Concept Paper

Reinforcing Palestinian-Arab
Private Sector Institutional cooperation

This concept paper presents areas of cooperation between the Palestinian and Arab private sectors on the institutional level. These areas of cooperation may include, in addition to existing efforts to share (transfer) knowledge and training, new ideas such as linking systems of information (data), advocacy cooperation to reduce procedural inefficiencies and establishing a documentation mechanism for traders and investors on barriers to trade and investment, harmonizing procedures and regulations and establishing an alternative dispute mechanism to resolve commercial disputes.

Palestinian-Arab Advocacy and Lobbying Group(s)

Establishing a Palestinian-Arab close cooperation in advocacy and lobbying improves the chances for orchestrating a well-informed private sector position that reflects private sector interests in regard to Palestinian-Arab economic relations. Advocacy and lobbying may be carried out on two levels; on the international fora level and on the national (regional) level.

Advocacy and lobbying on the international fora level implies developing positions that reflect Palestinian-Arab mutual interests in regard international economic and trade commitments of the region, in particular to the Euro-Med Zone, the Middle East Free Trade Initiative (MFTA) and the multilateral trading system (WTO).

Advocacy and lobbying and the dialogue process associated herewith enhances a two-way awareness building on the implications of international commitments on the region; it provides the government(s) with the tools to argue and back essential policy areas with potentially ‘negative’ short term implications on the private sector, such as environmental policies, trade related public health policies. This dialogue also provides the private sector with the tools needed to prepare for meeting the challenges of international trade policy commitments. Advocacy and lobbying on the international for a level could be carried out with European and American business associations as well as through communication with competent authorities such as the European Commission but most importantly with the competent national governments.

The second level of private sector advocacy and lobbying is to advocate with national Arab competent authorities to ensure an enabling Arab business environment for example for the reduction of procedural inefficiencies, the adoption of simplified and harmonized customs procedures, the removal of unnecessary obstacles to trade and for a predictable and transparent application of economic related procedures associated with Palestinian-Arab economic transactions.
In order to enhance the infrastructure to carry out Palestinian-Arab advocacy and lobbying initiatives based on the foundation and knowledge, the following three ideas may be useful:

- **Establish a Notification Mechanism**
  Advocacy and lobbying shall contribute to ensuring transparency in relation to economic policy and procedures. Transparent and non-discretionary economic policy increases predictability, it is easy to understand and enhances the chances of stakeholders, e.g. the private sector to respond and thus consolidate political influence. Needless to mention that transparency reduces the chances for corruption. Moreover, private sector advocacy and lobbying addresses procedural inefficiencies and attempts to create and uphold accountability to public performance.

  In this context, establishing a notification mechanism that communicates legal and procedural changes affecting Palestinian-Arab trade to the private sector. Such a mechanism could increase legal and procedural transparency and enhance predictability.

- **Establish a Documentation Mechanism for Trade Obstacles**
  A major activity may take the form of creating and managing a Hotline for complainants to document and report obstacles and constraints encountered in processing Palestinian-Arab economic activities.

- **Communicate Trade procedures and Requirements**
  Perhaps the real notion of trade facilitation is to create stability and increase predictability and certainty in the conduct of international trade. For those who trade the costs of trade barriers are important; but it is far more important to know in advance what these costs are. Known costs and known trade barriers, even if they are high, can be factored in; unknown, surprising costs such as trade obstacles suddenly arising affect the viability of trade. The idea of trade rules in general and, on a practical level, trade facilitation in particular is to help ensure that there will be no arbitrary regulatory intervention by governments or individual institutions or even officers. For this purpose, communicating and updating transparent trade procedures with interested Palestinian and Arab businesses involved in trade is crucial. For this purpose, conducting studies on the procedural and documentation requirements, costs of transactions and time required at Palestinian and Arab international exit/entry points for processing of imports and exports could serve the purpose.

