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MENA countries set to benefit from new investment thanks to planned policy reforms

Ongoing efforts by MENA economies and OECD countries to boost investment in the Middle East and North Africa took a significant step forward with the announcement by 16 Arab nations of their intention to pursue reform policies aimed at improving the environment for business in the region.

In a 19-point declaration, ministers and senior representatives of MENA countries set out common principles and good practices for encouraging investment. In particular, participants in a ministerial meeting in Jordan of the MENA-OECD Investment Programme acknowledged the need for transparency and predictability of national policies, laws, regulations, administrative practices and statistics affecting foreign and domestic investment.

“To achieve higher levels of investments, policy makers in MENA countries are challenged to rethink their priorities in accordance with investors’ needs,” Sharif Ali Zu’bi, Jordan’s Minister of Industry and Trade and the Chair of the MENA -OECD Investment Programme, told participants in an opening speech. “Effective integration into the world economy requires us to pursue a comprehensive reform: economic, political, social, educational, legal and judicial. For such reforms to be successful and sustainable, they should be self initiated.”

Private sector investment has been identified as one of the keys to the economic dynamism that many MENA countries are looking for. In the face of expanding populations, between 80 and 100 million new jobs are likely to be needed between now and 2020. Economic growth in the region has risen from 3.7% in the period 1998-2002 to 5.4% in 2005 and is forecast to remain stable at around 5.6% in 2006. But growth will need to rise to at least 6% - 7% per year to absorb new labour market entrants.

A number of MENA countries have already embarked on privatisation programs and other efforts to make themselves more attractive to investors. Reflecting these trends, 2005 saw an increase in investment in the region, particularly in the natural resources and infrastructure sectors. Stock markets in several MENA countries have risen sharply in recent years.

As a demonstration of their commitment to fostering private investment, participants in the Jordan meeting selected 21 companies in the region as recipients of awards for significant job creation and entrepreneurial innovation.

The MENA-OECD Investment Programme is part of a two-pronged initiative on "Governance and Investment for Development", led by the governments of the MENA region with support from the countries of the OECD. A parallel initiative for "Good Governance for Development" aims to achieve improvements in public governance as a major element in fostering a positive climate for investment. (see: www.oecd.org/mena/investment).

For further information, journalists are invited to contact the OECD's Media Division (news.contact@oecd.org or tel. (33) 1 4524 9700).

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