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“Meeting of the Advisory Committee on International Economic Policy”
U.S. Department of State
Wednesday, October 03, 2012, 2:00pm-4:00pm
Harry S. Truman Building, Room 1107, 2201 C St NW, Washington, DC 20520

The U.S. Department of State’s Advisory Committee on International Economic Policy to the Bureau of Economic and Business Affairs held a quarterly meeting on Wednesday (10/3), hosted by Assistant Secretary for Economic and Business Affairs **Jose W. Fernandez**. The meeting focused on U.S. Government economic related assistance for supporting Egypt’s democratic transition and how the U.S. Government can assist U.S. businesses seeking to operate in Egypt. The meeting was conducted under the Chatham House Rule.

The meeting opened with an introduction of three new advisory committee members, a breakdown of how the committee functions and an overview of the Bureau’s global agenda and objectives. U.S. officials notified the committee of upcoming dialogues scheduled with representatives of the United Arab Emirates (UAE) and Turkey. The Turkey dialogue will focus on recommendations for regulating and improving Turkey’s pharmaceutical industry, while the UAE dialogue will touch on economic advancements. The speaker also noted many world leaders are realizing diplomacy can benefit from economic growth, and whereas State Dept. traditionally separated economics and politics, their primary focus is now “economic statecraft.” Sanctions are considered to have recently worked in prompting democratic reform in Burma, therefore a subcommittee meeting has been scheduled for November to address the effectiveness of sanctions on Iran and the possibility of increasing them.

According to a U.S. official, the State Department’s primary concerns in the Middle East are economic policies, stable democratic transition, and fiscal stability. U.S. embassies have been directed to add a “Business” tab to all of their websites, with current information on business leads and job opportunities in their respective countries. Officials emphasized that each nation has a different industry, thus economic initiatives must be individually tailored. The State Dept. is developing template language for use in trade negotiations and treaties, addressing state owned enterprises (SEP) and lack of transparency, since SEPs are counterintuitive to the Dept.’s economic statecraft agenda, being that they tend to make U.S. businesses uncompetitive and deter investment. A strong democratic Egypt is high priority for the Obama administration and private investment is vital to this objective. Economic challenges are currently seen as the greatest obstacle to Egypt’s democratic transition given that the lack of job opportunities and failure to assimilate a large, educated, youth population were central to the Arab Spring uprisings. The administration is concerned that democratic transition will not be achievable if economic opportunities do not improve under new government leaders.

A recent economic delegation to Cairo, coordinated through the U.S. Chamber of Commerce, was also lauded during the meeting. The delegation gave U.S. business leaders unprecedented access to Egyptian officials such as President **Mohammed Morsi** and his ministers, facilitating open dialogue and allowing Egypt to make a case for fair trade agreements with the United States. According to a State Dept. official, the Egyptian officials acknowledged U.S. businesses have a vested interest in making profits which can be repatriated back to the U.S., and declared “what’s good for business is good for Egypt.” The delegation was a model for an ongoing initiative to host conference calls between U.S. business leaders and foreign officials for businesses to present foreign officials with perceived problems and challenges to investment, while also allowing the foreign officials to consult the business leaders for economic advice. U.S. business leaders however, expressed concern over lack of transparency and regulations regarding investments and business operations. State Dept. officials noted the delegation did not receive as much coverage as they had hoped, as the last day of the delegation was overshadowed by violent protests. Though the protests may have undone some assurance of a stable economy for U.S. businesses, State Department officials assured the committee relations had not soured between U.S. and Egyptian officials and both sides remain committed to their economic and democratic objectives.

The recent issue of whether or not to provide Egypt with a proposed \$450 million in aid was also addressed. The State Dept. highlighted that \$450 million is an insignificant amount in relation to Egypt’s overall balance of payment, but providing the aid shows U.S. faith in Egypt’s investment climate. Officials stated the money was not a primary source of funds, and a show of faith by the U.S. would hopefully prompt the IMF to reach a loan agreement to meet Egypt’s greater financial needs. It was emphasized that U.S. aid is not charity, as Egypt has continued to meet U.S. benchmarks for assistance. Financial assistance is also seen as good for security given that Egypt’s adopted policies play a significant role in the region. Libya was mentioned as vital to this plan, as hundreds of thousands of jobs were reported to have been lost after the revolution. A majority of these lost jobs were held by citizens of neighboring countries such as Egypt, and it is believed improvements in the Libyan economy will help Egypt’s democratic transition by increasing the overall job market. Egypt reported making headway in labor reform, support for independent unions, and increase in female entrepreneurship. Members of the advisory committee expressed support for U.S.-Egypt relations, stating the U.S. needs to restore Egyptian faith in Americans, curb corruption and show more respect for Islam.