

## Joint Business Statement

Presented to

Members of governments of the G8 and Deauville Partnership countries

Adopted at the High-Level Conference

### **“Reviving Investment in the Deauville Partnership Countries: Investment Policies for Job Creation”**

7-8 May 2012, Cairo



## Preamble

On the occasion of the high-level conference on “Reviving Investment in the Deauville Partnership Countries: Investment Policies for Job Creation”, held in Cairo on 7 and 8 May 2012, this statement was presented to the governments present, on behalf of the business community from MENA and OECD Member economies, represented by the Business and Industry Advisory Committee to the OECD (BIAC), the Association of Mediterranean Chambers of Commerce and Industry (ASCAME), as well as business associations, chambers of commerce, and private businesses from participating G8 and MENA economies.

The business community commends MENA and OECD governments, and in particular the participants in the G8 Deauville Partnership process, on progress made with regard to investment policy reforms in recent years, which helped sustain foreign direct investment during the 2008-09 international financial crisis and the ensuing global economic downturn.

However, the positive trend of the past decade did not allow for inclusive and productive growth, and in addition was not sufficient to prevent a retrenchment of FDI inflows in many of the Deauville Partnership countries since the beginning of 2011. This has led to rising unemployment in the transition countries. For the common interest of the MENA and G8 countries, measures that restrict the free movement of capital and goods, or arbitrary decisions regarding existing investments, should be avoided. Maintaining and reinforcing transparent and predictable trade and investment frameworks is essential for establishing an environment conducive to sustainable economic growth.

At present, there is a window of opportunity for the Deauville Partnership countries (Egypt, Jordan, Libya, Morocco and Tunisia) to establish a process of political and economic reform that will benefit their populations for decades to come. Governments have committed to fight corruption and to improve administrative processes. To accompany political change, and to achieve long term growth objectives such as economic diversification, job creation and greater female participation in the labour market, businesses and governments from the G8 and the Deauville Partnership countries must work closely together. Effective, early and regular consultations between governments and their representative national business organisations bring greater legitimacy and credibility to policy reforms.

## RECOMMENDED ACTIONS

Business representatives participating in the high-level conference recommend that governments take the following actions to revive private investment and to stimulate sustainable and inclusive economic growth:

**IMPROVE** consultation and co-ordination with the private sector with a view to enhancing the business and investment climate, fully taking advantage of the policy advocacy role of the business community.

### *Regulatory frameworks*

**AIM** at improving the investment environment by ensuring greater openness, transparency and non-discrimination as expressed in the OECD Declaration on International Investment and Multinational Enterprises, as well as investor protection, accountability and predictability of all policies and legislation, thus helping to reduce the risk perception of the region;

**ANNOUNCE** their commitment to establish and maintain strong investment frameworks with a view to sustaining existing investments and attracting new investments for job creation;

**RESPECT** international commitments related to investment, and ensure appropriate consultation prior to changing national investment frameworks;

**ENCOURAGE** national treatment of foreign investors across all economic sectors. Any government restrictions to foreign investment should be limited, subject to fair and transparent legal due process in line with international practices, and information on such restrictions should be made publically available;

**ENSURE** that procedures for obtaining licences, permits and authorisations are streamlined and simplified, as well as rapid, effective and transparent;

**WORK TOGETHER** with business to promote corporate governance and fight corruption, leveraging the ratification of the United Nations Convention Against Corruption while taking account of other international integrity principles such as those enshrined in the OECD Guidelines for Multinational Enterprises or the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions;

**PROMOTE** green growth, considering the 2009 OECD Declaration on Green Growth; including setting minimum levels for the share of renewable energy in the national energy mix and setting targets for energy efficiency measures to achieve sustainable growth.

#### *Regional integration*

**FOSTER** intra-regional trade and investment integration between the Deauville Partnership countries in order to maximise their economic potential, including through the Greater Arab and other Free Trade Agreements;

**REDUCE** tariffs, remove non-tariff barriers to trade, and harmonise investment laws;

**ENGAGE IN** region-wide efforts to harmonise commercial law reforms and approximation of legal system, with the support of all relevant partners;

**PROMOTE** investments in multi-modular transport and logistics as a means to enhance regional trade and investment.

#### *Labour markets*

**RECOGNISE** the importance of enhancing the flexibility, competitiveness and adaptability of the labour market through labour policies, while ensuring the rights of social partners;

