U.S.-ARAB TRADE OUTLOOK: 2013

A Publication of the National U.S.-Arab Chamber of Commerce

غرفة التجارة الأمريكية العربية الوطنية

February 2011

U.S. Exports to the Arab World to Reach $117 Billion by 2013

U.S. Goods and Services, Rebounding Dramatically, Will Sustain More Than One Million American Jobs

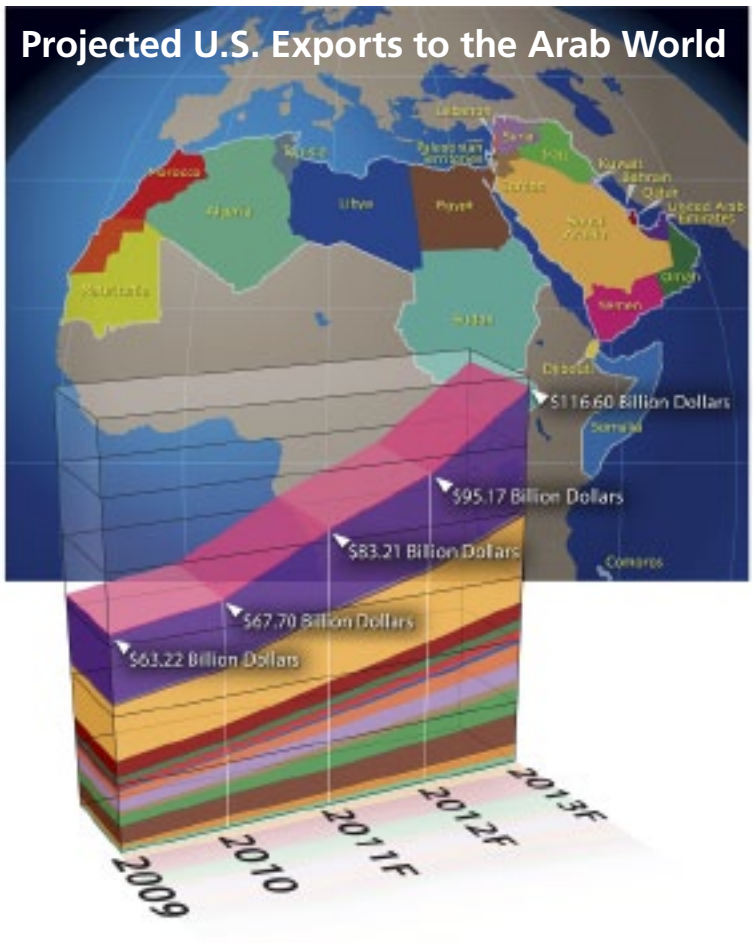
The Bad News: America's Trade Competitors, Led by China and India, Are Eating into U.S. Market Share

In 2010, U.S. exports of goods and services to the Middle East and North Africa (MENA) region reached an all-time high of $68 billion. The next three years hold even more promise. New research conducted by the National U.S.-Arab Chamber of Commerce (NUSACC) indicates that total market demand in the Arab world is expected to exceed one trillion dollars by 2013. The U.S. share of that growing import market is expected to reach $117 billion – an unprecedented level of U.S. exports that bodes well for job creation in the United States. This is an increase in the U.S. share of total market demand from 8.9 percent in 2009 to 11.2 percent by 2013.

"For the first time, more than one million direct and indirect American jobs will be created or sustained by U.S. exports to the Arab world," says David Hamod, President & CEO of the National U.S.-Arab Chamber of Commerce. "The MENA region is positioned to play a key role in America's efforts to generate employment here at home through exports."

President Barack Obama's National Export Initiative (NEI), launched in March 2010, calls for doubling American exports to $3.14 trillion by 2015 in order to create an additional two million jobs. Applying NEI metrics, U.S. goods and services to the Arab world are on track to sustain 340,000 direct and 683,000 indirect American jobs by 2013.

International Monetary Fund (IMF) forecasts indicate that approximately 87 percent of global economic growth will take place outside the United States during the next five years. The IMF's 2010 *World Economic Outlook* maintains that GDP growth in the MENA region will increase from 4.1 percent in 2010 to 5.1 percent in 2011, with higher levels to follow. This sustained growth bodes well for the United States, one of the most trusted trading partners of the Arab world.



NUSACC research confirms that there will be significant U.S. export potential throughout the MENA region in established and emerging sectors alike. Four regional demand factors are the core drivers for U.S. exports: infrastructure build-out, upstream energy development and downstream petrochemical projects, consumer spending, and enhanced investments in defense. (See "Core Drivers for U.S. Exports to MENA Region" on the next page.)

Infrastructure build-out continues to be the most significant driver behind foreign direct investment (FDI) and U.S. exports, along with upstream and downstream energy projects. This is especially true for the six Gulf Cooperation Council (GCC) nations in the Arabian Gulf, whose markets are responsible for more than 70 percent of U.S. exports to the Arab world. FDI will be critical for mega-projects in power generation, water and wastewater, roads and railways, ports and airports, housing, hospitals, and schools. U.S. cross-border service providers in transportation, construction and engineering, education, health, training, and security face heavy demand.

Trade and investment missions led by NUSACC to North Africa and the Levant in 2010 highlighted a wide variety of new opportunities in greenfield markets, including such sectors as information and communications technologies (ICT), education, healthcare, banking, research and development, renewable energy, construction, security, and consumer goods.

"More than half the population of the Arab world borders the Mediterranean, representing some of the most dynamic societies in the MENA region," notes NUSACC President & CEO Hamod. "Like their counterparts in the Arabian Gulf, these nations are laying

continued on page 2

U.S. Exports – continued from page 1

groundwork for projects worth hundreds of billions of dollars."

"Ninety-five percent of the world's customers and the world's fastest-growing markets are beyond our borders," emphasized President Obama when he launched the National Export Initiative last year in Washington, DC. "We need to compete for those customers because other nations are competing for them."

Nowhere in the world, perhaps, is this competition more fierce than in the MENA nations. (See "Who's Eating Our Lunch?" on page 4.) For the past four years, China has replaced the United States as the top exporter to the region, and a year ago, India's IT exports to the MENA region soared 154 percent to $2.5 billion dollars. Other nations are eating into America's market share, and U.S. companies cannot afford to be complacent.

"Our Chamber is doing its part to ensure that U.S. companies win a substantial amount of this new business," says NUSACC's David Hamod. "But our companies will need to compete more aggressively – with strong support from the U.S. Government – if American firms want to continue securing major projects in the Arab world and retaining the U.S.-based jobs that go with them."

Core Drivers for U.S. Exports to the MENA Region

According to NUSACC research, four regional demand factors are the core drivers for U.S. exports to the MENA region: infrastructure build-out, upstream energy development and downstream petrochemical projects, consumer spending, and enhanced investments in defense. Each of these is highlighted below.

1. Infrastructure Build-Out

Large, ongoing infrastructure projects are generating significant demand for U.S. goods and services exports to the Arab world. Substantial regional reinvestment in local MENA economies is sustaining the growth of projects such as Masdar City in Abu Dhabi, 22 business parks and specialized business zones in Morocco, and King Abdullah Economic City (KAEC) in Saudi Arabia. Libya has initiated more than 250 infrastructure projects in housing and transportation, and Iraq is rebuilding its three main airports in Baghdad, Basra and Mosul, as well as those located in Erbil, Sulamaniyah and Najaf.

The Arab market accounted for four percent of the world's total foreign direct investment (FDI) inflows in 2007, and these rose to seven percent in 2009, according to the United Nations Conference on Trade and Development (UNCTAD). Saudi Arabia's massive FDI inflows are driven by energy and infrastructure investments that average $32 billion per year, followed by the UAE at $10.6 billion and Egypt at $9.3 billion. Inward FDI stocks in the Arab market increased more than ten-fold from $50.8 billion in 1990 to $541.9 in 2009, according to the latest UNCTAD *World Investment Report* (2010).

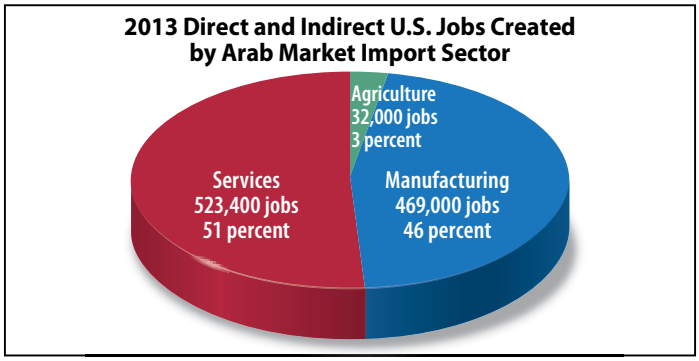
Saudi Arabia captured 27 percent of the Arab world's total inward investments, followed by the UAE (14 percent), Egypt (12 percent) and Morocco (6 percent). Current market dynamics are clear: FDI will be critical for implementing large infrastructure projects in the MENA region to 2013 and beyond. Given the high return opportunities, three to four investment dollars from abroad are likely to enter the MENA countries for every FDI dollar these countries invest outside their home markets.

2. Upstream Energy Development and Downstream Petrochemical Projects

Satisfying world energy demand requires massive, ongoing regional investments in oil and gas. American exports of equipment and technology will continue to play a crucial role in huge upstream energy development and downstream petrochemical projects.

Future demand scenarios require the Organization of Petroleum Exporting Countries (OPEC) to reach an output of between 29 million and 36 million barrels per day (bpd), according to Hasan Qabazard, OPEC's Research Division Director. "This means that OPEC has to spend between $180 billion and $430 billion depending on growth in demand through 2020," he notes.

The Paris-based International Energy Agency maintains that oil and gas development was cut by more than $90 billion in 2009 – and now it is time to catch up. The U.S. Energy Information Agency (EIA) 2011 Outlook forecasts that low-sulfur light crude oil prices will gradually rise four percent per year through 2014 – from an average of $83.21 in 2011 to $88.22 in 2013. Natural gas prices are also forecast to recover two percent per year from 2011 to 2013.



Numerous projects offer long-term FDI opportunities for American companies, particularly in the energy producing nations clustered around the Arabian Gulf:

- Abu Dhabi, the world's sixth largest oil exporter, plans to increase total production capacity to 3.5 million bpd by 2017 through the expansion of onshore fields Asab, Sahil, Shah and Bab. An additional $5.3 billion has been invested in the offshore Zakum field to boost production another 400,000 bpd.
- By 2014, state-run Abu Dhabi National Oil Company is also planning to boost offshore gas output by one billion cubic feet per day (cfd).
- Between 2010 and 2014, Saudi Arabia has committed to spend $120 billion, much of which is to expand oil refining capacity from 2.2 million bpd to 3.2 million bpd.
- Saudi Arabia has 80 new basic petrochemical production projects scheduled for completion by 2015, according to H.E. Ali Al-Naimi, the Kingdom's Minister of Petroleum and Mineral Resources. By mid-2011, Saudi Aramco and U.S. partner Dow Chemical are expected to finish the engineering and design of a $20 billion petrochemicals, chemicals, and plastics plant in the industrial hub of Jubail.
- Qatar's Government and private sector have redoubled efforts to diversify the economy into downstream and new value-added industries. Qatar Petrochemical Company (Qapco) has plans to expand a low-density polyethelene (LDPE) facility at Messaieed.

Civilian Nuclear Proposals and Projects

Country	Under Construction	Capacity (MW)	Planned	Capacity (MW)	Proposed	Capacity (MW)
Egypt	0	0	1	1000	1	1000
Jordan	0	0	0	0	1	300
UAE	0	0	4	5600	10	14400
Kuwait	0	0	0	0	4	4000
Total	**–**	**–**	**5**	**6600**	**16**	**19700**

- Bahrain Petroleum Company plans to invest $15 billion by 2017 to boost production to 100,000 bpd in partnership with California-based Occidental Petroleum and the UAE's Mubadala Development Company.
- Plans to boost production in Iraq's 66 oilfields from 2.4 million bpd to between 10 and 12 million bpd in the next five to seven years would require more than 4,000 miles of new pipeline infrastructure.

A growing number of MENA nations are planning to invest in civilian nuclear power generation to meet rising energy demand, as well as to diversify domestic power supply while cutting carbon emissions. This sector offers unprecedented opportunities throughout the Arab world.

- In 2009, the UAE awarded a $20 billion contract to a South Korean consortium to build four 1400 megawatt nuclear power plants.
- Egypt announced a nuclear energy program in 2009 and retained Australia's Worley Parsons Company for approximately $160 million to oversee this process. Later this year, Egypt is scheduled to announce tenders for its $4 billion power plant at El Dabaa on the Mediterranean coast.
- Jordan plans to begin operating a nuclear power plant by 2017 and has signed agreements with France, China and Canada.
- Kuwait has committed approximately $700 million to nuclear projects revolving around water desalination demands.
- Saudi Arabia has announced the establishment of King Abdullah City for Nuclear and Renewable Energy in Riyadh.

