

•• Return to: [Index of 1995 Secretary of State's Speeches/Testimonies](#) || [Electronic Research Collections Index](#) ||
[ERC Homepage](#)

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U.S. Department of State
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Office of the Spokesman

U.S. DEPARTMENT OF STATE
Office of the Spokesman

(Amman, Jordan)

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THE AMMAN ECONOMIC SUMMIT:
TRANSFORMING THE MIDDLE EAST
THROUGH A PUBLIC-PRIVATE PARTNERSHIP

ADDRESS BY
SECRETARY OF STATE WARREN CHRISTOPHER

Sports City Complex
Amman, Jordan

Excellencies, Ladies and Gentlemen: On behalf of President Clinton and the United States, I want to express my deep gratitude to King Hussein, Crown Prince Hassan and the people of Jordan for hosting this Economic Summit.

Your Majesty, for four decades, you have been a force for peace in a region that has known so much war. You have infused your kingdom with a

spirit of civility and tolerance. And working together with Prime Minister Rabin, Chairman Arafat, President Mubarak, King Hassan, and others, your vision and courage is transforming the Middle East.

Four short years ago, the Madrid Conference launched a process that has demonstrated that negotiations can succeed. Enemies can become partners. And across lands whose ancient religions have long inspired humanity, peace can prevail.

One month ago in Washington, we witnessed another historic agreement between the Prime Minister of Israel and the Chairman of the PLO. Building on the 1993 Declaration of Principles, the deal they signed marks a great step forward toward the shining goal of Israeli-Palestinian reconciliation.

And just one year ago, in the desert south of Amman, the world watched as you, Your Majesty, and Prime Minister Rabin built a bridge of peace between your two peoples. Last week, Israel and Jordan signed agreements on agriculture, economic cooperation, and development in the Gulf of Aqaba-- agreements that will bring the concrete benefits of peace.

If these accomplishments are to be truly secure, peace must be comprehensive. It must be extended to include both Syria and Lebanon. Today, I want to reaffirm, on behalf of President Clinton, that the United States will continue to work with the parties to help them achieve a breakthrough for peace.

We also know that peace must reach beyond diplomats and documents. Agreements between governments are the basis of peace. But the reality of peace is found in deeds, not words. Peace is the construction boom in Gaza, a four-fold increase in foreign investment in Israel, the desalination center planned in Oman, and the tour package jointly promoted by El Al and Royal Jordanian Airlines.

For too long, this has been a region of warriors and widows. Let it again become a region of builders and traders. Let its future be shaped by the imagination and ingenuity of its entrepreneurs, the knowledge and curiosity of its children, and the wisdom and memory of its peoples.

This vision of a prosperous peace first brought us together a year ago in Casablanca. Here in Amman, we will fulfill the pledges we made in

Casablanca. We will launch a series of regional institutions that share an overarching purpose-- to improve the ability of the private sector to do business in the Middle East, and to promote the region's economic development and integration.

First, we will create the Bank for Economic Cooperation and Development.

The Bank's establishment is a major milestone-- not least because it is the first such initiative put forward by the parties to the peace process themselves. Jordan, Egypt, the Palestinians, and Israel all agreed on the need for a bank that would support the region's most worthy private sector projects, promote essential infrastructure development, and encourage privatization and wide-ranging economic reform.

The United States is committed to ensuring that the Bank meets these critical needs, and that it is governed by strict rules of accountability. The Bank must complement, not duplicate, the efforts of other institutions such as the World Bank. The Bank must learn from the experience of similar regional institutions. We will work with our partners in the region and the international community to make sure that the Bank succeeds.

Second, this Summit will establish the Middle East-Mediterranean Travel and Tourism Association. Open to governments and private firms everywhere, the Association will harness the world's largest industry-- and one of its best sources of hard currency earnings -- as a catalyst of regional economic growth. It will encourage cooperation within the region, and support its integration into global tourism networks.

In these lands of miracles and monuments are the red temples of Petra, the golden colonnades of Palmyra, the Roman ruins of Caesarea, the vast amphitheater of Carthage, the giant thrones of Abu Simbel. Peace should throw the wonders of the Middle East open to the world. Already Jordan's tourism revenues have doubled in the year since it made peace with Israel. Other nations can do the same.

Third, we will launch the Regional Business Council with leaders from

private business and government. The Council will be a permanent forum for exchanging information, developing investment opportunities, and encouraging a world-class business environment. I want to acknowledge the role of my Cabinet colleague, Secretary of Commerce Ron Brown, in establishing this voice for business in the region.

Here in Amman, we must also go beyond our work at Casablanca. We must reinforce our public-private sector partnership for peace and foster patterns of commercial cooperation across the Middle East. Governments have a responsibility to lay the foundations for peace and prosperity. But the private sector has the opportunity to build the structure of a lasting peace reinforced by rising prosperity.