**Commercial Conciliation and Arbitration**

Establish a Palestinian-Arab dispute settlement mechanism for trade and investment disputes (taking into account the potential of existing mechanisms) that offers conciliation and arbitration services for the resolution of Palestinian-Arab commercial disputes. Several advantages inherent in arbitration mechanisms could be put to use, such as swift procedures, greater choice, flexibility, independence and most importantly, resolving disputes through alternative dispute mechanisms is more likely to retain the business relations of the disputants simply because it is based on the notion of reaching a mutual compromise.

The Palestinian-Arab commercial conciliation and arbitration mechanism could also include a fast track dispute settlement mechanism to swiftly resolve urgent disputes such as trade disputes on border crossing points.
Share Knowledge

Linking data bases related to economic sectors and share knowledge on sector profiles, types of products and services and sectoral potential. Sharing knowledge also includes knowledge about the market(s) requirements such technical standards, labelling requirements and safety standards. Another component to sharing knowledge is the knowledge about third markets potential and requirements.

Capacity Building and Training

Advancing a knowledge economy is a Palestinian strategic objective and therefore the Palestinian private sector places significance attention to enhancing the knowledge and the skills of Palestinian professionals through capacity building and training in/with Arab counterparts. The idea is simply to enhance the management and technology capacities of Palestinian mid-level managers through offering in-company training in Arab companies located in the regional or in international markets. This type of training will expose these mid-level managers to management and technology cultures elsewhere and will enable them to enrich their skills on the practical level. In addition, these managers will be exposed to international standards and good governance principles, a matter that will enrich Palestinian corporate culture on the medium and long run. Further, a by-product to this training is to enhance linkages between Palestinian and Arab companies. Arab private sector institutions and agencies play a catalyst role in mainstreaming and channelling this initiative with their private sector member companies.

Promote Trade

Palestinian-Arab joint trade promotion has been a classical field of cooperation Organize trade fairs, representative offices and organize and manage economic conferences.

The similarity of Palestinian and Arab production patterns and often the similar types of products and services makes it feasible for Palestinian and Arab trade promotion agencies to cooperate in promoting trade to third markets such as organizing and managing joint trade missions to third markets and sharing market research of third markets.

Harmonize Procedures and Regulations affecting Palestinian-Arab Economic Activities

Harmonization of procedures and regulations affecting Palestinian-Arab economic activities can be developed on three levels. The first level is on the private sector self-regulation level such as standards set by professional organizations to reduce market access regulations for trade in services set by professional private sector associations such as accountant associations and work towards the mutual recognition of professional certificates. Another area of cooperation on the private sector self-regulation level is to harmonize documentation and forms such as certificates of origin. Further, private sector institutions may work together to advance the adoption of international best practices among the (national) private sector such as in introducing and ‘institutionalising’ codes of professional conduct, which stimulates good corporate governance, enhances predictability and provides for transparent and uniform set of corporate values. The second level of harmonization is on the semi-private sector level
such as the harmonization of standards (standard institutions are often joint private sector-government bodies) and conformity assessment procedures (testing requirements and procedures). The third level of cooperation in harmonization of procedures and regulations is to develop positions and proposals for regulations set by state authorities such as customs procedures – proposals for simplification and harmonization and advocate and lobby with the competent authorities on adopting these proposals (see advocacy and lobbying).

_Establish a Palestinian-Arab investment council_

Establish a Palestinian-Arab investment Council entrusted with the mission to promote investments that enhance Palestinian-Arab economic relations such as investing in infrastructure projects such roads, develop infrastructure for freight and transportation, investments in the regional electricity network, and the regional natural gas network.

**Additional Joint Activities**

- **Emissions trading**
  Establish close cooperation in respect to novel technologies and mechanisms such as greenhouse gas emissions trading.

- **Establish Sectoral dialogue groups**
  Create central network to trade and exchange information and stimulate expert dialogue on sectoral affairs.