3. Consumer Spending

Discretionary consumer spending across the MENA region has recovered strongly since late 2009. This recovery will continue at least through the end of this year. Based on a current serial MasterCard survey, Saudi Arabia has the highest consumer confidence index score (95.1) of the seven MENA region markets surveyed. (0 is "most pessimistic," 50 is "wait and see," and 100 is "most optimistic.") Consumer confidence remains high in Qatar and Kuwait, and the UAE and Morocco are seen as optimistic.

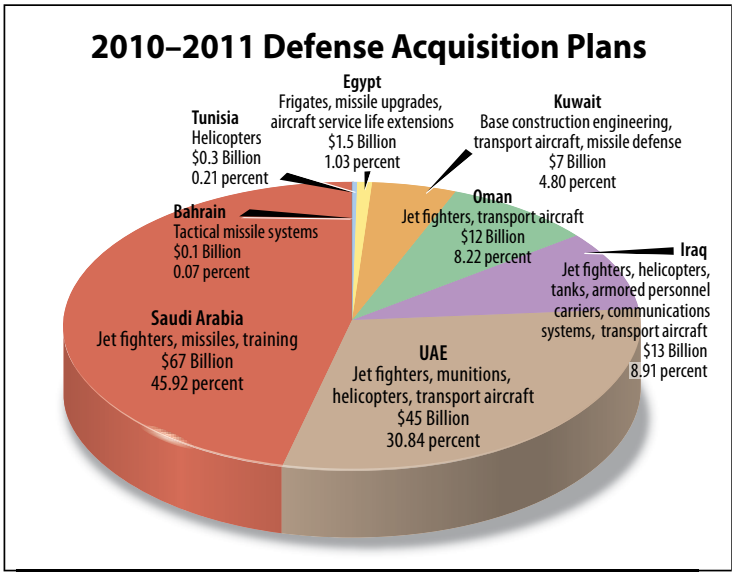
Growing confidence among the Arab world's high growth market of over 300 million consumers, many of whom spend at much higher levels than their Western counterparts, bodes well for increased U.S. exports to the region. Malls in the region continue to proliferate, brand awareness is higher than ever before, and American companies are responding by offering services and products that are increasingly sensitive to the cultural and religious needs of MENA consumers.

Arab world consumers – including those seeking exotic leisure destinations – are increasingly availing themselves of air travel opportunities. With the advent of lost-cost carriers, there are more than 25 "home grown" airlines now serving the region, translating into growing demand for U.S. jetliners. In late 2010, Boeing commercial aircraft were delivered to the region under direct purchase (70 percent) or lease (30 percent). From fast food to jetliners, consumer spending is on the rise and American products are in demand.

4. Defense Acquisitions

Increased security needs in the region have led to major outlays for U.S. defense goods and services. According to the U.S. Government Accountability Office (GAO), Gulf countries alone spent $37 billion on defense items between 2005 and 2009, with Saudi Arabia and the UAE accounting for 88 percent ($32.6 billion) of total spending. Announcements of pending or intended purchases indicate that the MENA region could purchase defense systems and upgrades valued up to $146 billion through 2013. (See Defense Acquisitions Plans pie chart on this page.)

Increased tensions in 2010 over Iran's nuclear program bumped up defense acquisitions in the UAE and Saudi Arabia. As the third largest purchaser within the U.S. Foreign Military Sales (FMS) program, the UAE is currently considering $45 billion in defense acquisitions, primarily in jet fighters, helicopters, and transport aircraft from the United States. Saudi Arabia's fighter jet and aircraft purchase orders increased to $67 billion in 2010. The Royal Saudi Navy is considering a possible $30 billion upgrade for inshore patrol vessels and littoral combat ships.



U.S.-Arab Trade Outlook: 2013 analyzes all 22 nations of the Arab world (including the fledgling "nation" of Palestine). The report ranks nations from the largest importer of U.S. goods and services to the smallest. Major markets include two tables and one chart identifying 2013 market opportunities. The first table highlights key import, export, market share and growth metrics. The "Top Ten" pie chart focuses on sectors responsible for most U.S. goods export revenues. Common categories across many countries include high value-added manufactured goods such as automobiles, aircraft, industrial machinery, and high volume foodstuffs.

U.S.-Arab Trade Outlook: 2013

The U.S.-Arab Trade Outlook is a serial publication of the National U.S.-Arab Chamber of Commerce (NUSACC). This issue was designed and produced by Rick Clark Illustration & Design, and edited by Piney Kesting, NUSACC's Managing Editor of Publications.

"Who's Eating Our Lunch?"

China, India, and others are not only "eating our lunch" in the Middle East and North Africa (MENA) region, they are looking to "plan the menu" for the foreseeable future.

McKinsey Consulting Group estimates that trade between China and the Gulf Cooperation Council (GCC) nations alone will reach $350 billion to $500 billion by the year 2020. India's trade with the GCC nations was $83.9 billion in 2009-2010, while its total trade with the MENA region reached $116.9 billion.

During the past decade, rapid economic development in China and India has led to a significant rise in their energy demands. The MENA region has been the key supplier for both countries, which rank, respectively, the second (China) and fifth (India) largest oil consumers in the world. China is the world's largest importer of Middle Eastern oil, buying just over a tenth of the crude oil exported by the Arabian Gulf states. China's 2008 FDI in MENA nations reached approximately $196.3 million.

Historically, the trade relationship among India, China, and the MENA region has been based primarily on oil imports. This picture, however, is changing rapidly as burgeoning populations in the Arab world ramp up their spending on consumer items produced in Asia and as the MENA nations lay the foundation for innovative and diversified knowledge-based societies. China's and India's advantageous proximity to the region, their expertise in technology and service sectors, the availability of inexpensive skilled and semi-skilled labor forces, as well as ongoing Free Trade Agreement (FTA) negotiations, are enabling both countries to eat into America's market share in the region.

> "When relations with the United States soured after the tragic events of 9/11, it was logical for the Arab world to 'Look East' to develop new partnerships. These relationships throughout Asia are flourishing and, in some cases, displacing U.S. firms. For U.S. companies to hold their own against newfound competition from these growing Asian powers, we need to capitalize on America's commitment to high quality, open our nation's doors wider to trade and investment opportunities, overhaul America's cumbersome and sometimes humiliating visa processes, and engage the U.S. Government at the highest levels to serve unabashedly as an advocate for U.S. business in overseas markets."
>
> **– David Hamod, President and CEO, NUSACC**

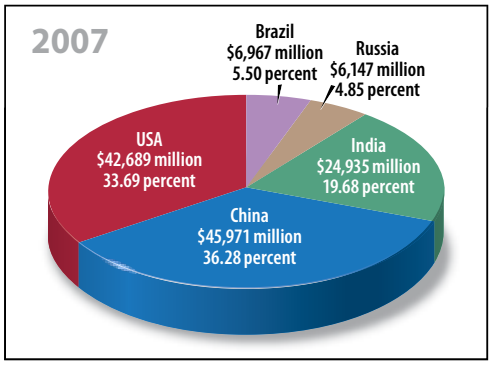
Here are a few examples:

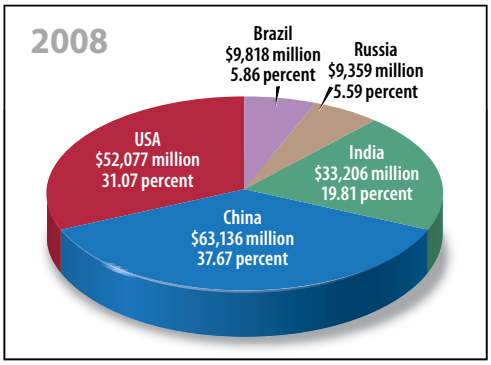
- According to the Council of Saudi Chambers of Commerce and Industry (SCCI), trade between Saudi Arabia and China grew at an annual rate of 30 percent in 2003 and 50 percent in 2008. Bilateral trade rose 64.7 percent to $41.8 billion in 2008, and it is expected to reach $60 billion by 2015.
- India is the UAE's largest trading partner. Total trade with the UAE increased to $43.5 billion in 2009-2010. More than 20,000 Indian companies are registered with the Dubai Chamber of Commerce alone.
- Saudi Arabia is India's fourth largest trade partner, with total trade worth $21 billion in 2009-2010. Currently, there are more than 100 Indian joint ventures in Saudi Arabia and 49 Indo-Saudi joint ventures or wholly Saudi-owned companies in India.
- More than 3,000 Chinese enterprises are registered in the UAE. Investments in joint Sino-UAE projects totaled $12 billion in 2009.
- The value of trade in agricultural and processed food products between India and the Arabian Gulf nations grew from $5.5 billion in 2001 to $48.6 billion by the end of 2006.
- Chinese oil companies are modernizing Syria's aging oil and gas infrastructure. China Petrochemical Corporation (Sinopec) acquired Canada's Tanganyika Oil Company, a firm with major operating interests in Syria's oil industry, for $22 billion in 2008.
- Qatar Investment Authority recently invested $2.8 billion in the Agricultural Bank of China's IPO.
- In 2010, China and Egypt signed 22 deals worth $400 million.

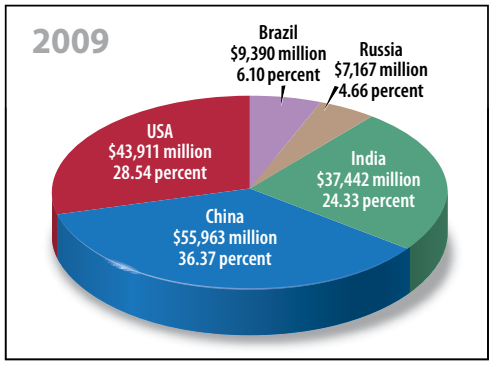
If China and India are increasingly powerful locomotives driving the expansion of trade and economic relations between Asia and the Middle East, what can American companies do to "get back on track?"

The United States needs to improve the competitiveness of U.S. manufacturing, argued former National Economic Council Director Lawrence Summers in a January interview with *The Wall Street Journal*, in which he focused on China's emergence as a great power. Furthermore, he noted, it is important to engage the private sector in identifying and reducing barriers to U.S. export growth, make the U.S. economy a more attractive environment for creating and manufacturing new products.

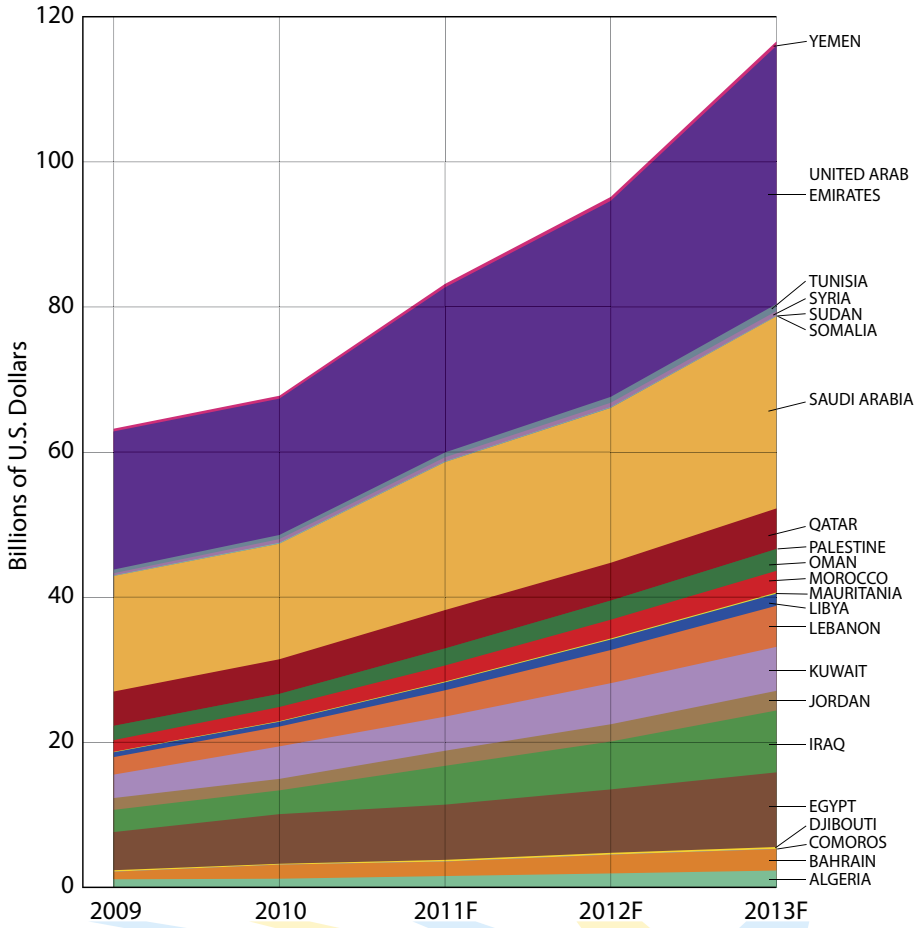
U.S. & BRIC Goods Exports to Arab Market







