

# Abu Ghazaleh: I am not worried about Syria

We are working to encourage partnership between governments and the business community

## Sami Moubayed

Talal Abu-Ghazaleh is one of the leading entrepreneurs both in the Arab World and international community. A man of principle, talent, character, and vision, he was born in Jaffa, Palestine, in 1938, and studied business administration at the American University of Beirut (AUB). He is founder and chairman of the Talal Abu Ghazaleh Organization (TAGorg), the largest Arab global group of professional service firms in the fields of accounting, management, and consulting. He is also vice-chair of the United Nations Information and Communications Technologies Task Force (ICT TF) and chairman of the ICC's Working Group on Internet Governance and ICC Commission on E-Business Information Technologies and Telecoms (EBITT). Abu-Ghazaleh is the founder and president of three not-for-profit organizations namely; the Arab Society of Certified Accountants (ASCA), the Arab Knowledge Management Society (AKMS), the Arab Society for Intellectual Property (ASIP) and Licensing Executives Society-Arab Countries (LES-AC). He came to Damascus in May 2007 in his capacity as Deputy Chairman of the Global Compact initiative of the United Nations and gave this interview to Forward.

**The 'success story' continues. Last April 2007 you made world headlines—again—when you were appointed Deputy-Chairman of the Global Compact by Mr. Ban Ki Moon, charged with establishing national centers for Global Compact in the Arab States under the auspices of the Arab League. That, and other issues, brings you to Syria. Can**

**you tell us more about your project and what it means for the Arab region as a whole?**

The privilege, particularly in this project, is working with UNDP. It is a model for partnership between government organizations and the private sector. I have been very persistent about this approach for many years, working towards establishing new partnerships between all the stakeholders of any community or country in the world. And this is what Global Compact is all about. It is a multi-stakeholder establishment where the governments of the world, represented by the UN system, join efforts with civil society, the business community, and others to work towards implementation of the aims and principles of the UN. The UN is an organization of governments. I am represented at the UN as an observer but I chair a number of governmental and non-governmental entities within the UN system. In 1998 I proposed this idea to the then secretary-general (Kofi Anan) because it was the sunset of the UN ICT Task Force. I co-chaired it and it was mandated with implementing, through ICT, the Millennium Development Goals (MDGs). I felt we needed to establish two entities, and I am on the board of both. One of them is Global Compact. The other is GAID (Global Alliance on ICT for Development). The principal is we want governments to join hands—in real partnership—with the business community and not just look at it as an observer. They are—and should—be real partners. At GAID, the chairmanship is revolving. At Global Compact we are very lucky that the Secretary General himself is the chairman. That gives it special, rare powers. All



the organizations of the UN are chaired by elected or appointed persons, and in this, the Global Compact is unique. In this capacity I will be working under his guidance and with him on implementing objectives. The Global Compact deals with everything that is non-political or security-related. One of the main tracks is corporate social responsibility: how to create awareness and real interest for the business community for it to contribute to society. We are also oriented towards human rights with regard to employment, and gender issues. For example, one of the principles is that 30% of any organizations must be female. We address gender equality and gender use. Also, we deal with anti-corruption and environmental issues. In brief, it is about those principles on which the UN was founded. We do have a great margin for conduct. In the Security Council, for example, the margins are very limited because of the veto and dominance of the Super Powers. Outside the Security Council you have greater room to deliver. I am excited and very keen about this project.



Talal Abu Ghazaleh speaking to FW at the Cham Palace Hotel in Damascus

The Board of Directors of Global Compact represents over 4,000 companies worldwide from the largest in business, the International Chamber of Commerce, the International Labor Union, in addition to other civil institutions. Some of the topics that stand high on the agenda are human rights, labor, environment, governance, prevention of conflict, and fighting corruption. Plans are underway for the Global Compact Summit in Geneva on July 5-6, 2007 under the title "Facing the Facts: The Actual Work." What are the benchmarks that plan to be met and will all of these topics be addressed?

