



U.S. Secretary of State John Kerry's Remarks at the Dinner for the MECC Leadership Forum

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A recording of these remarks can be viewed at mecc.uschamber.com/mecc-videos/.

Transcript:

Thank you very much, Myron, and I accept the nomination. (Laughter.) I am happy to be here with all of you. It's got to be hard walking around with everybody calling you brilliant, don't you think? (Laughter.) Not a bad way to go.

Ladies and Gentlemen, Distinguished Guests all, Ambassadors, Your Excellencies, my great friend former Secretary General of the Arab League Amr Moussa, former Deputy Secretary of the State Department Tom Nides, and to our team who are here: Thank you all for being here. I'm delighted to be part of this important event. And thanks to Myron for hosting us tonight and thanks to the Chamber for sharing this remarkable venue but also for standing up for American enterprise for more than a century and for its key role in helping to organize the Middle East Commercial Center. I must say when I keep hearing it referred to as the MECC, I am so involved with the Mujaheddin e-Khalq I keep thinking the MEK. I get confused here. (Laughter.) Tom knows what I'm talking about.

I'm very pleased to join in welcoming members of the Advisory Board and also the delegations from Egypt, Israel, Jordan, Palestinian Authority, and Turkey. Your presence here is just vital and very significant to the message that we want to have come out of here, and more importantly the understanding of possibilities that we want to have come out of here.

I am particularly grateful and proud of the hard work of the all-star team of State Department officials who are here – including Under Secretary Cathy Novelli who worked at Apple; David Thorne, Ambassador Thorne, who was ambassador to Italy and started up a number of companies himself successfully; Secretaries Anne Patterson; Assistant Secretary Charlie Rivkin, who was ambassador to France and before that CEO of a billion dollar company; and Special Representative Scott Nathan, who is sitting here, a very successful entrepreneur, businessman, financier from Boston; and our new Envoy for Energy Amos Hochstein, who has been deeply involved with Noble Energy and others and helping to lay down a new paradigm for energy in the region.

So to begin with, I just want to point out that even though I have been in public service for many years, I actually spent a little bit of time in the private sector. I know that success in business is a matter of matching products to deeply felt needs. And for some entrepreneurs that means investing in new lifesaving medical devices; for me it was the revelation, as a young man walking around Boston late at night after one bottle of wine too many at dinner, that it was impossible to find a freshly baked cookie.

And so a couple of weeks later, with a friend, we leased a space in Faneuil Hall – if any of you have been to Boston. We rolled up our sleeves. We actually washed our hands and we started selling cookies. And somehow, within a year, we were the Best of Boston and we won that award several years in a row, and I had big plans because I figured that

chocolate chips have everything that computer chips have except they taste better. So I thought I was going to go out into the world and franchise this, and we had plans for Harrods in New York and all kinds of places. I thought I could have been the Bill Gates of late night treats. (Laughter.) Instead I found myself drawn to public service, ran for lieutenant governor of the state, and sold the business because I didn't want anybody accusing me of having a sweetheart lease at Faneuil Hall. But I'm proud to say 29 years later, 28 years later, the store is still there and you can go buy some of the best cookies in Boston, folks. (Applause.)

The whole experience actually taught me an enormous amount. When I was in the Senate I became chairman of the Small Business Committee and I really understood the complaints of people about absence of rapid government decisions, the difficulties of inspections, part-time employees, taxes – you name it, I came to understand it and it served me mighty well as a United States senator and in much of what we did in business.

But most importantly, I really came to appreciate people who take business risk, people who go out there and who have ideas and have an even more positive social impact as a result of those ideas, if that's possible more than a first-rate snack. But anyway, it is, obviously.

I don't have to tell this audience that the Middle East Commercial Center is a great idea, and it's one of those ideas whose time has really come. Its mission could simply not be more vital. And the ability to be able to advance projects and promote growth that will benefit people throughout the region is absolutely essential to making peace, sustaining peace, and to addressing the fundamental concerns of failed or failing governance or difficult governance or even corruption, and other problems that we face not just in that region, but across the world.