U.S. Exports to Arab World 2009-2013



	2009	2010	2011F	2012F	2013F
ALGERIA	$1.11	$1.19	$1.56	$1.92	$2.32
BAHRAIN	$1.05	$1.94	$2.00	$2.59	$2.97
COMOROS	$0.00	$0.00	$0.01	$0.01	$0.02
DJIBOUTI	$0.20	$0.12	$0.22	$0.24	$0.25
EGYPT	$5.26	$6.84	$7.61	$8.74	$10.29
IRAQ	$3.06	$3.28	$5.35	$6.60	$8.53
JORDAN	$1.63	$1.58	$2.08	$2.38	$2.71
KUWAIT	$3.23	$4.48	$4.70	$5.66	$6.06
LEBANON	$2.41	$2.73	$3.63	$4.57	$5.66
LIBYA	$0.67	$0.67	$1.10	$1.45	$1.67
MAURITANIA	$0.06	$0.08	$0.11	$0.14	$0.16
MOROCCO	$1.61	$1.95	$2.21	$2.59	$2.99
OMAN	$1.97	$1.81	$2.35	$2.64	$3.01
PALESTINE	$0.00	$0.00	$0.00	$0.00	$0.00
QATAR	$4.73	$4.77	$5.29	$5.21	$5.59
SAUDI ARABIA	$15.93	$16.37	$20.40	$21.35	$26.48
SOMALIA	$0.00	$0.00	$0.02	$0.03	$0.00
SUDAN	$0.08	$0.12	$0.08	$0.08	$0.08
SYRIA	$0.30	$0.51	$0.56	$0.60	$0.64
TUNISIA	$0.50	$0.57	$0.67	$0.81	$0.97
UAE	$19.04	$18.79	$22.74	$27.01	$35.59
YEMEN	$0.38	$0.40	$0.49	$0.55	$0.61
TOTAL	**$63.22**	**$68.21**	**$83.21**	**$95.17**	**$116.60**

Forecasting Methodology

Total country import market sizing is based on proprietary "top down" modeling that correlates country market import demand to historic and forecast relationships. This model has undergone ongoing refinement revisions, and updates since 2002. 2006-2010 import and export data are based on published statistics from the World Trade Organization (WTO), the U.S. Census Bureau, and other agencies of the U.S. Government. Historical GDP growth data is sourced from the International Monetary Fund, as well as credible reports from foreign monetary agencies. U.S. market share forecasts are derived from historic trends, purchasing "pipeline" analysis from such varied information sources, such as company press releases, contract tenders, and announcements from major regional buyers such as airlines, energy companies or armed services ministries.

Granular U.S. export category growth rates and opportunity highlights are forecast from actual four-year trends. Major market petroleum producer purchasing power and expansion plans have been cross referenced to the U.S. Energy Information Administration publication "Annual Energy Outlook."

The Bureau of Economic Analysis provides data for total U.S. service exports to the Middle East, but country specific service export data is currently available only for Saudi Arabia. NUSACC has estimated U.S. service exports for Bahrain, Iraq, Kuwait, Lebanon, Oman, Qatar, Syria and the United Arab Emirates from the BEA's Middle East export total, minus Saudi Arabia. Share estimates are derived from current U.S. goods exports to each market, since significant industrial and consumer goods often include service components, such as installation, upgrades, maintenance and training. In addition, countries that have established trade relations with the U.S. also tend to be consumers of U.S. travel, transport and professional services. In-country service sales by foreign affiliates of U.S. multinational corporations are not included in the BEA's (or NUSACC's) figures. The BEA does not currently provide sufficient data for accurate estimates of U.S. service exports to North Africa.

All figures are reported in current U.S. dollars. As with any forecast, the numbers and estimates in this report should not be a sole source of planning information. Rather, they should be compared and contrasted against other public and proprietary data sources. Jobs creation figures are adapted from the 2010 National Export Initiative conversions for manufacturing, services and agriculture exports.

The "Sectors to Watch" table focuses on fast moving categories that have a high potential for the coming year, such as recreational equipment or musical instruments. This table is included because NUSACC believes breakout categories with high and steady growth rates should be of special interest to small and medium-sized enterprises in the United States serving international niche product markets.

Based on forecast 02-11-2011

United Arab Emirates

The United Arab Emirates (UAE) has been the Arab world's leading importer of U.S. goods and services for the past five years – a trend that is likely to continue through 2013 and beyond. "Commercial ties between the U.S. and the Arab world are extremely important," commented H.E. Yousef Al-Otaiba, the UAE's Ambassador to the United States, when presented with NUSACC's "Ambassador of the Year" award in May 2010. "I am motivated to support the expansion of commercial relations – not just for the continued prosperity of my own country, but for that of the broader region."

As a major gateway to the region and a top marketing and distribution hub for the Middle East and North Africa (MENA) region, the seven emirates of the UAE are very attractive trading partners for U.S. exporters. According to the UAE Ministry of Foreign Trade, a significant amount of the goods entering the UAE's ports are re-exported – 29 percent in both 2008 and 2009. When combined with energy shipments, these re-exports elevate the UAE to the 13th largest goods exporter worldwide – excluding intra-EU trade, says the World Trade Organization.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	1.30%	2.40%	3.20%	4.60%	5.00%
Merchandise Imports (Billion)	$141.00	$149.46	$161.42	$179.17	$202.47
Merchandise Imports from USA	$12.11	$11.64	$14.57	$17.12	$20.41
U.S. Share of Merchandise Import Market	8.59%	7.79%	9.03%	9.55%	10.08%
Service Imports (Billion)	$28.20	$32.88	$37.13	$43.00	$50.62
Service Imports from USA	$6.93	$7.16	$8.17	$9.89	$15.18
U.S. Share of Service Import Market	25%	22%	22%	23%	30%
Sum of Merchandise and Service Imports from USA	$19.04	$18.80	$22.74	$27.01	$35.59

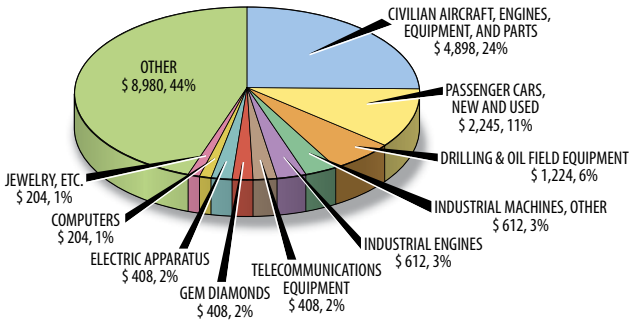
Significant 2010 rankings underscore the growing importance of the UAE as a global trading partner. According to the World Bank's *Doing Business 2010* report, the UAE is the fifth easiest place in the world in which to conduct trade – placing it at the top of the Middle East and North Africa (MENA) region. In March 2010, the UAE was ranked the most innovative country in the MENA region and the 24th most innovative country in the world, according to INSEAD's Global Innovation Index (GII). Prior to receiving this ranking from one of Europe's leading business schools, the 2009/2010 World Economic Forum's Networked Readiness Index (NRI) placed the UAE 23rd among 133 countries internationally and first among Arab nations.

The UAE's numerous free economic zones give foreign investors 100 percent ownership, tax exemptions, and full repatriation of profits. Led by the Jebel Ali Free Zone in Dubai, the 32 free zones in the UAE offer access to a market of more than two billion consumers throughout the Middle East, South and West Asia, and Africa.

Additional Free Zones support the UAE's thriving Information and Communications Technologies (ICT) infrastructure – including but not limited to Dubai Technology E-Commerce and Media Free Zone (TECOM), Dubai Silicon Oasis (DSO), and Abu Dhabi's twofour54. In recent years, the UAE has aggressively developed its ICT sector as a premier vehicle to attract foreign investors, as well as a means to diversify the UAE economy. The success has been documented in a 2010 report by the International Telecommunication Union that ranks the UAE first among Arab nations and 29th worldwide.

2013 Top 10 U.S. Goods Exports to UAE

(U.S. $ Million)



Recently drafted regulations in the UAE are intended to boost private sector growth even further by facilitating higher foreign direct investment. Outside of the economic free zones, foreign corporations are currently limited to 49 percent ownership in UAE-based joint ventures across most sectors. A new corporate law opening some sectors of the economy to 100 percent foreign ownership is slated to enter into effect during 2011-2013. This is expected to revitalize growth and investment in the aftermath of the global economic downturn and should relieve some of the UAE's debt overhang.

The appointment of H.E. Sheikh Ahmed bin Saeed Al Maktoum as the new Chairman of Dubai World has helped to ease investor concerns about the $40 billion in debt that this state-owned holding company amassed in recent years – setting the stage for renewed growth in the Emirate of Dubai. Next door, the Emirate of Abu Dhabi – seat of the Federal Government – continues to execute mega-projects for economic diversification away from energy and toward such key sectors as health, aerospace, semiconductors, renewable energy and manufacturing.

U.S. aerospace products and services are forecast to be the lead exports to the UAE throughout 2013. According to the Airline Council International, Dubai International Airport – which turned 50 years old in 2010 – registered aircraft traffic that has grown 12.4 percent every year since its founding. It is the fastest growing and sixth busiest airport in the world. The new Al Maktoum International Airport at Dubai World Central, which has begun handling cargo flights, will be ten times larger than Dubai International when fully operational on five runways in 2017. The combined total order book value of outstanding aircraft, engine, and service contracts for Emirates Airlines (Dubai) and Etihad Airways (Abu Dhabi) is $49.1 billion. Cargo freight, in addition to passenger carriage, has been critical, according to a study conducted by the Dubai Chamber of Commerce and Industry. It notes, "Since 2006, major UAE airlines – Emirates Air and Etihad – have emerged as serious global competitors to established carriers in Europe and the Americas." For two years running, in 2009 and 2010, the World Travel Awards have named Etihad Airways as the world's leading airline.

In 2007, Etihad Airways negotiated a three-year deal to become sponsors of the Formula One Grand Prix, which will be held in Abu Dhabi through 2016. Abu Dhabi held the first-ever Formula One Festival in 2007 and was subsequently awarded the rights to host a Grand Prix race from 2009 to 2016. The inaugural Abu Dhabi Grand Prix was held on the Yas Marina Circuit in November 2009.

The UAE is also home to three of the region's low cost carriers: Air Arabia, Flydubai, and RAK Airways. The first and largest low cost airline in the Middle East, Air Arabia is based in the Sharjah Freight Center near Sharjah International Airport. Flydubai ordered

54 Boeing 737s in September 2010 and has logged in more than one million passengers to its 26 destinations since its inaugural flight in 2009. It is poised to reach 70 destinations by 2012 as it expands into Europe. RAK Airways is the national airline of the Emirate of Ras Al Khaimah. The airline relaunched operations in 2010 under a "value-for-money" business model, positioning itself between full-service and low cost carriers.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Materials handling equipment	40%	$327
Nuts	36%	$237
Agricultural machinery	55%	$106
Automotive tires and tubes	49%	$51
Bakery products	26%	$46

As the world's sixth largest oil exporter, the Emirate of Abu Dhabi has been a leading global energy provider for the past five decades. It reached a production capacity of 2.7 million bpd and produced 2.3 million bpd in 2009. Projects underway are aimed at lifting total production capacity to 3.5 million bpd by 2017 through expansion of onshore fields Asab, Sahil, Shah and Bab. $5.3 billion worth of investments in the offshore Zakum field are underway to boost production another 400,000 bpd over the present output of 1.8 million bpd.

The UAE also has the fifth largest proven reserves of natural gas in the world. By 2013, state-run Abu Dhabi National Oil Company (ADNOC) plans to boost offshore gas output by one billion cubic feet per day (cfd). In partnership with Occidental Petroleum, ADNOC is developing the $12 billion Shah sour gas field project in Abu Dhabi, which is expected to produce one billion cfd by 2014.

The UAE is the world's fourth largest defense market and the third largest purchaser within the U.S. Foreign Military Sales (FMS) program. That nation is currently considering $45 billion in defense acquisitions – concentrated in jet fighter aircraft – from the United States.

Beyond these traditional sectors of aerospace, oil & gas, and defense, the UAE is leading the way in the Middle East to become the future global center for renewable energy research, development and innovation. The Masdar Initiative, including the Masdar Institute of Science and Technology, is a multi-faceted effort that focuses on the development, commercialization, and utilization of renewable energy solutions and clean technologies. Masdar City – to be powered entirely by renewable wind and solar energy – is currently under construction and has a projected completion date of 2016. In 2009, Masdar City became home for the new International Renewable Energy Agency (IRENA).