This is the first summit of its kind, also referred to as the Global Compact, Summit One. We expect to come out with a number of declarations including one on corporate social responsibility. I keep saying: "if you give the community, you are always rewarded, one way or another." I give the example of Bill Gates who gave a donation of \$1 billion USD to teach computer literacy in the far-reaching areas of the United States. It was charity, but it was also, busi-

ness oriented. Those same people became his clients and had to buy his products. I am not looking at corporate social responsibility as charity. That is why we don't call it 'donations.' We call it 'responsibility.' At the end of the day, it pays back. And it did in our case. In general it will be a summit of leaders from government, business, and civil society who are concerned about the collective future of society.

**One of the objectives of the Global Compact is to promote anti-corruption and good governance, although they may have a backseat when compared to other priorities. Have Arab countries responded positively to these two issues in particular, or have they been frowned upon?**

I think that these issues are helpful and needed. They are not issues of controversy and confrontation. During my last meeting at the UN, we were talking about how the World Bank wants to penalize countries that tolerate corruption and are corrupt. The idea was that they would not be granted loans, or minimal loans at best. I made it clear at the UN that un-

fortunately the world has been looking at corruption as one-sided. In any corruption process there are two sides: the corruptor and the corrupted. I argue that the corruptor is more to blame than the corrupted because he is committing two crimes. The corrupted corrupts himself. The corruptor, however, corrupts both himself and other; it's a double crime. Corruption has been abused as a political tool. That has to be addressed. We should think of alternative ways to reward people transparently, rather than 'underneath the table.' We need to create awareness. This brings me to our partnership with UNDP. I am establishing centers for GC in the Arab World. We have done that in Egypt, Jordan, Morocco, and hopefully, we plan on establishing one in Syria once we receive the official 'blessings.' The real problem is not with governments but from the business society—the private sector. Although I am from the business community, the private sector always complains from government. I have not seen any government in the Arab World that stood in the way of positive and productive initiative, and

I have been in this business for 50-years. You just have to do it in the right way and prove that it serves the interests of society in particular and the country as a whole. You then won't have a problem. What is happening in this part of the world is that the process of privatization (of which I am supportive) strives to create organizations that are cost effective, competitive, and innovative. This means that government is going to lose a major part of its income. We have to make it up from the private sector, which is the generator of wealth. When I criticize the private sector for its lack of commitment to lead rather than complain, I nevertheless stress that it has a role that must be recognized, as the creator of knowledge and wealth. I spoke at the World Summit of Information Society in Geneva saying: "I object to my status here as an observer. If I am an observer this means I am not a partner." I call on all governments in the world to recognize the private sector as a partner and not an observer. The government has its role; we don't want to trespass on it. The private sector has its role as well and both should work together for common goals. We are not there to serve the interests of governments and likewise, governments are not there solely to serve our interests.

Let us discuss the private sector side of Talal Abu Ghazaleh. Your company, Talal Abu Ghazaleh & C. International (TAGI) is one of the leading firms of Certified Public Accountants and Auditors in the Arab region. It boasts, after over 30 years of activity, of being "committed to excellence" and "finding solution, not just problems." Your success story is one that can inspire Arabs—and non-Arabs as well—because it speaks entrepreneurship, motivation, determination, and results. Tell us about it. There is a lot of material on the Internet about the success story of Talal Abu Ghazaleh, but we would like to hear it in your own words.

I have spoken about this numerous times, at the universities of Kuwait, Bahrain, and recently to the Young Entrepreneurs in Jordan. People think of suffering as a punishment. I consider it a blessing. I was a refugee thrown on one of the shores of Lebanon in a village called Ghaziyya, south of Sidon. We had no schools so I had to study in Sidon. To get there I had to walk because there was no transportation. I had to walk two hours every day to school and back again. Some see that as a hardship. It was a blessing for me because at 70, I am still in good health and that is because I had to walk for many years for four hours every day. What wonder-



Syria benefited from all kinds of restrictions and developed self-created solutions over the years. It has tremendous talent.

