



NATIONAL U.S.-ARAB CHAMBER OF COMMERCE

غرفة التجارة الأمريكية العربية الوطنية

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## THIRD ANNUAL AMBASSADORS FORUM, FEATURING 19 CHIEFS OF MISSION, ATTRACTS OVER 400 COMPANIES

*U.S. Ambassadors Offer Insights Into Opportunities Across the Middle East and North Africa (MENA)*

*Despite Challenges in the Region, Trade and Investment Are On Track to Continue Record-Setting Pace*

**Washington, DC** – Earlier this week, the National U.S. – Arab Chamber of Commerce (NUSACC) and the U.S. Department of State co-hosted the third annual “Ambassadors Economic and Commercial Forum.” The event brought together 11 American ambassadors stationed in the Middle East and North Africa (MENA) and eight Arab counterparts assigned to the United States. Over 400 business leaders attended the event, held at the U.S. State Department, to hear the ambassadors discuss the opportunities and challenges of doing business in the MENA region. Sponsors of this year’s Forum included [Black & Veatch](#) and [Amazon Web Services](#).

Countries represented at the Forum by American or Arab diplomats included Algeria, Bahrain, Jordan, Iraq, Kuwait, Lebanon, Libya, Mauritania, Morocco, Qatar, Saudi Arabia, Sudan, Tunisia, the United Arab Emirates, and Yemen. The U.S. Consul General in Jerusalem, Mr. Michael Ratney, also participated in the Forum.



The Third Annual U.S. Ambassadors Forum drew 11 current American Chiefs of Mission stationed in the MENA, 8 Arab Chiefs of Mission stationed in the United States, and over 400 attendees.

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“No other event of this kind brings together so many sitting American ambassadors based in the MENA region, and we are very proud to co-host this Forum with the U.S. Department of State,” noted David Hamod, President & CEO of the Chamber. “This is the Forum’s third year and, thanks to the extraordinary participation of the U.S. Ambassadors, the Forum keeps getting better and better.”

### Introductory Remarks by Assistant Secretary Patterson

Assistant Secretary of State for Near Eastern Affairs Anne Patterson welcomed guests to the Department of State and provided introductory remarks. “Today’s forum will offer everyone here an opportunity to hear directly from our Ambassadors from across the region,” she noted. “This group of skilled diplomats are your highly engaged advocates in the region, and I know you will be impressed by their insights and access.”



Assistant Secretary Anne Patterson: “We’re seeing investors looking for new markets that offer economic opportunity and strong growth potential.”

“The global economy is slowly recovering from the worst economic crisis since the Great Depression and, increasingly, we’re seeing investors looking for new markets that offer economic opportunity and strong growth potential,” Patterson said. “This is the time when investors looking for high rates of return and early-stage entry into promising markets should be looking for opportunities in the Middle East and North Africa.”

She continued, “The United States has vital national security interests in the Middle East and North Africa, and Secretary [John] Kerry is deeply involved in advancing those interests. I can tell you from direct experience that he never loses sight of the importance of engaging the U.S. business community in promoting investment and job creation . . . For example, we are focused on lowering trade barriers that discourage businesses from entering these markets, investing capital, and creating jobs and business-friendly ecosystems.”

Patterson highlighted the success of regional and bilateral trade agreements. “As a result of our Middle Eastern trade agreements, U.S. exports grew from \$49 billion in 2010, to \$74 billion in 2014,” she noted. “Around a quarter of these exports were sent to our five partners in the region with which we have Free Trade Agreements.” (Bahrain, Israel, Jordan, Morocco and Oman) According to the Department of Commerce, she said, U.S. exports of goods and services to the Middle East have created 475,000 jobs for Americans.



“Today’s forum is another opportunity to build towards common goals and to help address some of the underlying challenges the region faces,” Patterson concluded. “The U.S. Government is committed to working with you and with the governments of the region to continue making progress.”