Your efforts reflect a reality that I have been stressing, as Myron said, ever since I began serving as Secretary of State. In the 21st century, a nation's interests are advanced not just by troops and diplomats, but by entrepreneurs and executives. And that's because innovation, investment, and trade are absolutely the fundamental engines of strong economies. Wisely channeled, they lead to shared prosperity, to sustainable growth, and more and better jobs both domestically and overseas.

Now, that's why I have said many times, as Myron said, that economic policy and foreign policy are absolutely interchangeable, completely interconnected. They are two sides of the same coin, and that is not stated often enough and is certainly not put into practice often enough.

So this evening I want to examine that truth as it applies to a region that is filled with both turbulence and promise: the MENA region, Middle East and North Africa. I begin with a basic question: Why should Americans care, and anybody in any other part of the world care about the Middle East, given that the Middle East seems to always be so turbulent? Well, after all the tribulations that we have witnessed in the past decade, that is obviously a real question. And the answer begins with how truly interdependent our world has become. In our era, isolationism may still tempt some people, and you hear that debate occasionally even in the halls of Congress. But it's no solution for anything that we face. The attacks on 9/11 were evidence of the peril that a small group could cause from the far side of the globe. Eruptions of Middle East violence create waves of uncertainty that almost inevitably find their way to our shores and to the shores, even, of other countries. And particularly now, in this age of Daesh, in this age of terrorism that offers nothing but mayhem, murder, disorder, chaos – in this age, we understand how these ripples threaten our prosperity as we see young, misguided folks somehow find themselves drawn to conflict by false promises and false representation. And so we see Australians, Americans, Germans, Dutch, British, French, people from all around the world drawn to fight in a place called Syria.

These ripples threaten our prosperity. And we may not be as dependent on Middle East petroleum now as we used to be, but I've got news for you: The energy market is still global, and we have seen damaging price spikes before.

And none of us want to go back to the days of gas lines and sudden shortages that divide nations into those who have oil and those who don't. Our economic stake in the Middle East extends beyond oil. We have an interest in helping new businesses so that companies in the region will sign contracts with American firms. Sure we do, and every other country seeks the same thing. And yes, we will benefit if a broader and more prosperous middle class develops that grows into a major market for U.S. services and goods.

But another reason we care about the Middle East: that it is where some of America's best friends live, including our ally Israel and many Arab states that have stood with us through periods of extraordinary strain. These relationships – all of them – make us safer, enabling us to respond more effectively to security risks such as terrorism, aggression, proliferation, organized crime. And when we help our friends to become stronger, believe me, we become stronger ourselves.

And that strength matters, because the dangers raging in the Middle East are not easy to contain. And that's why Democratic and Republican administrations alike have worked so hard to reduce tensions between Israel and the Palestinians. It's why President Obama has declared that Iran will not be allowed to build or acquire a nuclear weapon. It's why the United States is endeavoring to empower the center against the extremes in Syria. It's why we've been leading – we've been the leading contributor to humanitarian relief in Turkey, Lebanon, and Jordan, and other countries where refugees have fled – now nearly three quarters of the population of Syria either in Lebanon, in Turkey, in Jordan, or displaced in Syria itself – three quarters. And it's why America has joined with more than five dozen other governments in a coalition to degrade and defeat the terrorist network that calls itself the Islamic State, ISIL, but which has no relationship to a state, and certainly no right to assume any title of Islamism under any notion of that religion. (Applause.) It is called Daesh in the Arab world, and it's a name I prefer, because it carries with it certain connotations that properly describe it.

In Brussels last week, I attended the first ministerial-level meeting of the anti-ISIL coalition, and I can tell you it was an impressive group that gathered, with Arab and Muslim countries playing a dynamic leadership role. Two and a half months ago, that coalition didn't exist. It has come together in a short span of time, and already it has stopped the momentum of ISIL. It has required them to change their communications, to not travel in convoys, to alter their behavior, to lose many of their assets, including funding and other fixed assets. And we see a coalition that is now pushing ISIL hard on the ground, from the air, in its finances, and by exposing the absurdity of its religious claims.