**FACILITATE** the granting of business visas for MENA entrepreneurs;

**FACILITATE** the legal movement of labour; taking into consideration the level of unemployment in the host country;

**PROVIDE** instruments for education, vocational and management training, and certification, in order to address the mismatch between available skills and market needs;

**ENHANCE** training programmes for managers, focusing on quality control, management skills and staff development.

#### *Gender*

**PROVIDE** incentives for the entry of women into the labour force by removing gender-related obstacles;

**FACILITATE** women's access to management and technical training as well as access to finance;

**ENCOURAGE** the creation of female-led enterprises through targeted incubator projects to guide and accompany women's business projects;

**FOSTER** the creation of supportive services for female entrepreneurs such as nurseries and school transportation.

*Small and medium-sized enterprises*

**IMPROVE** the overall legal and regulatory framework to encourage enterprises operating informally to join the formal economy.

**REDUCE** excessive administrative procedures for small and medium-sized businesses, to help them focus on productivity and competitiveness;

**IMPROVE** access to finance, particularly for micro, small and medium-sized enterprises through non-banking instruments;

**PROVIDE** the legal framework to allow for exit strategies, in consultation with the business community;

**MAKE AVAILABLE** programmes to promote entrepreneurship, innovation and business matchmaking at the local and regional levels.

*Public-private partnerships*

**ENCOURAGE** the use of public-private partnerships as a mechanism for raising much-needed investment in long-term projects, such as for infrastructure, education and health;

**FAVOUR** private investment in state-of-the-art infrastructure for citizens (such as telecommunications, electricity, water and waste water), including in remote areas, and provide targeted incentives in partnership with government for strategic sectors in each country.

*Legislative provisions*

**STRENGTHEN** commercial courts and build capacity in the justice system in line with recognised international practices, and support access to arbitration and recourse to mediation;

**ENSURE** contracts can be enforced over time; contracts should be well negotiated and must contain all necessary standards and guarantees, exit provisions and dispute settlement provisions;

**ENFORCE** intellectual property rights protection, and promote the use of internationally recognised standards and norms;

**IMPROVE** and modernise the tax system with fair and transparent application and collection;

**COMMIT** to ensure the free flow of information;

**ENCOURAGE** widespread use of effective tools for measuring and monitoring business climate reforms.

## BUSINESS COMMITMENT

*The business community in the Deauville Partnership countries is committed to:*

**SUPPORTING** government actions to fight corruption and uphold the principles of business integrity;

**STRIVING** to enforce a code of conduct for businesses through business-support organisations;

**ABIDING** by fair and competitive taxation policies in consultation with the respective authorities;

**PROMOTING** fair competition and avoiding market distorting practices including through the adoption and implementation of corporate governance principles, including disclosure requirements;

**ASSISTING** governments' efforts to improve the business environment in the region for sustainable economic recovery from the current period of economic transition;

**STRENGTHENING** responsible business conduct and social responsibility; including corporate social responsibility practices;

**ENSURING** fair employment rights, and socially responsible employment;

**ENGAGING** more closely with educational institutions to ensure a strengthening of skills and transfer of technology in the region, particularly for the youth and for women, and better matching of those skills to both short-term and longer-term labour market needs;

**PROVIDING** continuous training to foster life-long learning in the enterprise;

**OFFERING** internships to secondary school and university students and enter into co-operation agreements with educational institutions;

**SUPPORTING** SME supply clusters through technical assistance and quality control by larger companies;

**ENGAGING** in and promoting efficient and effective public-private partnerships for development;

**ENGAGING** in processes that favour environmentally sustainable growth;

**PROMOTING** responsible media through training and provision of accurate information;

**SUPPORTING** and encouraging the exchange of technology and expertise between OECD countries and Deauville Partnership countries to foster increased innovation;

**SUPPORTING** government data collection efforts;

**SHARING** best business practices and standards between countries from the OECD and the Deauville Partnership countries.

Business representatives thank the Ministry of Foreign Affairs of the Arab Republic of Egypt for having supported the high-level Conference. They also thank Ministers from the Deauville Partnership countries, other MENA countries and participating G8 countries for their commitment to ongoing democratic transformation and economic and social reforms. They express their hope that the investment conference, which took place in the context of the most profound political and societal changes in the Arab world in recent history, will enable governments, business, and other stakeholders to effectively foster sustainable and balanced economic growth and job creation in the Deauville Partnership countries and in the MENA region.