The "Beyond the Arab Spring: Economies in Transition" panel was moderated by Don DeMarino (left), Co-Chairman of NUSACC and President of DeMarino Associates.

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The Forum featured two panels:

“Beyond the Arab Spring: Opportunities for Growth in Economies in Transition,” and “Energy Diversification in the MENA Region: Exploring New Frontiers.”

#### Panel #1 – “Beyond the Arab Spring: Economies in Transition”

This panel was moderated by Don DeMarino, Co-Chairman of NUSACC and President of DeMarino Associates. It included Chiefs of Mission posted in Algeria, Jordan, Libya, Morocco, the Palestinian Territories, and Tunisia.

#### **Algeria**

Ambassador Joan Polaschik highlighted three important points: 1) U.S. – Algeria relations have never been better; 2) Algeria is looking to diversify beyond its traditional economic models; 3) Algeria has made a strategic decision to build closer relations with U.S. companies, which are well positioned to provide technology and expertise and to help grow capacity through training.



Between 2013 and 2014, U.S. merchandise exports to Algeria grew 43 percent. “The door is open in Algeria in ways that it has never been open before,” she noted.

Some of the initiatives in which Algeria is currently engaged include:

- Accelerating accession to the World Trade Organization, which will include economic reform
- Working closely with the World Bank to improve Algeria’s standing in the annual “Doing Business” report





- Updating Algeria's investment codes and customs codes.

"There is tremendous potential for American companies in Algeria," said Polaschik. "As oil prices remain low, the Algerian government realizes the need for diversification, and foreign investment has never been more urgent. No one is more prepared or qualified to partner in that transition than U.S. companies," she concluded.



Ambassador Joan Polaschik:  
"The door is open in Algeria in ways that it has never been open before."

## Jordan

Ambassador Alice Wells noted that Jordan is facing three challenges: 1) Regional instability, particularly in Syria and Iraq, whose trade levels with Jordan are down 71 percent and 52 percent, respectively; 2) The influx of Syrian refugees who, according to official estimates, now number more than 600,000 in Jordan; 3) Energy challenges, especially since inexpensive natural gas from Egypt halted during the Arab Spring.



"Despite ongoing upheaval on Jordan's borders and across the region," Wells said, Jordan's resilience during the Arab Spring has been "impressive," and Jordan remains a "launching pad" for foreign direct investment (FDI). She emphasized the role of the U.S. private sector in the country's economic recovery – U.S. companies are responsible for 10 percent of all FDI to Jordan – especially in the power generation and energy sector.



Ambassador Alice Wells emphasized the important role of the U.S. private sector in Jordan's economic recovery.

Wells also highlighted the strong bilateral trade relationship between Jordan and the United States, especially since the signing of a Free Trade Agreement (FTA) in 2001. In 2014, she said, total bilateral trade surpassed \$3.4 billion for the first time in history. The information and communications technologies (ICT) sector has resulted in "particularly dynamic trade," she suggested, supported by more than 5,000 companies in Jordan. Approximately 75 percent of the Arabic content on the Internet is generated in Jordan, she pointed out.

Finally, Wells highlighted strong, consistent U.S. Government support for Jordan, including a renewed U.S. assistance MOU with Jordan that will provide \$1 billion in aid per year for the next three years, and a total of \$2.25 billion in U.S. loan guarantees for Jordan in 2013-2014, with a third guarantee currently being negotiated.



## Libya

The situation in Libya today is precarious, suggested Ambassador Deborah Jones. But “once Libyans make peace with one another and establish security, a regulatory framework and rule of law, Libya will be a spectacular investment opportunity.”



Jones characterized the country as a “developer’s dream,” with five UNESCO World Heritage Sites and “unlimited potential.” Libya, with a long shoreline along the Mediterranean, boasts “location, location, location,” she said. In coming years, Jones noted, some of the key growth sectors will include oil & gas, construction, defense, healthcare, and education.



