



May 25, 2011

Dear G-8 Colleagues,

As President Obama said on May 19, the courage of the people of the Middle East and North Africa has created an historic opportunity. This is a time for the region and the world to work together to support successful transitions toward democratic societies and more inclusive economies.

As our nations gather at Deauville, we should consider several steps to support these goals. We share a compelling interest in seeing the transitions in Egypt and Tunisia succeed and become models for the region. Otherwise, we risk losing this moment of opportunity.

Experience from other democratic transitions has taught us that we should focus on trade, not just aid, and on investment, not just assistance. Moreover, our efforts should be aligned with the needs and aspirations of the people of the region. In Egypt and Tunisia, citizens have outlined several key priorities: improving financial stability, strengthening the private sector, curbing corruption, creating jobs, and further integrating their markets with the region and the global economy.

With these priorities in mind, we should first offer our strong support for the Joint Action Plan of the Multilateral Development Banks. The World Bank and the African Development Bank will bring their resources to bear by supporting home-grown policies and reform agendas. We call on governments around the world—including in the Middle East and the Gulf—to join us in forming a broad and long-term partnership to support Egypt and Tunisia. It will be important to ensure that public dollars help leverage private dollars and grow private enterprise, and that the reforms are driven by the people and leaders of the region themselves.

Second, we should help Egypt convert the debts of the past into investments for the future. The United States is committed to a debt swap for Egypt, and we are asking our partners to join us in this initiative. A debt swap will enable Egypt to channel its debt payments toward underwriting swift, sustainable job creation. A shared response in the form of a multi-creditor debt swap for job creation would provide Egypt with financial relief while also ensuring that critical investments are made to improve the lives of Egyptian people. We also should stand ready in the Paris Club to reinforce the forthcoming IMF package for Egypt. At the same time, we should collectively commit to helping newly democratic governments recover assets that were stolen.

Third, the G-8 should lead efforts to reorient the European Bank for Reconstruction and Development (EBRD) so that it can play the same role today in supporting democratic transitions in the Middle East and North Africa that it has played over the past two decades in Central and Eastern Europe. Our countries should use the Deauville Summit to support a mechanism that enables the EBRD to engage in the near-term to support private sector development in the region, as well as reforms that create conditions for successful entrepreneurship.

These immediate steps will provide important support to the democratic transitions already underway. But to be most effective, they must be part of a larger vision that connects the region to the global economy.

Non-oil exports within the Middle East and North Africa currently account for less than 10 percent of the region's total trade—lower than that of any other region in the world. This lack of regional integration has contributed to chronic unemployment and hindered diversification.

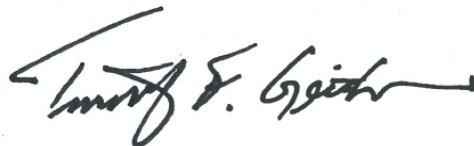
To begin reversing this trend, President Obama announced a comprehensive Trade and Investment Partnership Initiative in the Middle East and North Africa. We ask members of the G-8 and the EU to join the United States and other willing partners across the region to facilitate more trade within the region, as well as between the region and global markets. This plan will increase market access and create new economic opportunities in new sectors, driven by new technologies. Just as membership in the European Union served as a powerful incentive for economic transformation in Central and Eastern Europe after the Cold War, so should the prospect of participating in an integrated and dynamic regional economy create a powerful force for reform in the Middle East and North Africa.

As President Obama said, the greatest untapped resource in the Middle East and North Africa is the talent of its people. Ultimately, they are the ones who will determine the future of their region. The nations of the G-8 share an interest and a responsibility in supporting these people and their countries as they move toward genuine democracy and more vibrant and open economies. The proposals we have outlined are important steps toward that future, and we should waste no time in seizing this moment of opportunity. We look forward to working with you in translating these proposals into results.

Sincerely,



Hillary Rodham Clinton  
Secretary of State



Timothy F. Geithner  
Secretary of the Treasury