This public-private partnership is based on three mutually reinforcing pillars: first, the private sector; second, countries outside the region that have been at the forefront of efforts to support the peace process; and third, governments in the region. Let me briefly describe the unique challenges that each must meet.

The private sector must recognize and seize the business opportunities that peace is creating. The fact that hundreds of businesspeople have come to Amman is evidence that they are doing just that.

I am proud to say that among them are more than 125 American companies, many of whom are leading the way. Lockheed-Martin will conduct a feasibility study for a regional airport that will link Aqaba in Jordan and Eilat in Israel. The communications firms Sprint and AT&T will announce joint ventures with Jordanian partners to hook Jordan up with the information superhighway. Culligan Water Technologies will sign an agreement to manufacture bottled water in Jericho. And General Electric is close to finalizing a large contract to supply Egypt with locomotives.

Ladies and gentlemen: Last year we announced that the Middle East was open for business. This year we declare that the Middle East is doing business.

As the peace process pushes on, agreement by agreement, the risks for business diminish, day by day. Business can profit while making a decisive contribution at a moment of rare historic opportunity.

At the same time, governments from outside the Middle East must do their part to accelerate the momentum of private sector involvement. The United States will continue to work with its friends around the world to promote the region's prosperity. We look especially to the European Union and Japan to continue their significant contributions to this effort.

For our part, the U.S. Department of Commerce, the Overseas Private Investment Corporation, the Exim Bank, and the Trade and Development Administration are working hard to ensure that American companies can take full advantage of regional trade and investment opportunities. These agencies are funding feasibility studies, providing investment guarantees, and offering risk insurance. OPIC, for example, is capitalizing a \$250 million regional fund for the Middle East and North Africa.

The United States has also launched a number of important bilateral initiatives with key regional parties. With the Palestinians, we have helped to mobilize the international donor effort, and pledged \$500 million in American assistance. Our Trade Representative Mickey Kantor has just finalized an agreement with the Palestinian Authority to allow exports from the West Bank and Gaza duty-free access to the American market. With Jordan, we are considering a bilateral investment treaty, and we have forgiven more than \$700 million of Jordanian debt to the United States. And with Egypt, we have launched a pathbreaking joint partnership for economic growth and development under the leadership of President Mubarak and Vice President Gore.

Of course, it is the governments in the region that bear the greatest responsibility for making the Middle East a world-class business environment. In the past, there has been far too much government regulation and inefficient public investment. Local private capital has fled the region and foreign capital has found greater incentives elsewhere.

To their credit, many governments in the region are now taking bold steps to put their economic house in order. Tunisia and Morocco, for example, have embraced real economic reform. In the last decade, privatization, deregulation, budget discipline, and currency reform, among other steps, have produced impressive leaps in economic growth in both countries. Not surprisingly, the private sector has responded.

Between 1989 and 1994, direct foreign investment in Morocco more than tripled.

Jordan is another nation taking important steps toward reform. Its new investment code will give foreign firms the legal protections they need to take advantage of Jordan's many opportunities.

But more must be done across the region. Governments need to remove restrictions on trade and investment. They must reform capital markets, modernize tax systems, and stamp out corruption. They need to ensure fair business practices through legal systems and commercial dispute mechanisms that are transparent and fair. And they must continue to deregulate and get bureaucracies out of the way of business.

I also call on the region's governments to remove the most harmful political barrier to greater economic openness. The boycott against Israel maintains walls at a time when negotiations are bringing them down. It impedes regional economic integration. The boycott serves no one. While the boycott is being dismantled and many of the countries here no longer observe it, the moment is right to end the boycott completely.

All these steps are essential if the region is to attract the skills and capital of international business. Now is the time for the Middle East to prepare to compete in the global economy. Now is the time for the Middle East to reinvent itself for the twenty-first century.

The Middle East is on the verge of reconnecting its rich past to the boundless possibilities of the future. For centuries, this region witnessed the constant movement of people, ideas, and goods across its borders. Linen, glassware, olive oil, incense, pungent spices and precious metals were traded across the deserts and over the seas. The world passed through the Middle East, and the Middle East passed through the world.

Today we see this legacy in the Arabic numerals the world uses to count and in the coffee, first ground from arabica beans, that the world loves to drink. And we see this legacy in the words we use-- for damask cloth from Damascus and gauze from Gaza.

As we approach a new millennium, we can revive the trading routes of centuries past, and create new ones for today. Caravans of culture and commerce can travel by air, by fax, by microchip, and along the information superhighway.

The Middle East also has old words to return to the world-- and most of all to itself. Let Salaam and Shalom become the watchwords of a prosperous new Middle East at peace.

A year ago in Casablanca, I borrowed a line from Humphrey Bogart when I suggested that the first Summit could be the beginning of a beautiful friendship. Allow me now to borrow once again from the spirit of that famous movie. Today, in Amman, it is time to play it again, Sam.

Thank you very much.

[To the top of this page](#)