Ambassador Deborah Jones noted the key growth sectors of oil & gas, construction, defense, healthcare, and education.

Libya’s number one challenge right now, Jones suggested, is to establish a political framework that will allow Libyans to move forward. “Libya is not divided, it is fragmented,” she suggested, and the goal is to “knit together stakeholders to create a national identity.”

When asked about signing contracts with entities in Libya, Jones urged U.S. companies to be vigilant. She said that the U.S. Government does not recognize the Al-Hassi government in Tripoli, and she counseled U.S. companies to avoid signing deals with Libyan entities that are not recognized by the international community. Few in Libya command budgets, and with no feasible chance to inspect opportunities on the ground or to conduct business with letters of credit, she said, the

commercial situation in Libya will remain “very high risk” for the foreseeable future.

## Morocco

Ambassador Dwight Bush highlighted that Morocco is sometimes characterized as the “best house in a tough neighborhood.” He noted, “In the wake of the Arab Spring, Morocco’s political stability and its job-creating industrial strategies are serving to diversify its economy and build foreign-investor interest in Morocco as a regional hub for Africa.” Morocco is the only country on the continent that enjoys a Free Trade Agreement (FTA) with the United States, Bush pointed out, which means that Morocco is well positioned to serve as a “jumping off point” to the rest of Africa.





Morocco's substantial investments in infrastructure and reforms to improve the business climate have attracted major foreign companies that provide jobs and skills training to Morocco's young workforce. This is important at a time when unemployment among the country's youth is hovering around 30 percent, Bush said, and Morocco has achieved some notable successes in such sectors as tourism, aerospace, and automotive (including the manufacture of spare parts). In fact, Bush said, 2014 marked the first year in which automotive sales outpaced those of phosphates, which has historically been Morocco's major source of income.



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Morocco has been reaping the benefits of economic reforms that were initiated by His Majesty King Mohammed VI in 1999, Bush noted, reforms that played a defining role in shielding Morocco from the instability of the Arab Spring. But "to establish itself as the destination of choice for U.S. investors," Bush concluded, "the Moroccan government must press forward with its economic reform agenda and make Morocco a recognized brand in America."

### **Palestinian Territories**

"Challenges exist in doing business with the Palestinians, but there are many opportunities," said Michael Ratney, U.S. Consul General in Jerusalem. This is a very savvy business community, he suggested, but as one businessman quipped, "this market is not for the faint of heart."



During a recent Palestinian Road Show to the United States, Ratney noted, U.S. companies were impressed by three things: 1) The "normality" of doing business with Palestinians; 2) The ubiquitous role of politics, given the political vulnerabilities of the Palestinian Territories in the region; 3) Business opportunities that defy preconceptions.

"There is significant untapped potential for international companies in areas such as franchising, IT, and tourism," Ratney said, as well as agribusiness (including olive oil products). "Palestinians have positioned themselves as a potential gateway to other Arab states," he suggested, and "private sector investment in the West Bank and Gaza can be profitable for companies and help to create jobs and stability in the region."



Consul General Michael Ratney: "There is significant untapped potential for international companies in areas such as franchising, IT, and tourism."





## Tunisia

Ambassador Jake Walles began his remarks by citing President Barack Obama's pledge that the United States will continue to stand by Tunisia. Despite the recent terrorist attack in Tunis, Walles said, "The fundamentals remain strong in Tunisia," and Tunisians have made "remarkable" progress in the political realm. This can be attributed in part to the history of openness and the role of a strong civil society in Tunisia, the "success story of the Arab Spring."



"Following the 2011 revolution, Tunisia has overcome considerable internal political challenges," Walles continued. "Through a consensus-driven political process, Tunisians drafted the Arab world's most progressive constitution, held democratic legislative and presidential elections, and seated an inclusive government." The United States views its bilateral relationship with Tunisia as a "strategic partnership," Walles noted, and "we remain committed to enabling the new government to consolidate its political gains and enact much needed economic reforms."