Saudi Arabia

In September 2010, the Export Promotion Cabinet released a report on the National Export Initiative (NEI) to President Obama that identified Saudi Arabia as one of a handful of "next tier" markets for the United States. The ambitious plan of H.M. King Abdullah bin Abdulaziz Al Saud to establish Saudi Arabia as one of the world's most competitive nations and to diversify his nation's economy away from hydrocarbons has opened up a wealth of new opportunities for foreign direct investment (FDI).

According to the United Nations Conference on Trade and Development (UNCTAD), Saudi Arabia is the largest destination in the Arab world for FDI, attracting approximately $147.1 billion over the past two decades. American investors accounted for $5.8 billion in FDI between 2007 and 2009, followed by Kuwait ($4.3 billion), France ($2.6 billion) and Japan ($2 billion).

"Saudi Arabia is embarking on an historic development project, and American companies have the expertise and the resources to help Saudi Arabia reach these ambitious goals," commented U.S. Secretary of Commerce Gary Locke during his keynote address at the 2010 U.S.-Saudi Business Opportunities Forum in Chicago, Illinois.

"We need what the United States has to offer – products and technology," agreed Sheikh Abdul Rahman Al-Jeraisy, Chairman of the Riyadh Chamber of Commerce and Chairman of the Al-Jeraisy Group. "Our economic vitality is not a temporary condition. The opportunities will be long-term."

In addition to Saudi Arabia's investment potential, the Kingdom's consumer market is growing faster than expected, opening the door for increased U.S. exports of goods and services. Saudi Arabia's Central Department of Statistics released preliminary figures from the 2010 census which confirmed a total population of 27.1 million – approximately 20 percent larger than 2004 and reflecting a 3.1 percent average annual growth in population.

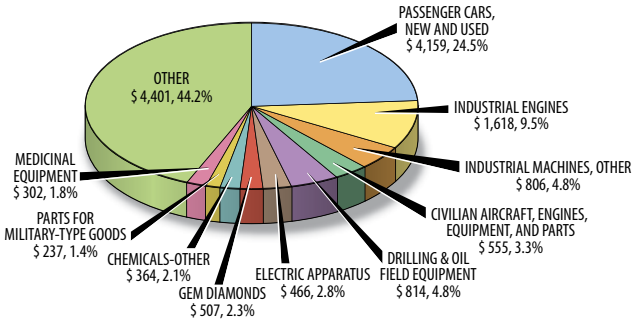
Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	0.60%	3.80%	4.50%	4.20%	4.20%
Merchandise Imports (Billion)	$86.60	$93.53	$101.01	$111.11	$122.22
Merchandise Imports from USA	$10.80	$11.59	$13.30	$15.02	$16.95
U.S. Share of Merchandise Import Market	12.50%	12.39%	13.20%	13.50%	13.90%
Service Imports (Billion)	$30.31	$33.67	$37.37	$42.22	$47.67
Service Imports from USA	$5.12	$4.77	$7.10	$6.33	$9.53
U.S. Share of Service Import Market	17%	14.2%	19%	15%	20%
Sum of Merchandise and Service Imports from USA	$15.93	$16.36	$20.40	$21.35	$26.48

According to the nation's ninth Five-Year Development Plan, Saudi Arabia plans to invest $385 billion in infrastructure, health and education projects through the year 2015. Tatweer, the King Abdullah Project for Developing Public Education, has an unprecedented budget of $2.4 billion (SR 9 billion). Due to what Moody's, the international ratings agency, described as the Kingdom's "solid state of government finances" and its foreign reserves in excess of $400 billion, Saudi Arabia is well-situated to finance current and future mega-projects – in schools and education and a host of other infrastructure projects.

Construction of four of the six new economic cities is underway with the involvement of regional and international companies. These cities are expected to contribute over $150 billion to Saudi Arabia's GDP and create 1.3 million jobs. Dr. Fahad Al Sultan, Secretary General of the Council of Saudi Chambers of Commerce and Industry,

2013 Top 10 U.S. Goods Exports to Saudi Arabia

(U.S. $ Million)



noted recently that there is a "gold rush of opportunities" in education, infrastructure, telecommunications, agriculture, transportation and health, to name just a few. Furthermore, a new trend in Saudi Arabia's industrialization program involves building industrial clusters that focus on specialized sectors such as automotive parts or electronics.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Household appliances	25%	$516
Measuring, testing, control instruments	21%	$442
Finished metal shapes	22%	$285
Dairy products and eggs	20%	$123
Business machines and equipment	49%	$107

Saudi Aramco's 2009 annual report confirms increases in oil production capacity to 12 million barrels per day (bpd). Saudi Aramco also states that 2 – 4 million of that 12 million bpd is spare capacity to fulfill Saudi Arabia's global responsibility as the largest and most reliable swing supplier. The Kingdom is committed to spending $120 billion during the 2010 – 2014 period, much of it to expand refining capacity from 2.2 million bpd to 3.2 million bpd.

The U.S. Energy Information Administration estimates that Saudi Arabia pumped 10.2 million bpd in 2010. Against this backdrop, according to the Minister of Petroleum and Mineral Resources, H.E. Ali Al-Naimi, the Kingdom will invest in 80 new petrochemicals projects by the year 2015, moving Saudi Arabia to the third largest producer of basic petrochemicals in the world.

Saudi Arabia's third Industrial Oil and Gas Exhibition, held in October 2010, underscored the Kingdom's drive to become the world's foremost petrochemical producer. Greater percentages of hydrocarbon reserves are now being shipped as high value-added petrochemicals – such as ethylene – rather than as crude oil. By mid-2011, Saudi Aramco and U.S. partner Dow Chemical Company expect to finish the engineering and design of a $20 billion petrochemicals, chemicals, and plastics plant in the industrial hub of Jubail on Saudi Arabia's East Coast. Dow expects the plant to be fully operational by 2015.

> "As the world continues to emerge from this once-in-a-generation economic crisis, it has never been more important for us to expand trade and economic cooperation across our borders."
>
> **– U.S. Secretary of Commerce Gary Locke**

Saudi Arabia – with one quarter of the world's proven petroleum reserves at 264 billion barrels had a surplus capacity of approximately four million bpd in 2009. The Kingdom's Manifa field is expected to start producing 500,000 bpd by 2013, increasing to 900,000 bpd by 2024. The Kingdom also possesses the world's fourth largest gas reserves. Saudi Aramco exploration projects have added more than 12 trillion cubic feet to its natural gas reserves, with 2009 reserves topping 275 trillion cubic feet (tcf) compared to 181 tcf in 1990.

Saudi port capacity – currently around 20 percent of Arabian Gulf traffic – is likely to continue growing in coming years, especially when the country's new railway systems are completed. The new Red Sea Gateway Terminal at the Jeddah Islamic Port, valued at over $500 million, was launched in January 2010.

In 2010, border instability and tensions over Iran's nuclear program generated fighter jet and aircraft purchase orders from the United States estimated at up to $67 billion. The proposed arms bundle is expected to include 84 new F-15 jet fighters and upgrades to another 70 Royal Saudi Air Force F-15S fighters. This also includes three distinct categories of helicopters: 70 Boeing AH-60 Apache attack helicopters, 72 Sikorsky UH-60 Black Hawk troop transports, and 36 MH-6 Little Bird rotor-craft. The Royal Saudi Navy is also evaluating a potential $30 billion upgrade for inshore patrol vessels and littoral combat ships.

Egypt

"Egypt is starting to be perceived as a hub for call centers, and as the best one in Africa," says Xceed CEO and Chairman Adel Danish. In 2009, global management consulting firm AT Kearney ranked Egypt as the top destination for outsourcing in the Middle East and North Africa (MENA) region. It was the first time Egypt broke into the top ten on AT Kearney's Global Services Location Index.

According to Dr. Hazem Abdelazim, CEO of Egypt's Information Technology Industry Development Agency (ITIDA), Egypt has successfully mainstreamed ICT as a part of its national development strategy during the past decade. "We are delighted that our investment in Egypt's ICT sector and our efforts in promoting Egypt as a leading global outsourcing center have been recognized," notes Dr. Abdelazim. The National U.S.-Arab Chamber of Commerce signed a Memorandum of Understanding with ITIDA in 2009 with a view to raising Egypt's profile among U.S. high tech companies.

Despite the global economic downturn, Egypt has seen huge growth in the ICT sector, according to Dr. Abdelazim. Outsourcing generated more than $1 billion in revenues as of May 2010, and the goal is to produce $10 billion in revenues by 2020. Maadi Technology Village in southern Cairo is expected to put Egypt on the map as a pioneer call center. Launched in June 2010, the Village will provide 40,000 new jobs and 100,000 indirect employment opportunities once all four phases are completed by 2014.

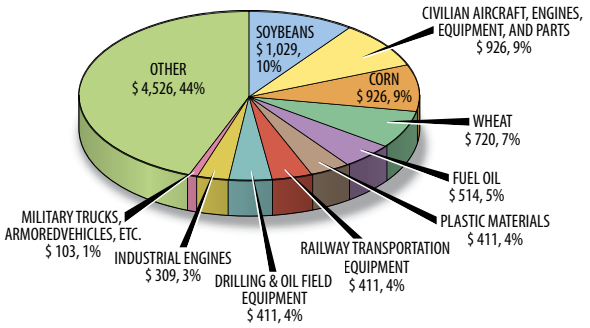
Reflecting the gradual resurgence of global trade, Suez Canal tonnage increased by 17.6 percent through November 2010, with transit revenue climbing 12.5 percent during the same period, according to the Suez Canal Authority (SCA). Key services such as tourism and canal fees are major revenue generators in Egypt, as well as a barometer for economic recovery. Analysis produced by Beltone Financial expects canal revenues to reach $4.9 billion in 2010/11, a nine percent increase over 2009-2010 revenues of $4.5 billion.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	4.70%	5.10%	5.50%	5.90%	6.20%
Merchandise Imports (Billion)	$44.00	$48.40	$50.82	$55.39	$62.04
Merchandise Imports from USA	$5.26	$6.84	$7.61	$8.74	$10.29
U.S. Share of Merchandise Import Market	11.95%	13.88%	14.98%	15.78%	16.58%
Service Imports (Billion)	$15.40	$17.91	$17.79	$18.83	$21.71
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

Egypt's Tourism Minister, H.E. Zoheir Garranah, predicts 2010 tourism revenues will have grown 17 percent to nearly $13 billion (up from 2009 levels of $10.8 billion). Egypt launched new campaigns to attract 14 million tourists in 2010, up from 12.5 million in 2009. A new partnership formed in 2009 between the city of Luxor, the Egyptian Government, and Microsoft resulted in the first official tourism web portal for Luxor, as well as the first official tourism website in all of Egypt.

2013 Top 10 U.S. Goods Exports to Egypt

(U.S. $ Million)



According to the Ministry, tourism accounts for approximately 12.6 percent of jobs in Egypt and has grown seven percent annually over the past three years. Leading visitors come from Russia, the UK, Italy, France, Ukraine and Poland. Egypt plans to attract 16 million tourists in 2011, generating $14 billion in revenues. Egypt's tourism value proposition – combining antiquities with vibrant cities and first-class resorts with close proximity to Europe and the Arab world – has kept FDI flowing steadily into hospitality facilities, with 212,000 hotel rooms under construction that will double existing capacity.

Egypt's 2010 – 2013 industrial development plan is geared toward establishing new zones in Egypt's governates with adequate infrastructure, utilities and manufacturing upgrades. The Egyptian Government will grant 12 new licenses for cement plants to meet the sustained construction boom, thus boosting production 40 percent to 80 million tons by 2015. The Government will also offer 12 new steel mill licenses to meet an expected supply shortage of five to six million tons by 2017.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Materials handling equipment	40%	$341
Generators, accessories	30%	$298
Electric apparatus	25%	$166
Trucks, buses and special purpose vehicles	40%	$131
Logs and lumber	29%	$101
Fruits, frozen juices	48%	$111

Egypt's new public-private partnership (PPP) law is targeted to rapidly improve Egypt's infrastructure in areas such as hospitals, roads, railways, ports and wastewater treatment. After almost two years of preparation, the People's Assembly ratified the PPP law in mid-May, thereby simplifying the procurement process and providing better transparency.

With more than 80 million people, Egypt is the most populous nation in the Middle East – with massive power requirements. Egypt's Ministry of Electricity and Energy is requesting bids for eight 125-megawatt power generators as part of that nation's short-term plan to augment its power-generation capacity by Summer 2011. Medium-term plans include upgrades to turbines in Aswan that will supply an additional 175 megawatt of production, as well as an accelerated launch of a 375-megawatt power plant and enhanced wind turbines.

Egypt's long-term power plan calls for tripling production from 25 gigawatts to 75 gigawatts by 2027. Major transmission projects include an ambitious $1.5 billion power relay line connecting Egypt to Saudi Arabia. The 1,300-km line, which will be tendered in 2011, will have 3,000 megawatts in carrying capacity. Saudi Arabia will provide two-thirds of the financing. This could facilitate electricity trading between the two countries as early as 2013, according to Saudi Arabia's *Asharq al-Awsat* newspaper. In August 2010, President Hosni Mubarak announced that Egypt's first 900 megawatt nuclear power plant would be built at El Dabaa, on the Mediterranean coast. A tender for the plant, expected to cost $4 billion, is on track for the first quarter of 2011.