But the fight against violent extremism in the Middle East can and will only truly be won if there are clear and appealing alternatives. Without a credible vision of a widely shared prosperity and of social justice, any victories that we achieve with respect to Daesh directly will be short-lived. So even as we and our partners strive to defeat Daesh, we have to also pursue a future for the Middle East in which the architects of economic freedom and growth hold sway, in which they define the future. That's you.

I can tell you that we should approach this task with confidence. It is true that there are many serious challenges in the Middle East, as I've described. But this part of the world is also richly blessed with unbelievable untapped commercial opportunities. Why else would, in fact, so many American companies have established a presence there? Because they see that; they see the possibility of that future.

We did a study before we started the Palestinian Economic Initiative with McKinsey Company. We broke down every sector of the Palestinian economy. We looked at infrastructure. We looked at education. We looked at housing. We looked at the communications, at energy, at agriculture. And above all, we looked at tourism, the remarkable possibilities of this unbelievable area, all of it – Jordan, Syria, Israel, the West Bank, a future Palestine, Egypt, all through the region. Imagine if that were free and open to the tourists of the world.

Why else, in fact, would the Middle East Commercial Center have attracted the interest that it has attracted? The answer is simple: because you understand this; you understand everything I just said and you're betting on it; you're in it for the long haul. And you have demonstrated that you have faith in the region's people and the future. And that same optimism animated President Obama's historic speech in Cairo five years ago, when he stressed America's desire to work as a partner with Arab and Muslim states. And as the President noted – and as leaders in and outside the Middle East are aware – the MENA region has extraordinary space for growth.

Let's be honest here. Aside from petroleum, MENA countries right now simply don't produce enough of what the rest of the world wants; they don't trade efficiently even among themselves; and they aren't making wise enough use of their human capital. Some countries are doing better than others, but overall the Middle East has the lowest share of intra-regional, non-oil commerce in the world. Across the Maghreb, the relative absence of integrated markets costs the economy two to three percent of GDP growth a year. Youth unemployment is above 25 percent. And only about one woman in four participates in the economy.

These shortfalls would be disturbing at any time, but they are particularly harmful now, when countries from Morocco to the Caspian have large populations of young people who are ambitious, educated, hopeful, aspiring, linked by technology, and eager to start careers, but who often lack any real chance to do so. That's the germinator of frustration, folks. The result is the social equivalent of a bottle full of carbonated water just being shook and then opened. Consider the young man or woman with a master's degree who finds no more lucrative position than to drive a taxi, the college graduate who cleans bathrooms, the high school drop-out who can't get a job at all; the hundreds of thousands of people, skilled or unskilled, compelled to leave their home countries each year in pursuit of a paycheck. It's not enough if the region creates a new job every minute when a new applicant for that job appears every thirty seconds.

In the United States, the average age is 35. In the Middle East and in North Africa, it's less than 21. The region's future depends on the choices that these young people are going to make. And the choices they get to make depend on a lot of you here in this room. So who are they going to listen to? Who are they going to turn to for inspiration? Whose ideas will command their loyalty? Individually, each one of these young people is a story that will end either in frustration or opportunity. And collectively, they present a profound challenge, because the outcome of that race between frustration and opportunity will do a huge amount to shape tomorrow's Middle East.

There is no single way to win this race. Success depends on many fronts. Regional leaders have to improve the climate for private sector investment. Business people have to take advantage of every opening while giving back to the communities in which they operate. Civil society has a duty to voice new ideas and advocate for reform. And the international community, including the United States of America, can help by giving a hand up to the region's builders and healers.

Looking ahead, my friends, there are many ways to think about our priorities in helping the Middle East economies to grow. But tonight, I ask you to just consider an agenda of opportunity in four quick parts.

Let's begin with the foundation of the thriving economy: education. The Middle East has many fine colleges and universities. It has an impressive Education City in Doha which has forged partnerships with some of America's top academic institutions. Overall the region has a higher rate of educational achievement than much of the developing world. But there's a troubling disconnect between the skills that schools teach and the expertise that the job market demands. And many of the region's young people graduate with degrees that leave them ill-equipped and ill-prepared for available positions. That frustrates them and potential employers as well.