Ambassador Jake Walles confirmed America's commitment to support Tunisia's new democracy.

Walles noted that economic reform in such areas as investment, intellectual property, and public / private partnership is vital if Tunisia wants to grow its economy and attract greater foreign direct investment. If Tunisia hopes to achieve its economic potential, he said, the leadership in Tunisia must maintain "continued vigilance on the security front."

One of Tunisia's former prime ministers used to refer to the country as a "startup democracy," which succinctly captures the opportunities and challenges facing that North African nation. Walles concluded, "Tunisia's stable government, skilled workforce, and ability to serve as a commercial hub connecting the European and African markets to the United States offer opportunities for U.S. businesses to invest in the future of this new democracy."

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Panel #2 – “Energy Diversification in the MENA Region: Exploring New Frontiers”

This panel was moderated by Hon. Edward “Skip” Gnehm, former U.S. Ambassador to both Kuwait and Jordan, as well as a former Executive Committee member of the National U.S. – Arab Chamber of Commerce. This panel included Chiefs of Mission posted in Bahrain, Kuwait, Qatar, and the United Arab Emirates. The U.S. Ambassador to the Kingdom of Saudi Arabia, Hon. Joseph Westphal, was also scheduled to be part of this panel.



The Energy Diversification panel was moderated by Hon. Edward "Skip" Gnehm (at podium), former U.S. Ambassador to both Kuwait and Jordan.

**Bahrain**

“Bahrain is a small country with a huge relationship with the United States,” quipped Ambassador William Roebuck. Bahrain “punches way above its weight,” he continued, serving as a “vital U.S. partner in regional defense initiatives.”



Ambassador William Roebuck: "Bahrain punches way above its weight."

Because of Bahrain’s limited energy reserves, Roebuck said, the country has been diversifying its economy away from its longstanding dependence on oil and gas. It is doing this in three ways, Roebuck suggested:

1. By developing alternative energy sources (renewables), which are expected to provide 10 percent of Bahrain’s electricity by the year 2030. Petra Solar and Caspian Renewable Energy recently completed installation of a five-megawatt Smart Solar power plant in Bahrain, one of the most innovative of its kind in the Middle East, and the Bahrain government is considering a proposal to scale up the project to 100 megawatts.

2. By concentrating on sectors that are not energy-intensive, including but not limited to tourism, healthcare, banking and finance.





3. By ensuring that downstream industries, like petrochemicals, are a high priority for Bahrain's economic development. In 2014, petrochemicals represented 15 percent of Bahrain's exports to the United States, so there is room to grow.

Attracting foreign direct investment (FDI) is a high priority for Bahrain, Roebuck said, and that nation offers such incentives as 100 percent foreign ownership of local companies, the ability to establish a company in Bahrain without a local partner, and no taxes. The U.S. - Bahrain Free Trade Agreement (FTA) took effect in 2006. The FTA is generating increased commercial interest in Bahrain, Roebuck suggested, but the Free Trade Agreement has not yet realized its full potential.

Looking forward, Bahrain is making plans to build a second causeway to Saudi Arabia, Roebuck said, and a causeway to the State of Qatar may also be constructed in time for the FIFA 2022 World Cup in Doha.

## Kuwait

There is a long history of trade and investment between the United States and the State of Kuwait, the economy of which is "stable and affluent," according to Ambassador Douglas Silliman. Kuwaitis love American culture, he suggested, including but not limited to fast food, consumer items, education and the American way of life.



Ambassador Douglas Silliman noted that Kuwait is considering allowing 100 percent ownership of local companies and two-way FDI.

