



NATIONAL U.S.-ARAB CHAMBER OF COMMERCE

غرفة التجارة الأمريكية العربية الوطنية

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U.S. GOODS EXPORTS TO THE ARAB WORLD DIPPED IN 2015

Despite Mixed Forecast For 2016, Export Prospects Remain Promising

Washington, DC – According to new U.S. Government data analyzed by the National U.S.-Arab Chamber of Commerce (NUSACC), exports of U.S. goods to the Middle East and North Africa (MENA) region fell in 2015 to \$67.4 billion from \$71.4 billion in 2014, a decline of 5.6 percent. This is the first time since 2010 that sales of U.S. goods to the MENA region declined, largely reflecting the widespread impact of slumping oil prices.

David Hamod, President & CEO of NUSACC, acknowledged the challenging environment, but he remains optimistic over the long-term. “As governments in the region redouble their efforts to meet the needs of their citizens, Arab public and private sector leaders recognize that U.S. products and services are synonymous with quality and value,” Hamod said. “Infrastructure development continues to be a top priority throughout the region, and U.S. companies excel in this field. We are also seeing a surge in such service-oriented sectors as education, training, and health care.”

Hamod concluded, “Despite the challenges facing the region, America’s commitment to the Arab world remains rock solid.”

Trends Affecting the MENA Region

U.S. exports to the 22 Arab countries in the MENA region saw a general decline in 2015, with the exception of the United Arab Emirates (UAE), Saudi Arabia, Oman, Bahrain, Djibouti, and Somalia. Exports to the two largest markets in the Arab world – the UAE and the Kingdom of Saudi Arabia – increased four percent and five percent, respectively. Exports to the rest of the region showed more volatility, with some going up (led by Djibouti) and others going down (led by Libya, which declined by 59 percent).



Consumer spending is a major economic driver in the MENA region.

(Photo credit: The Dubai Mall)

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U.S. exporters faced several challenges in 2015. The biggest of these revolved around the continued decrease in the price of oil. The drop in energy revenues prompted a slowdown in expenditures by governments in the region, which translated into fewer sales opportunities for U.S. companies. Continued hydraulic fracturing (“fracking”) in the United States sustained the downward pressure on oil prices, as did Iran’s gradual re-entry into the energy marketplace.



Hydraulic fracturing at the Eagle Ford Shale formation in South Texas.

(Photo credit: Shuli Hallak/Corbis)



The strength of the U.S. dollar continued to put pressure on the price competitiveness of U.S. goods in overseas markets. In an article written for *The Wall Street Journal*, Kate Davidson reported last year that “two out of three big U.S. exporters – those with at least one-fourth of their total sales overseas – said the appreciation of the dollar has had a negative impact on their businesses.”

Certain countries in the region, especially those that have been heavily affected by the Arab Spring and its aftermath, are having an outsized impact on U.S. exporters. American defense and security companies saw their sales rise sharply in 2015, but many U.S. exporters took a hit.



Lockheed Martin, producer of the F-35 fighter jet (pictured), is one of the largest U.S. defense companies doing business with the Arab world.

(Photo credit: Lockheed Martin)

Regional instability – including the war in Yemen – added to MENA budgetary woes, reducing the amount of discretionary spending available for existing or envisaged infrastructure projects. In the same spirit, the battle against extremists in such nations as Libya, Syria, and Iraq is having a negative “ripple effect” throughout the region and beyond. The refugee crisis in Europe is one manifestation of this ripple effect, and the threat of terrorism inspired by extremist groups is also tamping down some prospects for economic development and foreign direct investment (FDI) in the MENA region.

“Top Ten” Export Destinations in the Arab World

The top five destinations for U.S. goods remained unchanged from previous years, led by the United Arab Emirates (\$22.98 billion), Saudi Arabia (\$19.7 billion), Egypt (\$4.7 billion), Qatar (\$4.2 billion), and Kuwait (\$2.8 billion).



The Gulf Cooperation Council (GCC) countries accounted for 79 percent of U.S. goods exports to the Arab world, with a total of \$53.3 billion in sales. Together, the top two export destinations – the United Arab Emirates and the Kingdom of Saudi Arabia – accounted for 69 percent of total U.S. goods exports to the Arab world.

While the “Top Five” MENA export destinations remained unchanged from last year, the “Second Five” experienced some reshuffling. Oman (\$2.4 billion) surged to #6 for the first time ever. Iraq (\$1.97 billion) maintained its position at #7, and Algeria (\$1.9 billion) fell two spots to #8, largely as a result of plummeting energy prices. Rounding out the Top Ten were U.S. Free Trade Agreement (FTA) nations, Morocco (\$1.6 billion) and Jordan (\$1.4 billion).

The Top Ten Destinations for U.S. Exports to the Arab World



Transportation equipment – led by Boeing – remained the largest category of goods exported to the Arab world, totaling approximately \$25 billion in sales. This constituted more than one-third (37 percent) of total U.S. exports to the Arab world in 2015.



The Boeing 787 Dreamliner is increasingly popular for long haul nonstop flights from the MENA to the USA.

(Photo credit: Boeing)

Equipment was joined in the Top Five Sectors by Machinery [Excluding Electrical] (\$8.8 billion, thirteen percent), Computer and Electronic Products (\$6.6 billion, 9.8 percent), Chemicals (\$4.1 billion, six percent), and Electrical Equipment, Appliances and Components (\$3.1 billion, 4.6 percent). Three of the Top Five sectors -- Machinery [Excluding Electrical], Computer and Electronic Products, and Chemicals -- experienced some decline from their respective 2014 numbers, while Transportation Equipment and Electrical Equipment, Appliances & Components increased from their 2014 numbers.

Top Three Exporting States

The Top Three exporting states to the Arab world remained unchanged, with Texas continuing to hold onto the top spot. Texas generated \$10.3 billion in exports in 2015, down from \$11.3 billion in 2014. The top category of exports from Texas was Machinery [Excluding Electrical], which accounted for a quarter of the state's total exports to the Arab world. Number two on the list was the State of Washington, exporting \$8.3 billion in 2015, up seven percent from 2014 levels. Rounding out the top three exporting states was California, with \$5.2 billion in exports, representing a drop of 8.1 percent from 2014 levels.



Texas
\$10.3 billion



Washington
\$8.3 billion



California
\$5.2 billion

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.

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