as a "work in progress", we are proud and satisfied with what have been achieved until this moment; however we believe that huge efforts remains to be better able to serve this vital sector.



By Dr. Maher H. Al-Mahrouq, General Manager, Jordan Chamber of Industry

News & Events



Invitation to MENA-EU Business Salon, 19th-21st of November, 2013 – Sharjah, UAE

Sharjah Chamber of Commerce & Industry (SCCI) presents it compliments and is delighted to announce its cooperation with Federation of UAE Chambers of Commerce & Industry, Federation of GCC Chambers and the Confederation of Danish Industry in organizing "MENA-EU Business Salon" from 19th-21st Nov, 2013 in Sharjah, UAE.

The Mena-EU Business Salon is an interactive workshop scheduled on three days that will bring together leaders and decision makers from Chambers, Business Organizations and CEO's in major companies in both public & private sectors in the Arab world and in Europe. It is an innovative, practical and action-oriented approach for developing the knowledge and commitment required to implement values-based leadership through creative training, as well as practical and knowledgeable B2B Sessions.



The main objective of this salon is to create a platform to enable the atmosphere for communication and knowledge exchange in order to benefit and inspire the upcoming leaders in shaping their skills to fit with the challenges and demands of this century. The methodological networking meetings will create a healthy operating system for Chambers and Business Organizations and accelerate the mutual cooperation between them.

To read more about the event, please visit the [Chamber's webpage](#).



Report on the working group meeting in Amman of the Arab-EU Business Facilitation Network

A fruitful working group meeting was held in Amman, Jordan, on May 16th-17th 2013, kindly hosted by the Jordan Chamber of Industry.

The working group meeting was the second of three in the 2013 project circle. The discussions were focused on the continuation of the points of agreements from the meeting in Doha in February with the overall purpose of exchanging experiences, developing the advocacy activities and agreeing on an action plan until the next working group meeting and the conference in the province of Sharjah, November 19th-21st.

The full report of the working group meeting can be found [here](#).



Attracting Danish investment to Egypt

In connection with DI's B2B-visit to Egypt in May 2013, where DI was presented to more than 100 representatives from Egyptian industries, IFU was invited to make a presentation about its financing possibilities in Egypt and in the MENA region through the newly established Arab Investment Fund (AIF). Many Egyptian was very interested in learning more about the AIF financing possibilities after the seminar was held.

- IFU offers advice and risk capital to Danish companies investing in developing countries and emerging markets. The purpose is to contribute to the economic and social development in the host countries. IFU (AIF) has established regional office in Cairo in 2012, and the office is responsible for management of on-going investments and development of new investments in the MENA-region.
- IFU has already financed almost 20 investments in Egypt in recent years within different sectors such as cement, infrastructure, industry, and tourism. As IFU will always invest together with a Danish co-investor, IFU shares the risk with the Danish co-investor, and thereby facilitates the implementation of the investment. Moreover, the investments made will contribute to economic growth and job creation in Egypt and other countries in the MENA region.
- The requirement for participation of a Danish co-investor in all investments made by IFU (and AIF) also implies that there is a very



close co-operation between IFU and DI, where DI can sometimes be able to facilitate the possible identification of a Danish co-investor for a particular investment.

- [Read more here.](#)



By Anders Paludan-Müller, Head of Regional Office, IFU

About the Arab-EU Business Facilitation Network

The Arab-EU Business Facilitation Network is an alliance of 15 leading Business Membership Organizations (BMOs) from the MENA region. Through the signing of a Memorandum of Understanding, the BMOs have pledged to work strategically together, promoting relevant policy issues within and between their respective countries.

The purpose of the Network is to create a platform from which business associations from the region can discuss the challenges for businesses and identify shared solutions and policy recommendations. A specific emphasis is on improving access to the EU market for businesses in the region. Thus, the Network will contribute to a more enabling business environment for the benefit of growth and development in general.

The 15 BMOs are:

Algeria:	Forum des Chefs des Entreprises (FCE)
Bahrain:	Bahrain Chamber of Commerce and Industry (BCCI)
Egypt:	Federation of Egyptian Industries (FEI)
Jordan:	Jordan Chamber of Industry (JCI)
Kuwait:	Kuwait Chamber of Commerce (KCCI)
Lebanon:	Association of Lebanese Industrialists (ALI)
Libya:	Libyan Businessmen Council (LBC)
Morocco:	Confédération Générale des Entreprises du Maroc (CGEM)
Oman:	Oman Chambers of Commerce and Industry



Saudi Arabia: [\(OCCI\)](#)
[Council of Saudi Chambers \(CSC\)](#)
Syria: [Damascus Chamber of Industry \(DCI\)](#)
Tunisia: [Union Tunisienne de l'Industrie, du Commerce et
de l'Artisanat \(UTICA\)](#)
UAE: [Federation of UAE Chambers of
Commerce and Industry](#)
Qatar: [Qatar Chamber of Commerce and Industry](#)
Denmark: [The Confederation of Danish Industry \(DI\)](#)

Meetings and reports

Several times a year – on working group meetings and on the Annual Meeting - the participants meet to discuss the outcomes and prospects of the projects in the AE-Network.

All summaries of the meetings as well as Annual Reports can be found on the [AE-network's webpage](#).

Contact information

Confederation of Danish Industry
Industriens Hus
H.C. Andersens Boulevard 18
DK – 1787 Copenhagen V
Denmark
www.di.dk

Niels Tanderup Kristensen
Manager
Phone: + 45 3377 3539
Mobile: + 45 2124 4708
Email: ae-network@di.dk



Confederation of Danish Industry