Commercial ties between the U.S. and Kuwait have expanded by more than 188 percent in recent years, according to Silliman, with trade volumes growing from \$5.2 billion in 2009 to \$15 billion in 2014. Over the same period, he said, U.S. exports to Kuwait have grown by 87 percent, making Kuwait the fifth largest export market in the Arab world for U.S. companies. In 2014 alone, U.S. merchandise exports to Kuwait grew more than 40 percent, he noted, enabling America to "holds its leadership position as one of Kuwait's top import partners."

Silliman continued, "Kuwait is an oil-rich market that offers huge National Export Initiative (NEI) potential underpinned by two key fundamentals: a chronic need to develop its human and physical infrastructure, and the financial muscle to meet that need."

With record budget surpluses for over a decade, average GDP growth over four percent for the last six years, and a \$116 billion National Development Plan, the Ambassador suggested, there are several promising sectors that offer significant NEI opportunities



for U.S. companies: infrastructure development, power & water, oil (upstream and downstream), affordable housing, medical and healthcare, education and training. Silliman also suggested promising growth opportunities in genuine auto parts, defense, environmental technologies, and information & communications technologies (ICT).

Looking forward, Silliman said, Kuwait is studying ways to overhaul its laws to allow up to 100 percent ownership of local companies. Kuwait is also exploring two-way Foreign Direct Investment: into the State of Kuwait, but also into energy and technology plays in the United States.

## Qatar

“We are at a moment of unprecedented opportunity in the U.S.-Qatar economic relationship,” noted Ambassador Dana Shell Smith. “Qatar is looking to the United States as its primary destination for investment, and American firms are thriving in a range of sectors in Qatar. We must continue working to take full advantage of this opportunity to enhance our economic ties in a way that benefits the people of the United States and of Qatar.”



U.S. companies exported \$5.174 billion in goods to the State of Qatar in 2014, making Qatar the fourth largest destination for U.S. merchandise in the MENA region. As Qatar’s largest foreign investor and its single largest source of imports, the Ambassador noted, the United States has developed a robust trade relationship with Qatar, with over 120 U.S. companies operating there.

Qatari commercial relations with the United States have created over 50,000 American jobs, Smith said, and “we hope that Qatar will continue to rely on American goods and services as it builds toward FIFA 2022 World Cup and Qatar’s National Vision 2030.” Over \$200 billion has been allocated for infrastructure projects in Qatar, she noted, and the Qataris plan to invest \$35 billion in the U.S. market in the next five years.



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“As a valuable partner to the United States, Qatar has played an influential role in the region through a period of great transformation,” said Smith. For example, “Qatar hosts CENTCOM Forward Headquarters, the largest U.S. Air Base outside the United States.” In addition, she noted, the United States welcomes hundreds of Qataris students in the USA every year, and six major U.S. universities have branch campuses in Qatar.



Qatar and the United States do not always see eye-to-eye, Smith suggested, but “our interests *converge* much more often than they *diverge*.”

Like other countries in the region, Smith noted, Qatar is working to diversify its economy away from hydrocarbons by investing in tourism, sports, agriculture, manufacturing, technology, and other sectors. The State of Qatar hopes to fund 100 percent of its government expenditures from non-hydrocarbon sources by the year 2030.

### United Arab Emirates

“The UAE is home to the world’s sixth largest oil reserves and seventh largest gas reserves,” noted Ambassador Barbara Leaf, yet the country “has also begun to diversify its energy mix with an increased focus on renewable sources, including solar and nuclear power.” As host country of the International Renewable Energy Agency (IRENA), she noted, the UAE “is emerging as a regional and global renewable energy leader.”



According to Leaf, the UAE has “increased utility prices in recent years and has publicly urged other MENA states to take advantage of the collapse in oil prices to reduce subsidies in an attempt to rationalize domestic consumption and move toward renewable energy resources.”

By the year 2020, Leaf said, the UAE expects to supply 25 percent of its electricity through nuclear power. Under a “1-2-3” agreement, signed in 2009 between the USA and the UAE, the United States will share nuclear technology, expertise and fuel.