ful exercise—to be forced to walk! Also, because I could not afford the luxuries of food (excess is bad for your health). That too was a blessing. Ghaziyya taught me of the goodness in this world because the villagers did not treat us as refugees. They treated us as cousins. The Mukhtar Hajj Rida Khalifeh would see me every day and invite me to his gatherings and meetings with people. "Talal must come sit with me" he would say, although I was a young 11-year old boy. I then had to be a top student in order to obtain a scholarship to study at AUB. UNRWA had only one scholarship for a Palestinian wanting to go to AUB. So I had one chance. If I were number two, simply, I was out. I wouldn't be going to college. So I had to be number one and I was number one, going on

to AUB to study business administration on full scholarship. At work I was fought by every possible competitor because we were establishing a new phenomenon in the Arab World. There were the 'Big Four' in Kuwait. They dominated. Within five years we were number one. Now we are Four plus One. We are larger than the 'Big Four' in the region. In 1972, we started as the smallest intellectual property firm in the world. Today we are the largest and leading in the world, not just the Arab region. Challenges are what made us. Every morning my colleagues are surprised when we have a problem at work because I get all warmed up and say: "Good we have a challenge. Let us work on it."

**Bill Gates once said: "Success is a lousy teacher. It seduces smart people into thinking they can't lose." Do you agree with that?**

Absolutely. Failure is only a chance to start again--intelligently.

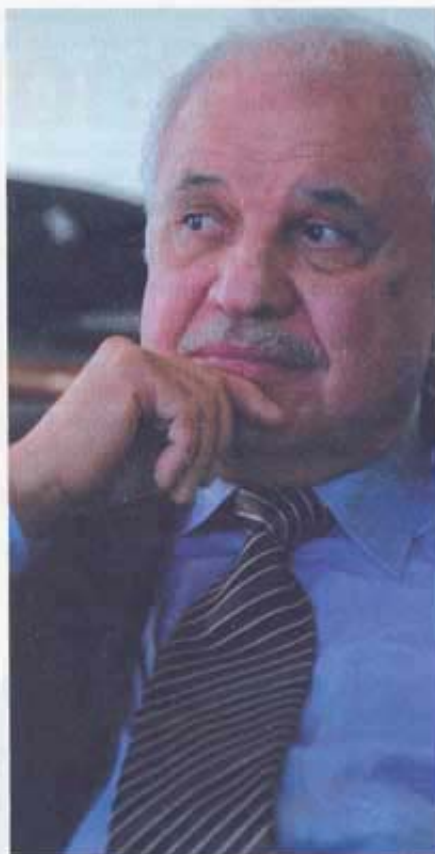
**Have you failed?**

Many times. Many, many times. Every failure was a stage, not an end. I always asked myself: "Why did I fail?" When I found out the reason I decided to start again, learn from my failure—and succeed. Sometimes I failed up to five times but I had one thing: persistence. Failure is only a step in a series to teach how to do better next time. If I claim that I don't have mistakes, I would be an idiot.

**You are a pioneer in the protection of intellectual property rights (IPRs), having established the Abu-Ghazaleh Intellectual Property (AGIP) Company in Kuwait in 1972. This is a field that is much needed in Syria. Your story with IPRs dates back to 1962, I believe, as you have said on several occasions. Why 1962 and not 1972, when AGIP was established?**

That is an interesting story of which I am very proud. In 1962, I was only two years out of college. We were in the business of accounting and starting as an accounting firm since we were not fully fledged as an intellectual property firm back then, doing registration services. One day I was called by the office director of the Ministry of Finance. At that time there was no government, just departments. The head of the department was the late Emir Sheikh Jaber al-Ahmad, the future prime minister. His secretary called and said: "His Highness wants to see you immediately!" I had never seen an emir or a sheikh in my life. I went there, and before entering was told that "he is very upset with you." I was so insignificant for him to be upset with me, why would he be upset with me? He was a very polite and