As the largest recipient of U.S. security assistance in the Arab world and a major non-NATO ally, Egypt is a critical Arab military ally of the United States. Egypt is a full partner in preserving regional stability, pursuing the peace process, promoting a WMD-free Middle East, and upholding mutual national security interests. In 2010, Egypt's Foreign Military Sales (FMS) of more than $1 billion focused heavily on enhancing security in the Suez Canal and along the Gaza border.

Iraq

In February 2010, the National U.S.-Arab Chamber of Commerce helped to host H.E. Amer Ismail, Iraq's Minister of Transportation, and a delegation of eleven officials from the Ministry of Transportation, the Iraq Civil Aviation Authority, and Iraqi Airways. This was the delegates' first opportunity to travel to the United States to meet with U.S. Government officials and high-level American business leaders – a reflection of growing cooperation in the bilateral relationship. With trade on an upswing, Iraq became America's fourth largest export market in the Arab world in 2010.

"Our bilateral relations require us to have a common economic future," Minister Ismail told a NUSACC crowd of more than 100 U.S. companies. "The transportation sector is key to the success of any economy. Iraq recognizes that it needs to establish a safe, secure, and effective transportation system to promote joint operation ventures with the United States. I welcome American companies to participate in joint venture operations and explore investment opportunities in Iraq."

The end of U.S. combat operations in Iraq and the gradual formation of an inclusive governing coalition have ramped up economic development. Iraq's three major airports – in Baghdad, Basra and Mosul – are being rehabilitated, and provincial governments are upgrading airports in Erbil, Sulamaniyah and Najaf. Procurement has already started for investments in utility and infrastructure systems, upgraded air traffic control systems, and baggage handling and passenger ticketing equipment, all of which create opportunities for U.S. exports of capital goods, services, and manpower.

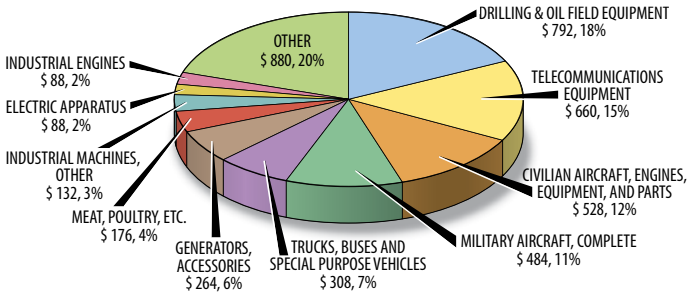
Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	4.50%	5.50%	6.50%	NA	NA
Merchandise Imports (Billion)	$20.90	$23.39	$22.56	$21.63	$22.00
Merchandise Imports from USA	$1.78	$1.65	$2.42	$3.31	$4.40
U.S. Share of Merchandise Import Market	8.50%	7.05%	10.74%	15.33%	20.00%
Service Imports (Billion)	$7.15	$9.36	$11.73	$14.28	$17.21
Service Imports from USA	$1.29	$1.64	$2.93	$3.28	$4.13
U.S. Share of Service Import Market	18.00%	17.52%	25.00%	23.00%	24.00%
Sum of Merchandise and Service Imports from USA	$3.06	$3.28	$5.35	$6.59	$8.53

Iraq is also working to rebuild its banking sector. The Central Bank of Iraq has introduced an interbank lending market, minimum reserve requirements, a government securities market, and daily

currency auction. According to Euromoney, a bank's minimum capital requirements – aimed at strengthening balance sheets – will rise 33 percent between 2012 and 2013, to approximately $120 million. At present, the Trade Bank of Iraq, Rasheed and Rafidain Banks, all state-owned banks, account for most of Iraq's banking system's assets and a very high percentage of the country's branches. However, the Central Bank of Iraq has embarked on an aggressive program to require the private banks to quadruple their capital in the next few years. Thus, the sector is poised for a significant rebound in loan portfolios since inflation declined from more than 40 percent in 2007 to less than three percent in 2010, bringing down basic interest rates to an attractive six percent.

2013 Top 10 U.S. Goods Exports to Iraq

(U.S. $ Million)



H.E. Hussein Al-Uzri, Chairman of the Trade Bank of Iraq, addressed a NUSACC roundtable of high-level banking representatives in April 2010. "Iraq is an underbanked country," said Chairman Al-Uzri, "having only 550 banks for a population of approximately 30 million. We have to increase the number of banks and put more Iraqis back into the banking sector. American finance banks and finance institutions can help us."

Business stakeholders and government officials in Iraq are also working to ramp up energy development in Iraq. That nation's ambitious goal is to match or surpass Saudi Arabia over time. Iraqi Oil Minister, H.E. Hussain al-Shahristani, recently revised estimated reserves to be 143.5 billion barrels – up from the 115 billion barrels estimated in the 1970s – making Iraq's extractable oil reserves the third largest in the world behind Saudi Arabia and Venezuela.

> "Infrastructure projects like those overseen by the Ministry of Transportation will facilitate Iraq's emergence as an investment destination, as well as improve the quality of life for the people of Iraq."
>
> **– David Hamod, President and CEO, NUSACC**

Seventy-one percent of Iraqi reserves are concentrated in the South, 20 percent in the North, and only 9 percent in the center of the country. Iraq's 66 oilfields include seven "supergiants" like the West Qurna, the second largest oilfield in the world with 43 billion barrels in reserves.

Plans are underway to boost Iraqi production from 2.4 million bpd to between 10 and 12 million bpd in five to seven years. This would require over 4,000 miles of new pipeline infrastructure. Verification of larger reserves will also give Iraq a larger OPEC output target, which Iraq will discuss after meeting a target of 3.5 – 4 million bpd in two to three years.

Iraq's parliament is working to pass a long awaited hydrocarbons law that will regulate the sector and define responsibilities between Baghdad and the provinces in 2011. October 2010 auctions of gas production rights followed two successful 2009 oilfield production auctions. Both functioned under long-term "fixed priced" development contracts with international energy companies, rather than adhering to a "share of profits" model.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Shingles, molding, wallboard	91%	$25
Chemicals-other	66%	$19
Finished metal shapes	54%	$16
Marine engines, parts	49%	$13

As Iraq takes over security from the United States, the Iraqi Navy inaugurated its first American-built Swift Class patrol boat at Iraq's main port at Umm Qasr. Iraq plans to take delivery of an additional 14 fifty-foot $20 million vessels before U.S. forces depart. The vessels' main mission will be to protect the oil terminals at al-Basra and Khor al-Amiya, which load 1.7 million bpd onto tankers for export.

The U.S. Department of Defense has also proposed selling $4.2 billion worth of defense-related equipment and systems to Iraq during the U.S. withdrawal. The proposed package includes 18 Lockheed Martin F-16 jets, Raytheon AIM-9 Sidewinder air-to-air heat-seeking missiles, laser-guided bombs, and reconnaissance equipment. Two $70 million U.S.-built offshore support vessels are also expected to be delivered in 2011.

Addressing 200 business leaders from the New England region at NUSACC's Arab Ambassadors Forum in Boston last July, H.E. Samir Sumaida'ie, Iraq's Ambassador to the United States, noted, "Iraq has been the new Wild West, but it is getting less wild every day." He urged American companies not to stand on the sidelines while Europeans, Asians, and other competitors lock in Iraq's major development projects.

Kuwait

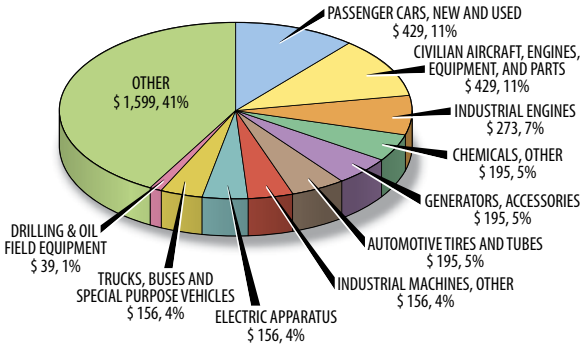
Kuwait is the world's fourth largest exporter of oil, and it is investing heavily to produce even more oil and gas for export during the coming years. Kuwait Oil Company's (KOC) goal is to boost the country's oil output capacity from 3.1 million bpd in 2010 to four million bpd by 2020. The Government of Kuwait plans to increase gas production to 4 billion cubic feet per day (cfd) by 2030. Kuwait's oil exports supply more than 90 percent of that nation's revenues.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	-4.60%	2.30%	4.40%	5.20%	5.10%
Merchandise Imports (Billion)	$20.80	$26.44	$26.83	$33.20	$35.43
Merchandise Imports from USA	$1.95	$2.78	$2.93	$3.64	$3.90
U.S. Share of Merchandise Import Market	9.38%	10.51%	10.92%	10.96%	11.01%
Service Imports (Billion)	$10.40	$13.48	$13.95	$16.27	$17.01
Service Imports from USA	$1.28	$1.70	$1.78	$2.02	$2.16
U.S. Share of Service Import Market	12.30%	12.61%	12.70%	12.40%	12.70%
Sum of Merchandise and Service Imports from USA	$3.23	$4.48	$4.71	$5.66	$6.06

In late 2010, Kuwait was on track to post a budget surplus of almost $21 billion – its twelfth consecutive surplus. The only Gulf nation to drop its peg to the U.S. Dollar in favor of a basket of currencies, Kuwait exerts extensive control over monetary policy while exercising caution over petroleum price forecasts. Kuwait's 2010 – 2011 budget was based on $74 per barrel. This strong position has allowed Kuwait

2013 Top 10 U.S. Goods Exports to Kuwait

(U.S. $ Million)



to plan construction of four 1,000-megawatt nuclear reactors, scheduled to go online by 2022, in order to satisfy demand for an increase in power from 11,000 megawatts to 22,000 megawatts.

Services are a booming part of Kuwait's economy. The Gulf nation's discount air carrier, Jazeera, was launched in 2005 and now competes head-to-head with UAE-based Air Arabia and Flydubai. Surging net profits and plans to expand to 82 routes across the Middle East by 2015 are spurring demand for new jetliners.

Ford Middle East and Arabian Motors Group are the first in the region to roll out "Quick Lane Tire and Auto Center" services. Ford and its local partner are looking for a growing share of the after sales market through improved delivery of high quality retail servicing and repair.

Drawing inspiration from the historic Silk Road, the Kuwait Government plans to transform the emirate into a major regional financial and trade hub through the $77 billion "City of Silk" (Madinat Al-Hareer) project, which has the full support of H.H. Emir Sheikh Sabah al-Ahmad al-Sabah. According to designer Eric Kuhne, Managing Director of London-based Eric R. Kuhne and Associates, this project is currently the largest single real estate development in the Middle East.

Upon completion in 2030, the seaside city, located in Subbiya, at the northernmost tip of Kuwait Bay, will house 750,000 people. The city will include four major zones – Leisure and Recreation City, City of Commerce, City of Diplomacy and Education, and City of Ecology. A sixteen mile bridge will link the City of Silk to Kuwait City. Two artificial islands are expected to be constructed along the causeway.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Measuring, testing, control instruments	27%	$50
Aluminum and alumina	30%	$47
Vegetables	32%	$46
Pharmaceutical preparations	13%	$39

Kuwait is one of the most tech-savvy consumer markets in the region. Business Monitor International forecasts that Kuwait's annual per capita consumer electronics spending will surge from $194 in 2010 to $232 per annum by 2014, creating $893 million in total electronics market demand.

The United States and Kuwait have a long-standing strategic alliance, one which creates significant opportunities for U.S. defense contractors. The Kuwaiti Government is boosting its air logistics capability through the purchase of a C-17 Globemaster, made by Boeing, with support services. It has also contracted with Raytheon for a Patriot missile defense system costing nearly $1 billion.

Lebanon

"Lebanon, like the legendary phoenix, has emerged from the ashes and is steadily regaining its former vitality," said H.E. Antoine Chedid, Lebanon's Ambassador to the United States, during an April lunch that NUSACC hosted for the American Lebanese Chamber of Commerce. "With a combination of entrepreneurial spirit unique to the Lebanese and strong ties to the international community, especially the United States, Lebanon will continue to make great strides along the path to recovery."