This ought to be a fixable problem. In the United States, we have developed a robust system of junior and community colleges, supplemented by hands-on career counseling and direct private sector involvement. We ought to help the Middle East to do the same.

The State Department is already working closely with a group of locally run nonprofits who are focused on precisely this challenge of matching jobs to skills. Each year, Education for Employment reaches thousands of young people by helping, for example, a young Egyptian woman to learn English so that she could pursue a career as a journalist; or teaching a man raised in the Moroccan desert the basics of computer science, so he can become the manager of a technology firm in Casablanca.

In the Middle East, it is logical to ask: Where are the jobs of the future? Well, one possibility is the health sector, where the GCC states alone anticipate the need for 25,000 new hospital beds by the end of this decade. The challenge for academic institutions is to respond to this rising demand by turning out not only doctors and nurses, but also diagnosticians, pharmacy workers, X-ray technicians, therapists, other medical personnel. We need to help young people in the Middle East find jobs, but we also need to help them to create jobs.

And this is an area where we look to the business community to point the way in developing tomorrow's engines of growth. In Cairo, President Obama announced a plan to bring corporate executives, foundations, and thought leaders together in an entrepreneurial summit. Just last month in Marrakech, we celebrated the fifth anniversary of this idea with another gathering that featured Vice President Biden and attracted nearly 4,000 participants. These efforts matter because in America, firms that are less than five years old have long accounted for the lion's share of new employment in the private sector. And make no mistake, the innovative spirit that I'm talking about is alive and well in the Middle East.

Consider the case of Ahmed El Alfi, a young Egyptian who built a company designed to help other new firms get started. He calls his business "Flat6Labs," and in three years it has produced more than 30 young companies. Meanwhile, the Qatar Foundation sponsors a televised reality competition called Stars of Science, in which leading academic figures judge the projects of young inventors. A graduate of the show, a young fellow by the name of Amina Al-Hawaj – excuse me, young woman – was declared the woman inventor of the year in 2014. Her products, which focus on rehabilitation from hip, ankle, or knee surgery, are already being commercialized. And to date, more than 60 patents have been filed by the former participants in the competition. The message is clear: To prepare for the future, knowledge is essential, but so is the ability to apply that knowledge to the problems of the world.

Second arena demanding our attention is trade and transparency. According to the OECD, even modest trade liberalization would significantly increase employment in the MENA region. The elimination of non-tariff trade barriers and better integration into global supply chains could unleash tremendous economic potential. And I sometimes think that the most valuable gift that any national economy could receive is not new oil discovery or the installation of a deep water port, it's the consistent and rigorous application of the rule of law. If investors are going to risk their capital, they have to know that they will be able to enforce contracts and not be undercut by companies that violate fair labor and even environmental standards.

These are themes that U.S. officials raise constantly in conversations with our regional counterparts, and repeatedly we emphasize the value of practices that will attract more foreign direct investment, facilitate intra-regional commerce, and make it easier for local businesses to open their doors and grow. The solution, my friends, can be as simple as harmonizing custom procedures, opening markets for services, increasing protection for intellectual property, making regulatory regimes more responsive to the concerns of all stakeholders. Bigger countries in the region can actually help by removing barriers that make it harder for their companies to tap into supply networks in neighboring countries.

The United States has job-generating free trade agreements with many countries in the region, but I often hear grumbling in America that such agreements benefit our partners more than they do us. And guess what? When I'm traveling overseas, I hear just the opposite, and that's usually a sign that something is working. Consider this example: a Jordanian company, Petra Engineering company. Representatives visited fair trade after – trade fair after trade fair in the United States before signing their first contract. Today, Petra air conditioning units are in the Empire State Building, at NASA, in countless schools and buildings throughout our country. And that's not all. As a global supplier, Petra buys quality components, including top of the line compressors, that bear the label "Made in America." And this is exactly how good jobs are created in both the United States and the Middle East, and it's exactly how our free trade agreement ought to operate.