More than 1,200 U.S. companies have operations in the UAE, Leaf noted, and many of these companies use the UAE as a gateway to additional markets in the Middle East, North Africa, and Asia. In part because of its position as a major transshipment hub, and also thanks to the country’s “dynamic, young leadership,” the Ambassador said, the UAE has grown to become America’s top export destination in the MENA region, receiving more than \$22 billion in U.S. merchandise exports in 2014.



Ambassador Barbara Leaf:  
“The UAE is emerging as a regional and global renewable energy leader.”





### Five Points: Good News in the MENA Region

David Hamod, NUSACC's President & CEO, noted that the Middle East and North Africa are facing unprecedented opportunities and challenges and that sensationalist bad news typically eclipses any good news coming out of the MENA region. With this in mind, he said, he offered five points that highlight some of the region's good news.

- 1. U.S. exports to the MENA region are at the highest levels ever, shattering all previous records.** American companies exported more than \$71 billion in merchandise to the MENA countries in 2014, led by exports to the UAE and Saudi Arabia. U.S. exports to the region have been doubling every four years, making this perhaps the fastest growing major markets in the world for U.S. goods and services. According to research conducted by NUSACC, exports of U.S. goods and services are expected to grow to \$315 billion by the year 2020.
- 2. High demand for U.S. goods & services in the MENA region is not likely to fall anytime soon.** Hamod suggested several reasons for this: \* Major infrastructure projects are driving these U.S. exports forward, led by such marquee events as Expo 2020 in Dubai and the 2022 FIFA World Cup in Doha. \* Population growth in the MENA region is among the highest in the world, and youth make up two-thirds of the population of the Arab world. In other words, Hamod said, the number of consumers in the Arab world will continue to grow for many years to come. \* There is very strong brand awareness in the Arab world where, increasingly, they like to "Buy American." U.S. goods and services are synonymous with quality and value, Hamod said, which is an important consideration at a time when Arab nations are building megaprojects and mega-cities.
- 3. There are unprecedented levels of cooperation between Arab governments and the U.S. Government.** This cooperation stretches across the board: commercial, economic, political, defense, and security.
- 4. Foreign Direct Investment from the Arab world into the USA is on an upswing.** Countries in the MENA region are now opening investment offices in the United States to facilitate inward investment into American communities. Some of this interest is being encouraged by new nonstop airline service to the USA on Emirates Airline, Etihad Airways, Qatar Airways, and others. With dozens of direct flights coming and going every week between the USA and the Arab world, more Arab tourists – and investors – are now coming to the USA.



5. **Education & Training is rapidly emerging as a New Economic Driver.** These play an instrumental role in promoting technology transfer and knowledge transfer between the USA and the Arab world. There are more U.S. institutions of higher learning operating in the MENA region today than ever before, and increasing numbers of American professors are now teaching in Arab universities. As for training, Hamod said, this is key to capacity-building, and no one does this better than the United States.

In his concluding remarks, Hamod noted that “the Arab world today is experiencing unprecedented disruption” but that “such disruption does not have to mean destruction.” In fact, in the business world, he said, disruption is usually a *good* thing because it challenges the status quo, shakes up the marketplace, and spawns new technologies and services.

“*InShaAllah*, we hope that what the Arab world is experiencing today is the kind of disruption that will eventually lead to a better quality of life – and a better tomorrow – for all peoples of the Middle East and North Africa.”



David Hamod, NUSACC President & CEO: "Disruption does not have to mean destruction."

*The National U.S.-Arab Chamber of Commerce, widely regarded as the voice of American business in the Arab world, is in touch with business communities across the United States and serves as the U.S. point of contact for the national chambers of commerce in the 22 Arab nations. On a daily basis, NUSACC works closely with leaders throughout the Arab world, as well as high-level decision makers in the U.S. business community, public policy research centers, multilateral institutions, nongovernmental organizations, media, and the U.S. Government.*