Lebanon is experiencing "exceptional economic growth," according to Salim Zeenni, President of the American Lebanese Chamber of Commerce (ALCC). At a time when most regional economies shrank as a result of the global recession, Lebanon maintained a 7.2 percent GDP growth in 2010. Lebanon has experienced more than its fair share of political upheaval over the years, but it is still viewed as one of the most reliable safe havens for investment in the region. Foreign Direct Investment (FDI) amounted to more than $4.3 billion in 2009 and increased to $4.65 billion in 2010.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	6.90%	7.20%	5.80%	NA	NA
Merchandise Imports (Billion)	$15.80	$17.86	$19.86	$22.27	$24.87
Merchandise Imports from USA	$1.44	$1.84	$2.63	$3.40	$4.31
U.S. Share of Merchandise Import Market	9.10%	10.30%	13.20%	15.30%	17.30%
Service Imports (Billion)	$13.41	$15.13	$16.93	$18.78	$21.12
Service Imports from USA	$0.97	$0.89	$1.01	$1.17	$1.35
U.S. Share of Service Import Market	7.20%	5.88%	5.90%	6.20%	6.40%
Sum of Merchandise and Service Imports from USA	$2.41	$2.73	$3.63	$4.57	$5.66

Merchandise imports from the United States were approximately $2 billion in 2010 and are expected to increase to approximately $2.6 billion in 2011. Service imports hovered around $1 billion in 2010, a number that is expected to be surpassed in 2011. According to the ALCC's Zeenni, these imports will generate or sustain more than 30,000 U.S. jobs.

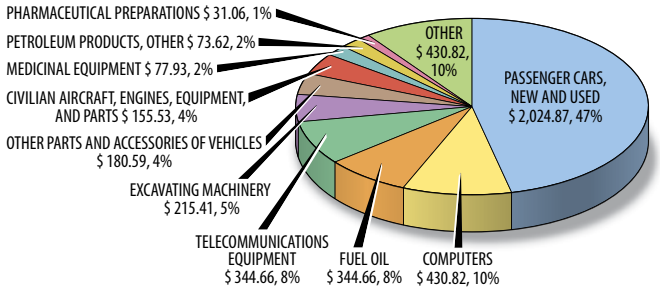
The United States emerged as Lebanon's top exporter in 2009, and U.S. exports to Lebanon are twice as great as those from Lebanon's next largest supplier – China. Excluding the Gulf Cooperation Council (GCC) nations of the Arabian Gulf, Lebanon is the MENA region's highest per capita importer of U.S. goods and services. Lebanon, with a population of just over four million, is also the only country among America's top eight export markets in the MENA region without significant oil or gas reserves.

Lebanon's total trade volume reached $11.27 billion in the first half of 2010, compared to $10.1 billion in the same period in 2009, an increase of 12 percent. Despite the global downturn, inbound tourists increased by 64 percent in 2009, a reflection of greater political stability in Lebanon. That nation's tourism and related construction sectors rose strongly in 2010 with summer peak tourism in July and August resulting in approximately two million visitors flocking to the "Paris of the Middle East." Airlines were fully booked and hotels throughout Beirut experienced high occupancy.

According to Imad Hoballah, acting CEO of Lebanon's Telecommunications Regulatory Authority, the country will need to invest at least $200 million very soon in broadband Internet infrastructure to meet corporate and consumer demand. A $40 million contract for the first-upgrade stage was extended in late 2010 to Alcatel-Lucent and to CET, a local engineering firm. Lebanon plans to sell off its

2013 Top 10 U.S. Goods Exports to Lebanon

(U.S. $ Million)



two state-owned mobile phone service providers and restructure Electricité du Liban, probably after 2011.

In 2010, Lebanon held its first U.S.-Lebanon Information and Communication Technology (ICT) Forum at the Biel Center in Beirut. Supported by NUSACC and hosted by the U.S. Embassy in collaboration with the Union of Arab ICT Associations and the American Lebanese Chamber of Commerce, the event highlighted Lebanon's ability to excel in the rapidly growing ICT community in the MENA region.

Lebanon will also build out its electrical grid infrastructure. The Government of Lebanon approved a $5 billion 2011 – 2014 plan to build modern electrical power plants and grid technology. Current output of 1,600 megawatts falls far short of the actual 2,400 megawatt demand, according to the Finance Ministry.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Animal feeds, n.e.c.	27%	$23
Petroleum products, other	21%	$22
Pulpwood and woodpulp	12%	$19
Medicinal equipment	5%	$13

The United States emerged as Lebanon's top exporter in 2009, and U.S. exports to Lebanon are twice as great as those from Lebanon's next largest supplier – China.

A March 2010 study by the U.S. Geological Survey indicates that the Levant Basin – bordering Lebanon, Israel, and Turkey – holds 1.7 billion barrels of recoverable petroleum and 122 trillion cubic feet of recoverable gas. Lebanon's Energy Minister, H.E. Gebran Bassil, announced recently that licensing processes for some blocs could begin in 2012.

February 2011 finds Lebanon embroiled in yet another conflict – one that may potentially threaten the country's economic revival.

Qatar

Qatar has emerged as the Arab world's most competitive economy, according to the World Economic Forum's (WEF) *Global Competitiveness Report 2010 – 2011*. The report ranks the State of Qatar 17th globally, placing it ahead of all the other countries in the Middle East and North Africa (MENA) region.

In late 2010, Qatar achieved two other "firsts" for the Arab world that will have implications for Qatar's economy for years to come.

In November 2010, Qatar was selected by the International Federation of Association Football (FIFA) to host the 2022 World Cup. This massive undertaking is expected to generate upwards of $100 billion in infrastructure projects between now and the World Cup in 2022 – including roads, bridges, highways, railways, ports and related consultancy services.

Ashghal, the Public Works Authority, has been driving an unprecedented construction boom in recent years in order to help Qatar fulfill its National Vision of 2030 – to become a world-class sports, business and tourist hub. Qatar's designation as the 2022 World Cup host has accelerated Ashghal's already very ambitious timetable.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	9.50%	19.40%	14.30%	5.90%	4.60%
Merchandise Imports (Billion)	$20.90	$23.39	$22.56	$21.63	$22.00
Merchandise Imports from USA	$2.72	$3.16	$3.46	$3.56	$3.88
U.S. Share of Merchandise Import Market	13.00%	13.51%	15.30%	16.50%	17.60%
Service Imports (Billion)	$7.11	$8.19	$8.12	$7.36	$7.26
Service Imports from USA	$2.01	$1.61	$1.83	$1.65	$1.71
U.S. Share of Service Import Market	28.30%	19.66%	22.60%	22.40%	23.60%
Sum of Merchandise and Service Imports from USA	$4.73	$4.77	$5.29	$5.21	$5.59

In December 2010, Qatar recorded another "first" for the Arab world when it reached a production target of 77 million tons per annum (Mta) of liquefied natural gas (LNG). This is a milestone for Qatar, which has become the world's largest producer of LNG, according to *Oil and Gas Journal*. Hamad Rashid Al Mohannadi, Managing Director of RasGas, described the Mta milestone as a "defining moment in Qatar's history as a gas producing and exporting nation."

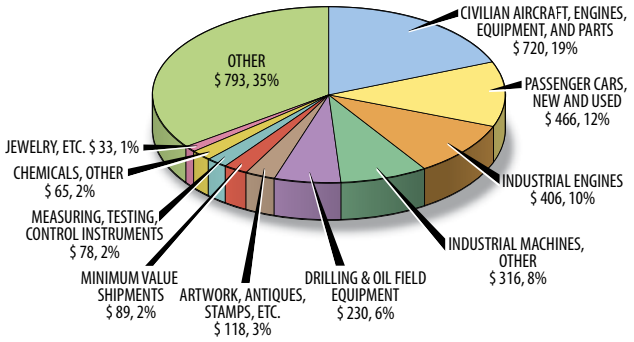
H.E. Abdullah Bin Hamad Al Attiyah, Deputy Premier and Minister of Energy and Industry, has been directly responsible for overseeing Qatar's energy policies during the past 15 years. "I am very proud of what we have achieved together to realize the vision of His Highness the Emir," commented Al Attiyah. "Fulfillment of this vision marks the beginning of the next chapter of our journey together."

Qatargas Chief Operating Officer Ahmed al-Khulaifi recently confirmed that the final two liquefaction trains will start operating in the first and second quarters of 2011, respectively, increasing Qatar's share of global production to 30 percent. Qatar supplies gas to 23 nations on four continents and makes up 28 percent of the world's LNG production.

At the 77 Mta celebration in Doha, David Hamod, President and CEO of NUSACC, noted, "This is a remarkable success story. Qatar serves as an excellent example of how a nation's natural

2013 Top 10 U.S. Goods Exports to Qatar

(U.S. $ Million)



resources can be harnessed to invest in a higher quality of life for current and future generations." Qatar sits on top of 14 percent of the world's natural gas reserves – the fourth largest in the world. Oil and gas production account for more than 50 percent of GDP, approximately 85 percent of export earnings, and 70 percent of government revenues.

In order to avoid over-supply, Qatar is studying its North Field's long-term production potential against expected world demand. Qatar has placed a moratorium on new gas export agreements until at least 2013, pending this study's outcome. Qatar delivers energy to regional markets as well as to North and South America, Asia and Europe. The multibillion-dollar joint venture Golden Pass LNG terminal in the United States is 70 percent owned by Qatar Petroleum International (QPI), with minority shareholders ExxonMobil and ConocoPhillips. Golden Pass is now unloading and delivering natural gas to customers in the United States, where demand is expected to increase by over 20 percent in the next 20 years.

Government and business leaders have also redoubled efforts to diversify the economy into downstream and new value-added industries. Qatar Aluminum Company (Qatalum), for example, is one of the largest aluminum plants ever built. It has a production capacity of 585,000 metric tons per year and is capable of expanding to 1.2 million metric tons if export demand increases by an anticipated 4 – 4.5 percent per year. In the same vein, Qatar Petrochemical Company (Qapco) has plans to expand a low-density polyethylene (LDPE) facility at Messaieed.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Photo, service industry machinery	25%	$43
Meat, poultry, etc.	46%	$36
Other household goods	19%	$30
Toys/games/sporting goods	36%	$29

According to a recent Bank of America Merrill Lynch report, Qatar's $32 billion 2010 – 2011 fiscal budget is 30 percent earmarked to complete over $112 billion in government medium-term infrastructure projects. Forty percent of the 2010 – 2011 state budget will be spent on roads, airports, ports and utilities, the causeway to Bahrain, railway network and finalizing a 50-mile highway project. A final 30 percent will be spent on healthcare and education, including new schools and hospitals.

Qatar Foundation's Education City, as well as the Science and Technology Park (QSTP), are attracting investment from academic and scientific institutions around the world. Some of the U.S. universities that are partnering with Education City include the Georgetown School of Foreign Service, Weill Cornell Medical Center, Texas A&M, and Carnegie Mellon. QSTP is Qatar's first Free Trade Zone and it already houses more than twenty-one companies – including ExxonMobil, Shell, Rolls-Royce and Microsoft.

In addition to placing great importance on developing its educational and scientific infrastructure, the State of Qatar has made strategic ICT investments during the past decade. The telecommunication sector was liberalized in 2006, for example, thereby opening the market to competition. ICT 2015, ictQATAR's five-year plan, will focus on building an advanced ICT infrastructure.

"In just a few years, we have begun to realize the rewards of information and communications technology," explained Dr. Hessa Al-Jaber, Secretary General of the Supreme Council of Information and Communication Technology – ictQATAR. "Since 2006, Qatar has jumped ahead in the index because both the public and private sectors are dedicated to leveraging ICT to help Qatar achieve its leadership role in the global economy."

Qatar plays a critical role in U.S. defense initiatives in the region. While maintaining its own independent defense strategy, Qatar hosts an integrated U.S. missile defense system designed to protect key infrastructure and communications lanes. The Government of Qatar is planning to announce a multi-billion dollar purchase of 24 to 36 jet fighters by the end of 2012. The new planes will replace the Qatar Emiri Air Force Dassault Mirage fighter planes. Currently, bids from French, U.K., Italian and American companies are under evaluation.

Oman

Oman's recent celebration of four decades of leadership by H.M. Qaboos bin Said Al Said underscored the continuity of U.S.-Oman trade relations. From the 1790 Treaty of Commerce and Amity – the first bilateral accord between the U.S. and an Arab Gulf nation – to the 2009 Free Trade Agreement (FTA), Oman and the United States enjoy a longstanding and multifaceted relationship.

In 2009, Oman was America's eleventh largest market in the Arab world for merchandise and service exports, on track to surpass $2 billion in 2011. By 2013, the Sultanate is expected to move up to the number eight position, in part on the strength of its FTA with the United States. U.S. exports to Oman are expected to rise to over $3 billion annually, with Texas, Washington, Maryland, New Jersey, and California serving as the top five exporting States. According to NUSACC projections, exports of U.S. goods and services to Oman will be led by industrial machinery, vehicles, optic and medical instruments, and various agricultural items.

The FTA, implemented in 2009, was given a boost in 2010 when the U.S. State Department Middle East Partnership Initiative (MEPI) signed a Memorandum of Understanding (MOU) with Oman to promote the productivity of small and medium-sized enterprises in conjunction with the U.S. Small Business Administration.

