

Business organisations across the MENA region join hands to work for green transition of the economy

In a time marked by widespread instability and unrest, the private sector across the entire MENA region stand united on working for a greener future for its populations.

The Arab-EU Business Facilitation Network (AE-Network) has committed itself to working towards green transition of the MENA region, starting 2016. Realizing the increasing effects of climate change combined with availability of modern technology and know-how, the time has come to exploit the favourable conditions for renewable energy sources and ensure a sustainable basis for competitiveness of the private sector across the MENA region. The commitment feeds directly into the UN SDGs.

The AE-Network consists of leading business organisations from the entire MENA region and altogether represent more than 1 million companies.

The decision was taken at a working group meeting in Jordan 20-22nd of October at the Dead Sea, Jordan.

A burning platform

In 2035, 90% of net energy demand growth is likely to come from developing countries. These countries, including the MENA region are already facing severe energy challenges. Overall commodity prices are increasing, resource prices are becoming more volatile, supply is unstable and insufficient and resources are increasingly interlinked. This puts a lot of pressure on the private sector to be competitive and to sustain jobs.

In 2013, electricity was the fourth most important business environment constraint listed by companies following a global survey. The first was access to finance, followed by practices of the informal sector and tax rates.

In light of this development and of global climate change, business-as-usual is no longer sustainable. Governments and industry needs to focus more on energy efficient production and invest in renewable energy. At the same time, companies increasingly compete on their production costs, of which resource efficiency (water, energy, waste) is becoming highly important. This means a dual challenge: ensuring growth and jobs in industries whilst keeping resource costs competitive.

The private sector stands united across the MENA region to address this challenge. At a conference at the Dead Sea in Jordan, the Arab-EU Business Facilitation Network (AE-Network) has committed itself to working towards green transition. The CEO of Jordan Chamber of Industry, Dr. Maher Al Mahrouq emphasized: *“realizing the increasing effects of climate change combined with availability of modern technology and know-how, the time has come to exploit the favourable conditions for renewable energy sources in our countries and ensure a sustainable basis for competitiveness of the private sector”*.

Formerly, many of the countries in the MENA region have relied heavily on highly subsidized energy sectors. At the same time, subsidy reforms to reduce dependency on energy import have meant increased energy prices in some MENA countries despite lower energy prices globally over the past year. This has impacted the competitiveness of companies. There is a need for governments in the region to remove subsidies at a controlled rate and the same time make incentives and regulations that favour a green transition. A first step

to sensitize the discussion is an energy conference that JCI is hosting together with several public and private partners in 17th of November this year.

The green transition has massive business potential the private sector in the MENA region

The MENA region represents a good case for improvement. Whilst many countries import vast majority of their energy needs (Palestine, Jordan, Lebanon, Morocco, and Tunisia for instance import more than 90% of their energy needs on average), the optimal conditions exist for several renewable energy sectors. Many of the countries are abundant in sunshine and the wind conditions are favourable for wind energy. Several analysis show that with the right policy framework, the return on investments in renewable energy can be made within 4-5 years. This type of investment will be for the benefit of the productivity of the company who invests, for the climate and not least for the occupational health and safety for the workers.

Executive Director from the Environmental Compliance Office under the Federation of Egyptian Industries, Eng. Ahmad Kamal underlines, that there is vast room for improvement: *“In Egypt, solar energy only accounts for 0.4% of current electricity generation whilst wind takes up 1.7%. Massive government projects are underway in the area which represents great opportunity for foreign technology and investment. Local companies, however, also have significant potential for gaining from active participation in the green transition. Cost savings, enhanced productivity, and increased international competitiveness are just some of the benefits, which also includes better CSR profiles which are increasingly demanded globally.”*

In order to progress this agenda, there is a need for governments to implement the relevant legislation to facilitate investments in renewable energy. *“In Denmark, we have done this for several years finding a balance between government incentives, adequate legislation and private investments, have been key for Denmark being competitive and at the same time consuming 40 percent of our energy supply from renewable energy”*, says Deputy Director from the Confederation of Danish Industry, Mr. Niels Tanderup Kristensen.

Business organisations as drivers of change

As the collective voice of the industry, the AE-Network stands ready to work within sustainable development as well as formulate common policy recommendations with the governments to facilitate this process. *“I believe it is of uttermost importance for chambers and member driven organizations to become more involved in policy making and to enter into dialogue and partnership with the public sector”* says JCI Chairman, Mr. Hatahet. Head of AE-Secretariat, Ms. Hiba Abu Taleb, continues: *“I see the AE-Network as a focal point for regional unity in this regard. The network is a central catalysing platform for analysing common challenges and opportunities, and developing common policy recommendations and services within green energy”*.

The AE-network will take its discussions in 2016 back-to-back with relevant events and present a final catalogue of recommendations, best practises for green economy at the COP22 in Morocco in December 2016.

The AE-Network

The ARAB-EU Business Facilitation Network is an alliance of 15 leading business organisations from the MENA region (Middle East and Northern Africa). The organisations have pledged to work strategically together, promoting relevant policy issues within and between their respective countries. The Network was launched in 2010 and consists of BMOs from Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Saudi Arabia, Syria, Tunisia, United Arab Emirates, Qatar, Yemen. The Confederation of Danish Industry (DI) acts as a facilitating organisation. For more information, visit www.ae-network.com

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