Within the region, preferential trade pacts are now in place, and they've created a framework for economic reform that has led to some positive steps. Let me give you an example. The Arab League has reduced tariffs among member countries. The GCC has established a standardization office in Riyadh. Egypt has begun to reduce energy subsidies. So the movement is in the right direction. The problem is the pace. If Middle Eastern commerce is going to become the economic driver that it ought to be, governments have to start to act with urgency, not settle for half-measures or wait for the next country to go first.

Third priority is better infrastructure, an area where the Chamber and the U.S. private sector have long been engaged. All the way back in the 1950s, Ex-Im-backed loans were made – made possible the first electric power stations in Riyadh and Jeddah. In the time since, many leading American businesses have helped to build roads, ports, gas pipelines, and LNG facilities. In September, the U.S. firm Noble Energy signed a letter of intent with Jordan's national electric power company to bring Israeli offshore gas to the kingdom, and another U.S. company is helping to modernize the management of Jordan's trucking industry. GE has brought U.S. technology to bear on Algeria's outmoded power grid. And OPIC, among many other projects, is dividing [11](#) political risk insurance to help Iraqi farmers gain access to more modern irrigation equipment.

But as the participants in the Middle East Commercial Center are aware, infrastructure in the 21st century means a lot more than just bricks and concrete. Just last month, the Center held a technology forum in Istanbul, which launched a plan to expand the capacity of the information and business possibilities throughout the region. In our era, an open internet, access to broadband, free flows of data are essential to competitiveness. And the Middle East, with its young population, is poised to take full advantage of the information revolution. Governments have to support that, folks – not stand in the way.

And despite all this activity, there remain many opportunities to further improve the region's infrastructure and thereby create good jobs. And one way to do that is by responding to the Middle East's burgeoning appetite for renewable sources of power.

I know you're saying, "Whoa, renewable sources of power? That's sort of like, introducing green technology in the Middle East is a little bit like bringing coals to Newcastle." But no, it might have been the case decades ago – but not true today. The future will absolutely demand sustainable infrastructure.

And that's why every country in the region is already home to at least one renewable project. The UAE alone has pledged to cut carbon emissions by 30 percent. Next year in Paris, we're going to have a major meeting in which countries all around the world will be asked to take part in this effort. And I understand that the UAE aims to attract about \$100 billion in investments by the end of the decade. Ambassador Thorne recently returned from Egypt, where he led the largest trade delegation in the history of the Chamber of Commerce. And Egypt has many infrastructure needs, but it too is going ahead with plans to increase solar and wind components of its energy mix.

More and more leaders are realizing that the old combination of fossil fuels and extensive power subsidies no longer cuts it even in a country as oil-rich as Saudi Arabia. According to some estimates, if the Kingdom's peak power demand continues to increase at present rates, it could become a net importer of petroleum by the end of the next decade. In response, the Saudis are planning their own \$100 billion investment in solar energy. Sooner rather than later, the Saudis are counting on the sun to supply one-third of their power needs.

That brings me to the last area of the progress that I want to highlight today. It's removing barriers to opportunity. There are many such barriers, but some are sturdy and tougher to bring down than others. Some are already coming down.

For example, the UAE is preparing to liberalize its law on the regulation of foreign companies and thereby make it easier to start a business. Abu Dhabi has published new rules for arbitration. Jordan has enacted public-private partnership investment laws that are in line with global standards. Tunisia is modernizing its procurement statutes to streamline the bidding process. Especially in the GCC countries, the enforcement of intellectual property rights is improving. And this trend toward full compliance with international standards – it's good, but it's not yet good enough. Most economies are still too centralized and private sector opportunities too narrow. This has to change if job creation is to accelerate, as I think everybody here understands it must.

Especially for small and medium-sized companies, no barrier is more basic than a lack of capital. And that is why the Obama Administration has given a high priority, through OPIC, to supporting private sector investment. Today, OPIC is providing more than 1.5 billion in financing and in insurance to the MENA region, and we hope to be able to do more. This is helping to support a major credit facility in the West Bank which has made more than 750 loans. And similar institutions, also aimed at small and medium-sized businesses, are planned for Egypt and for Jordan.