very handsome man. I walked in and he asked: "How long have you been here?" I said: "Two years." He replied, "Then it is obvious that you don't understand our culture in Kuwait." I said: "But I am willing to learn." He added, "We don't like to go to court." I immediately answered: "Nobody likes to go to court." He answered: "Then why did you sue me?" I replied: "Me? How could I dare sue you?" He handed me a file from his desk and I started to read it and sweat. It read: "Sheikh Jaber al-Ahmad al-Sabah in his capacity as the Director of the Financial Department in Kuwait is required to go to court on date X and time Y for the case raised against him by Talal Abu Ghazaleh." All the names were correct. It was in relation to the registration of 7-Up as a trademark in Kuwait. I explained: "Your Excellency, I was only implementing the law where it says that if the registrar refuses to register a trademark, and you don't agree with his judgment, you can go to court and the court can decide. And since you are the head of the department the court notice comes to you, by law, so you are summoned as head of this department to court." He said: "Yes maybe that is what the law says and I do not disagree. But why did you not come to talk to me about it before calling me to court? You should have tried other alternatives. You don't understand our culture." I said: "I will learn and from now on I will observe the cultural dictates of the country." I then asked permission to leave saying that "I want to go destroy all the bottles of 7-Up in the office and at home." He started laughing, ordered coffee, and asked me to explain more. I said that the registrar refused—rightfully—to register the words "7" and "Up" because they are generic. I cannot own the words "7" and "Up." I was trying to explain that we don't want to own these words. We are requesting the registration of a certain design in a certain color and shape on a certain bottle, while giving a disclaimer to the words "7-Up." In the registration we disclaimed any ownership to these words, but the registrar refused. The Emir, listening with interest, said: "Well that makes sense. Just sit with the registrar and I will ask him to be more sensible." I learned a lot from the Emir that day about cultural importance. I learned that when leaders realize facts, they are always logical and reasonable. We don't convey the message correctly to them. That was the start of my interest to launch a real fully-fledged intellectual property firm, with the help of Kuwait, both its leadership and business community. Sheikh Salem Subah al-Salem at the time was Ambassador of Kuwait to



Washington DC. He took me by hand and helped me launch this business with our first clients. The support I received from Kuwait was a dream. It was a dream that a firm like ours, from the developing world, would one day become number one in the entire world.

**You studied at AUB and served as a Member of the Board of Trustees. The founders of this magazine are both AUB graduates, and so are many of its contributors. One might say that Forward is 'powered' by AUBites. Can you tell us about your relationship with AUB?**

I believe in history. I am proud to be an AUB graduate and a member of the AUB family. I actually established the first graduate school of business in the Arab World, at AUB. We recruit from AUB and do a lot of seminars and events with the University in the fields of capacity-leading and training. During the July war on Lebanon by Israel, I was in constant communication with Lebanese authorities and offered to transfer all business students at Lebanese universities, and their professors, to TAG School. This was not just for AUB. In other words, I offered to domicile them as guests at TAG School, with the same faculty and same programs. I put it in writing and offered to take care of all

of the expenses, in case the war lasted. I was happy that it ended but would have been honored to host them. The Lebanese asked me to keep it confidential because they didn't want the community to fear that the war would drag on. I am very optimistic about Lebanon. Israel will not dare do it again. This was a fatal lesson for Israel. Some lessons can be forgotten but this one will never be forgotten by the Israelis. If they attack again, we will defeat them once again. They should hear this.

**The Syrian government is embarking on an extensive process of reform, which includes business-friendly legislation. What advice do you have for a fledgling economy like Syria, out of your experience?**

I have a certain philosophy when it comes to Syria where international aid and support is minimal. I consider that a blessing because it makes Syria independent and self-sufficient. I always say that the weakest economy in the region is Israel because it is not independent or self-sufficient. It is like a sick man living off an artificial life support system. Once you unplug the support, Israel is weak. Syria benefited from all kinds of restrictions and developed self-created solutions over the years. It has tremendous talent. It is beneficial that Syria is not dependent on anybody, nor is it dependent on foreign investment. I recently spoke about Foreign Direct Investment (FDI) saying that it does not exist in the Arab World. We are a net exporter of FDI. The FDI going out of the Arab World is 10-times as much as the FDI coming into it. Let us talk about repatriating FDI instead of begging others and running after a shadow called FDI. I have been saying that to leaders throughout my career: please do not pass any law encouraging FDI. Scrap all of these laws and issue one that encourages National Direct Investment (NDI). FDI will come but only when it sees that national capital has faith in its own economy. Foreign capital is pragmatic and selfish. The focus is how to create an environment that attracts national investment. FDI will come if NDI is there. Even from a human rights perspective, it is unjust to give advantages to foreign, American or Japanese investors, at the expense of local ones. FDI is a myth. It is NDI that will make a strong economy. I am not worried about Syria. At the worst moment of the so-called 'isolation' of Syria, the Syrian economy was healthy while countries dependent on foreign aid were suffering. I would like to insist: don't depend on foreign aid and don't beg for foreign investment. Depend on national capital, creativity, industry, and your sense of belonging.