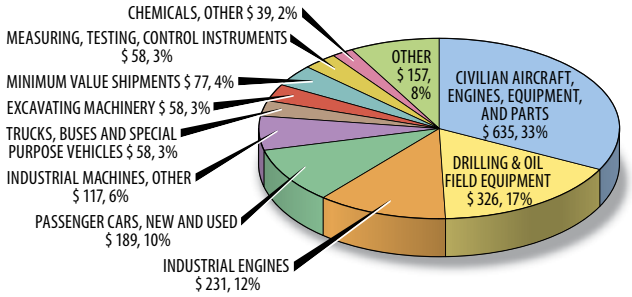
Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	2.0%	3.6%	4.7%	NA	NA
Merchandise Imports (Billion)	$18.40	$19.64	$20.80	$22.11	$23.46
Merchandise Imports from USA	$1.088	$1.102	$1.477	$1.702	$1.946
U.S. Share of Merchandise Import Market	5.9%	5.4%	7.1%	7.7%	8.3%
Service Imports (Billion)	$5.90	$6.28	$6.66	$7.08	$7.74
Service Imports from USA	$0.88	$0.71	$0.88	$0.94	$1.06
U.S. Share of Service Import Market	14.9%	11.3%	13.2%	13.3%	13.7%
Sum of Merchandise and Service Imports from USA	$1.97	$1.81	$2.35	$2.64	$3.01

In 2010, Oman's oil production levels rose 6.6 percent to 862,000 bpd, with Oman spending $3.5 billion on oil projects. Oman's production target for 2011 is to reach one million bpd for the very first time. Oman's dwindling oil reserves have prompted the Sultanate to move more aggressively into natural gas production, economic diversification, and privatization. Natural gas output increased 7.7 percent in 2010, while LNG output grew by 5.5 percent to 11.5 billion cubic meters. Oman's mining sector has grown to 500 licensed mining and quarrying operators.

Oman Power and Water Procurement Company's 2010 – 2016 seven-year plan forecasts that maximum power demand will nearly double from 3,424 megawatts in 2009 to 6,043 megawatts by 2016. Desalinated water demand will more than double from 119 million cubic meters in 2009 to 272 million in 2016, reflecting industrial,

2013 Top 10 U.S. Goods Exports to Oman

(U.S. $ Million)



tourism and population demands, as well as declining reliance on groundwater resources. Oman's tenders for power plants and transmission facilities are also boosted by newly installed transmission links to the Emirate of Abu Dhabi (UAE) that will allow commercial power exports as soon as technical and commercial agreements are finalized.

Oman's mobile subscriber market reached 4.53 million persons in 2010. The Sultanate spun off stakes in telecom service provider Omantel in 2005 and, more recently, it sold $474.7 million in shares of Nawras, another mobile phone provider. Oman also sold stakes in petroleum products company Al Maha while seeking heavy private sector investment in gas products. With a view to privatization and diversification, the Government of Oman is currently studying ways to sell off stakes in Oman Chromit, Oman Fisheries Company, Oman National Transport Company, the Golden Tulip Hotel chain, and Oman Post Company. India-based Jindal Steel and Power acquired Shadeed Iron and Steel in Oman and plans to ramp up production to 80 percent of plant capacity (1.5 million tons annually) by 2012.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Materials handling equipment	51%	$42
Plastic materials	87%	$39
Generators, accessories	20%	$33
Electric apparatus	37%	$32
Miscellaneous domestic exports and special transac	37%	$27

A strong commitment to environmental protection and zoning laws that encourage Omani architecture have made Oman one of the most charming places in the Arab world. With this in mind, Oman has launched new efforts to increase the number of tourists to 12 million visitors per year by 2020. A 2010 World Travel and Tourism Council report identified Oman as a "fast mover," estimating an increase in tourism revenues from $4.36 billion in 2010 (7.6 percent of GDP) to $7.6 billion (9.2 percent of GDP) by 2020.

Morocco

Morocco is "open for business with the United States," said H.E. Aziz Mekouar, Morocco's Ambassador to the United States, during a NUSACC Arab Ambassadors Forum event in Boston in July 2010. He noted that Morocco has worked hard to develop a business-friendly environment and that the country's location, its Free Trade Agreements (FTAs), and major infrastructure opportunities have attracted growing foreign investment.

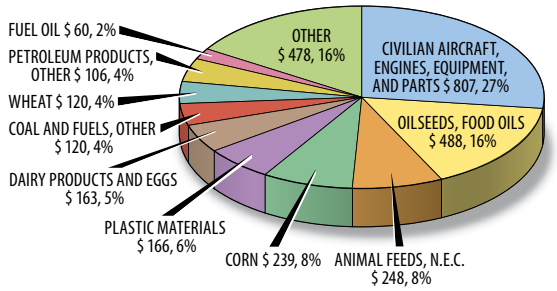
Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	4.90%	3.20%	3.60%	4.40%	4.50%
Merchandise Imports (Billion)	$31.80	$34.56	$35.89	$38.59	$41.15
Merchandise Imports from USA	$1.61	$1.95	$2.21	$2.59	$2.99
U.S. Share of Merchandise Import Market	5.10%	5.64%	6.20%	6.70%	7.30%
Service Imports (Billion)	$4.54	$4.88	$4.99	$5.35	$5.78
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

Morocco's economy dipped in 2010 because of a weak harvest and lower exports of construction materials to Europe. Agriculture makes up 15 percent of Morocco's GDP and employs 40 percent of that nation's labor force, so a bad season has a profound impact on Morocco's economy. In 2009, by comparison, a strong harvest mitigated the impact of the global economic downswing and U.S. exports of goods and services to Morocco climbed to $1.6 billion – a 12 percent increase over 2008.

To reduce reliance on energy imports in 2010 and to take advantage of an abundant natural resource, H.R.H. King Mohammed VI announced wind energy developments worth $3.9 billion during the

2013 Top 10 U.S. Goods Exports to Morocco

(U.S. $ Million)



inauguration of a new phase one wind park in northern Morocco at Essaouira – the largest wind park in Africa. Morocco's energy investments are geared toward producing 42 percent of total energy needs from renewable sources by 2020.

France is the dominant foreign participant in many sectors as a result of proximity, a common language, and a longstanding relationship stretching back to colonial times. This may be about to change.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Trucks, buses and special purpose vehicles	26%	$47
Excavating machinery	20%	$43
Passenger cars, new and used	33%	$41
Chemicals-organic	32%	$40
Laboratory testing instruments	22%	$33
Pulpwood and woodpulp	14%	$27

Until the U.S. – Morocco FTA entered into force in 2006, the largest U.S. presence in the North African Kingdom tended to be film crews staging productions in awe-inspiring Moroccan landscapes. After signing the FTA, U.S. companies began steadily flowing into the market. Citibank has a 100 percent equity stake in its Moroccan subsidiary, for example, and Western Union is now present in the most remote corners of Morocco to provide remittance transfers from expatriate workers around the globe.

Professional service exports are also on the upswing. McKinsey and Company is providing services to the Moroccan Government's

offshore industrial development plan and to the 2020 agricultural sector development plan (Plan Maroc Vert). To date, U.S. engineering service providers have not participated in major road or port concessions, but interest in the United States is on the upswing. Telecom equipment and service providers are facing a tougher challenge due to Morocco's selection of the Global System for Mobile Communications (GSM) for mobile telephony.

Bahrain

Bahrain "has been and always will be open for business," noted H.E. Houda Nonoo, Bahrain's Ambassador to the United States, at a NUSACC Arab Ambassadors Forum. Indeed, the Kingdom's official portal (www.bahrain.com) revolves around "Business Friendly Bahrain" and the steps that Bahrain has taken to attract trade and investment.

The Kingdom's farsighted "Economic Vision 2030" plan is facilitating a shift from an oil-based economy to a knowledge-based, globally competitive economy with an entrepreneurial private sector – all of which is attractive to foreign investors.

For example, Skype, the online global phone service, recently established its regional headquarters in Bahrain, describing the Kingdom as "the most energetic environment to encourage innovation." Kraft Foods has referred to Bahrain as the easiest place to set up a business in the MENA region. With its transparent e-Government and e-Business practices and with a location that provides easy access to other markets in the region, Bahrain experienced an increase in bilateral trade with the United States in recent years.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	3.10%	4.00%	4.50%	5.10%	4.70%
Merchandise Imports (Billion)	$10.40	$12.46	$12.58	$14.49	$15.88
Merchandise Imports from USA	$0.67	$1.25	$1.64	$2.07	$2.46
U.S. Share of Merchandise Import Market	6.40%	10.03%	13.04%	14.29%	15.49%
Service Imports (Billion)	$1.56	$1.87	$2.01	$2.17	$2.54
Service Imports from USA	$0.44	$0.69	$0.46	$0.51	$0.59
U.S. Share of Service Import Market	28.20%	36.90%	22.70%	23.50%	23.30%
Sum of Merchandise and Service Imports from USA	$1.11	$1.94	$2.10	$2.58	$3.05

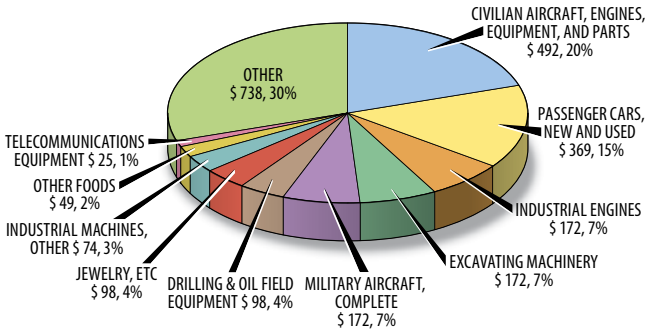
Bilateral U.S.-Bahrain trade is fortified by a Free Trade Agreement (FTA) that went into effect in 2006. Bahrain was the first nation in the Gulf Cooperation Council to sign an FTA with the United States, and it has been reaping the benefits ever since. As benchmark U.S.-world trade grew on average only 1.52 percent annually during the global economic downswing, bilateral trade between the U.S. and Bahrain – stimulated by the new FTA – averaged 4.6 percent annual growth over the past four years as U.S. exporters expanded sales and distribution relationships. With this in mind, Bahrain recently signed a Memorandum of Understanding (MOU) with the Massachusetts Office of International Trade to stimulate business from the New England region.

Renewed demand for Bahrain's two main exports – oil and aluminum – is financing investments in tourism, business services, manufacturing and logistics. Aluminium Bahrain (ALBA), one of the world's largest smelters, posted half-year profits of $200 million thanks to improved efficiency and entries into new markets.

Oil accounts for approximately 80 percent of Bahrain's total export earnings, yet Bahrain is the smallest oil producer in the Gulf, generating 38,000 bpd. The Government of Bahrain is planning to award a contract for an LNG terminal in 2011 to diversify Bahrain's energy revenues. By 2017, Bahrain Petroleum Company (BAPCO) plans to invest $15

2013 Top 10 U.S. Goods Exports to Bahrain

(U.S. $ Million)



billion to boost production to 100,000 bpd in partnership with California-based Occidental Petroleum and the UAE's Mubadala Development Company. This venture is intended to increase natural gas production to 2.7 million cubic feet per day – twice the current capacity.

Bahrain is home to the Fifth Fleet of the U.S. Naval Forces Central Command. The Fleet recently announced that it is doubling the area of its onshore facilities in Bahrain. The expansion will cost $580 million and is expected to be completed within five years.

Bahrain has been an important banking center in the region for many years and, thanks to strong regulators, the Kingdom weathered the global economic downturn better than most, and the direct exposure of its banks to regional debt has been lowered. Although real estate and construction loan returns were robust through 2010, any increase in nonperforming loans would only feed through the wholesale banking sector – and not the retail sector – according to Moody's Banking System Outlook.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Toys/games/sporting goods	36%	$24
Apparel, household goods – textile	32%	$20
Pleasure boats and motors	50%	$20
Computers	20%	$16
Commercial vessels, other	20%	$16

Unlike their counterparts in other Arabian Gulf nations, regulators in Bahrain did not have to provide any "material assistance" to the retail banking sector, according to the Moody's Outlook. Bahrain's banking system is stabilized by the Central Bank of Bahrain's regulatory policy, which isolates the wholesale sector (which includes investment banks and higher risk investment firms) from the domestic retail payments system.

Jordan

Jordan's National Agenda for 2006-2016 establishes ambitious goals for reducing the nation's trade deficit. Currently, Jordan uses inflows of tourism dollars, foreign aid and expatriate remittances to reduce these deficits, which reached a high of $2.4 billion in 2004. By capturing additional value from apparel and other exports, Jordan intends to reduce the deficit to $1.7 billion in 2012 and to $.9 billion by 2017.