Another barrier to opportunity in the MENA region, as it is elsewhere in the world, is corruption. Nothing is more demoralizing to any citizen than the belief that the system is rigged against them and that people in positions of authority are – to use the diplomatic term – crooks. Of course, some corruption is present almost everywhere. We know this. It's a problem. It's a global problem. We have our own prosecutorial system. I used to be a prosecutor, and we know the challenge of people who abuse Wall Street rules or other rules, and we strive continually to try to make our system accountable.

And the same has to be true elsewhere. Some countries in the Middle East, including Qatar, the UAE, Bahrain, and Oman, are rated favorably by watchdog groups. But corruption remains a problem – we all know this – because bribery is an opportunity destroyer. It makes honest investors flee and every business more expensive to operate. Corruption costs the global economy a trillion dollars a year, and it's everybody's responsibility to expose it, to stop it, to prosecute it, and to replace it with high ethical standards.

No barrier to opportunity in the Middle East is, however, more readily measurable than discrimination against women. I've said frequently no team can win with half of its players on the bench. It doesn't work. Women participate in the workplace in the region at only half the rate found in other parts of the world. In some MENA countries, the unemployment percentage for women is three to eight times as high as for men. And the result is an immense loss of productivity, because when women do join the work force GDP goes up and it goes up fast.

Now frankly, there are a lot of ways to empower women without coming into conflict with cultural and religious norms, but those ways are not found unless they are first sought. There is no logical reason why a woman in one Arab country is forbidden to do one thing or another while in another Arab country a woman might be encouraged to fly an air force combat mission as part of the coalition on ISIL. So I find it heartening that Saudi Arabia is committed to doubling the number of women in its workforce over the next few years.

And finally, perhaps the ultimate barrier to opportunity is the absence of peace. There is no more obvious a victim of regional tensions than the Palestinians. Despite the fighting this summer in Gaza and recent violence in Jerusalem, the United States remains hopeful about growing the Palestinian economy and creating more jobs for its people. And last month, OPIC's president visited Israel, West Bank, Jordan to see what more could be done in order to promote prosperity.

Tomorrow, this conference is going to have a very special session on this topic. And in the coming weeks, our Consul General in Jerusalem Michael Ratney, who's here today, will meet with Palestinian and American private leader sectors to look for ways to advance U.S.-Palestinian business partnerships. Such steps are essential, because the Palestinian economy needs to create and generate 600,000 jobs in the next 10 years.

We will do all that we can to help, but we have to be frank about this: That quest would be so much easier if we were able to close the negotiating gaps that remain, and thereby fulfill the decades-old dream of a comprehensive Middle East peace. The United States cannot make that happen just by willing it or by me talking about it, but we're ready to help. We will always be ready to assist if we can. And nothing would do more to create a shared prosperity in the region than the transformation of the traditional warm greeting – salam or shalom – and put it into the reality of reconciliation.

I said earlier that the Middle East Commercial Center is an idea whose time is now. But we all know that people who cling for security to the past – people who resist change, who keep trying to turn back the clock – stand against that. Well, I have to say that the luck of these sorts of folks, I believe, is about to run out. And it's going to run out because of the combination of your efforts, impatience by young people, and hopefully the combination of a global energy and effort at recognizing we are wasting time, wasting resources, wasting opportunity by not grabbing the options that are staring us in the face.

Power today in the world is rising from the bottom. We no longer live in the same hierarchical world we used to. We live in a world of networks and connections. Big transformations are underway. And the choice we face is not between change and the status quo, because that is actually already decided. Our job is to guide the changes that cannot be stopped into constructive channels, channels that will harness the talents and energy of all, but especially those vast populations of young people. None of us acting alone can ensure what will happen, but I've got news for you: Together, there is no limit to what we can accomplish.

So in closing – and I know I talked for a little longer than I meant to, but I really wanted to lay out to you this sense of possibility that we care about – let me be clear: Governments in and outside the Middle East, international institutions, the private sector, colleges and universities, civil society, religious leaders – all have a role to play, all have a responsibility, all have an interest in creating and implementing an opportunity agenda for the Middle East. To that great task, I pledge my own best efforts. President Obama pledges his. The State Department will be there. And respectfully, we summon yours together with ours. Thank you. (Applause.)