



Why the Arab Global Forum? Why now?

Here is the alternative: Will President Obama's speech in Cairo last June turn out to be a truly defining moment, the source of a newly energized momentum in the relationship between the US and the Arab world? Or will it end up being one more item in the long and debilitating list of lost opportunities, leading to new disenchantments and even greater suspicions and recriminations on both sides?

There is no need to emphasize the crucial interest we all have in ensuring that the former option prevails. We all have a stake in having an Arab world more integrated into the global economy and a situation where more extensive interaction and communication help ease mutual suspicions; at the same time prospects for sustainable growth in the Arab world will be much less promising without an expanding economic, trade, and technological relationship with the US and the Western world in general – whatever the speed at which the new silk road is expanding its ramifications with Asia.

The Arab Global Forum mission is to provide an open platform for a focused, action-oriented dialogue among business leaders from the Arab world and their peers from other regions of the world to accelerate the integration of the Arab world in the global economy, to generate new business partnerships and to promote ideas and recommendations aimed at improving conditions for investment and economic interaction.

The Arab Global Forum US meeting aims to achieve three key objectives: One is to help keep alive the positive impulse generated by President Obama's landmark speech as a catalyst, providing a platform for a business and civil society response and contribution to what cannot just be limited to the political domain. The second objective is to generate a focused and full-fledged process of result-oriented interaction among business leaders from the Arab world, the US and abroad, and among business leaders and policy-makers, to improve the environment for economic and business interaction and to generate the conditions for more solid trust. Last but not least, the Forum's objective is to come up with specific, actionable, recommendations for action in areas which are key not only for business and economic growth but for social development. Education and business education, promotion of IT, investment promotion, support for the creation of small and medium size companies, and cooperation and support for fostering entrepreneurship in the Arab world are the most immediate areas that come to mind.

Government initiatives that translate the orientations set by President Obama in Cairo last June into tangible action are crucial to map out and sustain a new course, not only in the US-Arab relationship to create a new economic, societal and political landscape in the Arab world. However, this necessary condition is not sufficient in itself. Only the full involvement of the private sector – both Arab and foreign – will create the dynamic to generate the kind of sustainable growth the Arab world needs, and to accelerate its integration into the global economy.

There is no underestimating the urgency for action. Nobody will dispute the fact that except for some promising exceptions –Dubai being the most flamboyant one until the compounded consequences of hubris and the global crisis brought it to a punishing awakening – the Arab world has been sorely lagging behind globalization. While it represents more or less 5% of the world's population, its compounded GDP is, at 2 trillion dollars, only 3.3% of the global GDP. This gap translates into a stark reality: The Arab world has the highest rate of youth unemployment and under-employment in the world. Much has been said about the figure of 100 million new jobs that must be created in the Arab world by 2020 to absorb the population surge and avoid a continuing deterioration leading to a point of explosion. Of course, the crisis has not helped to make things better: According to the Arab Labor Organization, the average unemployment rate in the Arab world - so far around 14% - will jump to 17% by the end of 2010. And these percentages are much higher when it comes to young people.

So, there is no alternative in answering this challenge to the necessary expansion of business, economic, and trade links between the Arab world and the US, and the Western world in general. This means turning the present crisis - and the structural changes that it is bringing to the global economy - into a joint opportunity for both US and Arab businesses. However, no corporation, no business leader can be expected to engage resources and make strategic bets in a way that would be oblivious to the risks and uncertainties which still continue to cloud business and investment environments in the region. There are issues and obstacles that must be addressed. One is the perception that despite significant improvements in countries like Egypt, Jordan, Tunisia or Morocco, to mention some examples, the Middle East and the Arab world in general remain difficult places in which to operate.

Among other factors, the lack of transparency and deficiencies of corporate governance often make risk assessment and risk management much more hazardous when it comes to most Arab countries. In that respect, the extent and durability of the impact of the Dubai crisis on investors' calculations and perceptions remains to be seen. But just as important are the huge deficiencies of Arab educations' systems in producing the skills required by an economy in which knowledge creation and innovation are crucial, or the severe competitiveness deficit generated by the lack of empowerment of women and their still minimal involvement in the productive forces of most Arab countries.

However, more diffuse obstacles also exist that need to be discussed and addressed: Mutual misunderstandings, un-met expectations (whether valid or not) continue to muddy the waters and impact on the kind of climate that would be most conducive to fostering a much needed intensification of economic and business interaction. Not to mention other negative repercussions in the political and security domains. This is why it is so important to make sure that the attempt at opening a new dialogue launched by President Obama is relayed at the business leaders level and why this is part of the Inaugural meeting of the Arab Global Forum.

Over the last few years, the rise of the private sector, its increasing assertiveness and its growing role in the economic life of many countries in the region, have been one major positive development in the Arab world. Boosting this role is essential if the region is to meet the challenge of creating the four million jobs a year necessary to absorb the youth bulge – the most crucial issue shaping the future of the region. But achieving that goal means among other things creating new business partnerships with US and Western companies, whether it is to benefit from US technology, from the transfer of management practices or to achieve better market access. At the same time, US and Western companies have much to leverage from their involvement in the region, whether it is the geographic location, the potential of a fast growing market, or the huge pool of capital that the oil bonanza helped create.

Tremendous forces for change are at play in the Arab world/Middle East region. The diffusion of technology promoting communication and interaction outside government control; the halting process of economic liberalization; the emergence of civil society – whatever the obstacles this process is facing – are profoundly transforming the Arab economic, societal, political landscape. There are, indeed, good news in the region such as is the economic evolution in Egypt, in Syria, in the Gulf or in countries like Tunisia and Morocco.

However, this process of positive change is a race against time. And it is a tight one: the population bulge, the rural exodus overwhelming the capabilities of urban infrastructures to catch up with ever-increasing strains and demands on them, the negative impact of climate change already beginning to be felt, are as many challenges in need of emergency responses. There is also no underestimating the strength of adverse forces and vested interests at work to contain – if not reverse - this process of change.

Will the region be able to bring its game to the next level required by domestic pressures and the demands and requirements of globalization? Will a new impetus in the US-Arab relationship provide the boost and support needed to muster the prerequisites for success? Will the business communities in the Arab world as well as in the US be ready to create – and act on – the almost endless mutually beneficial opportunities that can be generated by materializing and leveraging the many assets of the region? There is no more urgent task than contributing to formulate the positive answers to these questions. And it must be done now.

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