The 2001 ratification of the Jordan-U.S. Free Trade Agreement (FTA) – the first FTA between the United States and an Arab nation – has proved to be beneficial to both countries over the last decade. Since 2001, bilateral trade has increased from half a billion dollars to more than $2 billion by 2011. Jordan's total world trade

dropped 22 percent between 2008 and 2009 as a result of the worldwide economic downturn, but the Kingdom's bilateral trade with the United States grew five percent under the FTA.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	2.40%	3.20%	3.80%	4.30%	4.50%
Merchandise Imports (Billion)	$12.30	$13.67	$14.76	$16.06	$17.25
Merchandise Imports from USA	$1.19	$1.18	$1.62	$1.87	$2.12
U.S. Share of Merchandise Import Market	9.70%	8.63%	11.00%	11.60%	12.30%
Service Imports (Billion)	$2.95	$3.42	$3.25	$3.69	$4.14
Service Imports from USA	$0.44	$0.40	$0.46	$0.51	$0.59
U.S. Share of Service Import Market	14.90%	11.70%	14.10%	13.80%	14.30%
Sum of Merchandise and Service Imports from USA	$1.63	$1.58	$2.08	$2.38	$2.71

The U.S. phased out tariffs and quotas on Jordanian apparel exports under the FTA, and all tariffs ended on January 1, 2011. By shifting apparel production and exports away from the umbrella of Qualified Industrial Zones (QIZs) toward the broader FTA provisions, Jordan intends to supply short run/seasonal quantity goods to U.S. markets. This would generate traffic for Jordan's own port infrastructure and multiply the domestic jobs creation effect. By 2017, Jordan plans to multiply apparel exports by a factor of five.

Information and communications technology (ICT) is one of Jordan's strongest and fastest-growing sectors. By the end of 2011, Jordan intends to increase internet penetration by 50 percent, increase the number of ICT professionals to 35,000, and expand ICT revenues to $3 billion. The Hashemite Kingdom aims to become a regional information technology hub through exports of both services and products.

H.E. Marwan Juma, then Minister of Communications and Information Technology, told the MENA ICT Forum in October 2010 that Jordan has already made "a quantum leap in the ICT sector. Jordanian ICT products and services are fueling development locally, regionally and internationally." According to Juma, if the sector continues to grow at its current pace, it will double in size in ten years. The sector generated $2.2 billion for the economy in 2009.

Jordan's new incentives exempt income tax on all exported ICT services. The Information Technology Association of Jordan (int@j) noted that ICT exports reached almost a quarter billion dollars in 2008 before dropping 7.5 percent during the worldwide downturn in 2009. In 2009, Yahoo! acquired Jordan-based Maktoub – the world's largest Arabic content generator. This marked the first multi-million dollar purchase by a U.S. portal company in the MENA region. By May 2010, Yahoo! Middle East opened of its first MENA-based offices in Amman.

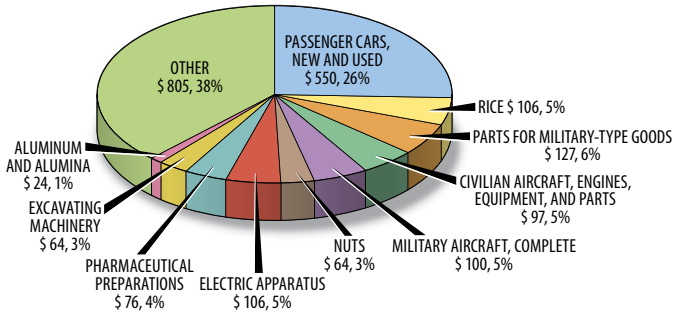
In other sectors, Transport Minister H.E. Alaa Batayneh announced a $5.9 billion freight train network project that will connect the port at Aqaba to other parts of Jordan and to neighboring countries. Preliminary design work is also underway for a $1.2 billion rail project linking Zarqa and Amman.

Despite the global economic downturn, major Gulf-financed projects in Jordan are moving ahead. Abu Dhabi-based Al Maabar has begun work on the $10 billion Marsa Zayed project in Aqaba – the largest construction project in Jordan. Emirates Tourism Investment of Abu Dhabi (ETI) awarded the Arabian Construction Company a $93 million contract to build a luxury Rotana Hotel Tower in the Abdali development in the capital, Amman. At 617 feet, it will be the tallest building in Amman when completed in 2013. Jordan has also given French nuclear company Areva exclusive mining rights to uranium in central regions of Jordan.

According to the World Tourism Organization (WTO), the global tourism market will triple in size by 2020. Jordan – home to Petra, Wadi Rum, Aqaba, and the Dead Sea – boasts tourism as its largest business sector. It accounts for 10 percent of Jordan's GDP, contributing more than $800 million to Jordan's economy. Jordan has announced that it is planning to double the level of tourism investment by allocating four percent of tourism receipts for international marketing, product development, and human resources capacity-building.

2013 Top 10 U.S. Goods Exports to Jordan

(U.S. $ Million)



Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Excavating machinery	17%	$24
Meat, poultry, etc.	29%	$24
Nonfarm tractors and parts	31%	$22
Furniture, household goods, etc.	13%	$18
Books, printed matter	21%	$18

Algeria

Algeria's new five-year plan (2010-2014) emphasizes a transition away from that nation's enormous reliance on its oil and gas sectors. Algeria's oil export revenue currently generates over 80 percent of the nation's foreign exchange income. According to Algerian officials, $287 billion in new funds – coupled with $55 billion in existing funds – will be used for infrastructure development and capacity building that will better position Algeria as a knowledge-based society. Included in the plan are 500 new schools, 72 new hospitals, 47 new health centers, and two million new housing units.

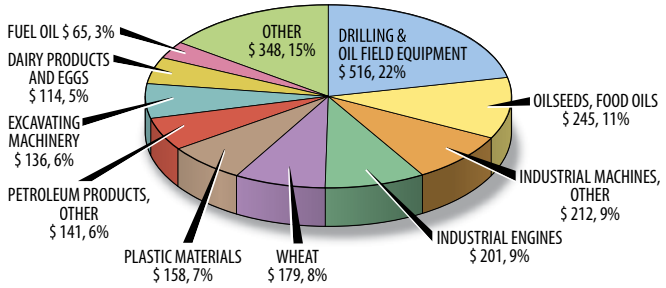
Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	2.20%	3.90%	4.00%	4.10%	4.90%
Merchandise Imports (Billion)	$39.50	$42.68	$46.37	$52.44	$58.98
Merchandise Imports from USA	$1.11	$1.19	$1.56	$1.92	$2.32
U.S. Share of Merchandise Import Market	2.80%	2.79%	3.40%	3.70%	3.90%
Service Imports (Billion)	$6.72	$6.83	$8.35	$7.87	$10.03
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

The United States is the leading destination for Algeria's exports, and American firms are vying for a bigger share of Algeria's booming import market. Total bilateral trade in 2010 was $15.7 billion, $14.5 billion of which was American imports – predominately oil and gas – from Algeria. The strongest sectors in terms of both volume and dollar value are energy, food, machinery and electronics.

According to the Hon. David Pearce, U.S. Ambassador to Algeria, "America's trade relationship with Algeria is our fourth largest in the

2013 Top 10 U.S. Goods Exports to Algeria

(U.S. $ Million)



region, and we are Algeria's largest trading partner. Today, there are over 80 U.S. companies doing business in Algeria and most of the newer companies operate outside the hydrocarbon sector, in areas such as food, pharmaceuticals, machinery, construction, security, consumer goods and information technology."

U.S. trade and investment opportunities in Algeria are immense. NUSACC's Trade and Investment Mission to North Africa in October highlighted many of these opportunities to members of that high-level delegation.

Construction of the Rocade Highway, a 932-mile project, is only one of many projects aimed at connecting the interior of the country with the coast. Water network renovation, aqueducts, 19 dam projects, desalinization, and water treatment plants will be all tendered within the five-year investment plan. Algeria is also building out major new fiber optic networks and radio repeater nodes.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Nuts	40%	$46
Food, tobacco machinery	28%	$41
Materials handling equipment	13%	$36
Other industrial supplies	21%	$34
Fruits, frozen juices	79%	$35
Industrial rubber products	19%	$21

Several measures introduced by the Government of Algeria in recent years may well hamper foreign investment. One requirement mandates that Algerian nationals hold 51 percent of the share capital in foreign investment, while another requires that companies involved in foreign trade may not import goods for resale unless at least 30 percent of their capital is held by resident Algerian nationals.

Algeria is the world's eighth largest oil exporter and supplies approximately 20 percent of Europe's energy demand. Algeria's Finance Minister, H.E. Karim Djoudi, expects that energy production cuts will shrink exports to $42.2 billion in 2011, down from $44.2 billion in 2010. Algeria's forecasts for 2010 and 2011 are both made on the basis of a conservative average price per barrel of $60.

In March 2010, Algeria called for cutting production within the Gas Exporting Countries Forum (GECF, modeled on OPEC) to avoid oversupply. Algeria's largest assets – oil and gas – are controlled by the state-owned company Sonatrach, which is the 11th largest oil and gas consortium in the world. Business Monitor International predicts that production will increase to 4.13 million bpd by 2014. By 2015, Algeria, Nigeria and Niger expect to start gas exports via the Trans-Sahara gas pipeline, which will be able to carry up to 25 billion cubic meters of gas per year.

Libya

In October 2010, NUSACC organized a high-level trade and investment mission to Libya. This was the third such delegation NUSACC has led since full diplomatic relations between the United States and Libya were restored in May 2006.

David Hamod, NUSACC's President and CEO, noted that with each visit, Libya's private sector has shown a greater willingness to work with American companies. H.E. Mohamed Ali El Huwej, Libya's Secretary of Industry, Economy and Commerce emphasized the growing importance of Libya's business community and indicated that steps are being taken to facilitate bilateral trade relations – such as simplifying tax codes, reducing bureaucratic red tape and enacting consumer protection laws.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	-7.00%	3.30%	6.20%	4.00%	3.90%
Merchandise Imports (Billion)	$26.80	$30.00	$33.87	$40.05	$41.81
Merchandise Imports from USA	$0.67	$0.67	$1.10	$1.45	$1.67
U.S. Share of Merchandise Import Market	2.50%	2.23%	3.20%	3.60%	4.00%
Service Imports (Billion)	$8.87	$12.02	$11.49	$13.23	$14.00
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

The United States and Libya signed a Trade and Investment Framework Agreement (TIFA) in May 2010 – a major step toward re-establishing normalized trade and investment ties. The first U.S.-Libya TIFA Council meeting focused on market access, intellectual property rights, capacity building, and scientific cooperation.

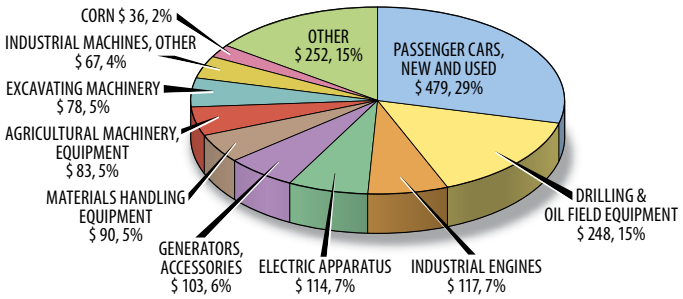
Building on such agreements is crucial as Libya seeks greater U.S. involvement in its ambitious energy and infrastructure plans. According to the U.S. Ambassador to Libya, the Hon. Gene Cretz, "Libya plans to invest hundreds of billions of dollars in housing and infrastructure, health, education and commercial projects over the next five years."

More than 250 infrastructure development projects concentrated in residential housing and transport are now underway. Libya plans to rationalize air services by merging the two national air carriers – Libyan Airlines and Afriqiyah Airlines – into one airline. It will also expand refining capacity by upgrading the Azzawiya refinery.

Libya's ambitious 2010-2013 Industrial Development Plan is intended to boost manufacturing. 2,191 projects are geared to jumpstart economic development and provide 25,000 jobs. The plan includes 331 food-processing plants, 89 textile and weaving mills for ready-made clothing and shoes, 23 factories that will manufacture building materials, 56 chemical plants, 176 timber mills and 484 other types of factories. Production will be located in eleven regions rich in

2013 Top 10 U.S. Goods Exports to Libya

(U.S. $ Million)



natural resources, from Syrte (central Libya) to Tabruk near the eastern border with Egypt.

Libya has a great demand for oilfield and engineering services. According to the *Oil and Gas Journal*, Libya possesses the largest oil reserves in Africa – around 44 billion barrels – as well as approximately 54 trillion cubic feet of natural gas reserves. In 2009, total oil production (crude plus liquids) was approximately 1.8 million bpd, less than half the levels recorded when production peaked in the late 1960s.

The National Oil Company (NOC) production goal is to bring capacity back up to 3 million bpd by 2017. According to BDP International, a Philadelphia-based project logistics and transportation management services company, Libya will need to invest $30 billion to reach these production levels.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Photo, service industry machinery	132%	$30
Chemicals-other	176%	$26
Pharmaceutical preparations	51%	$11
Laboratory testing instruments	123%	$16

Tunisia

In January 2011, Tunisia's government was overthrown and President Zine El Abidine Ben Ali was deposed. The road ahead for Tunisia is unknown.

Last October, prior to the civil unrest which toppled the government, NUSACC led a high-level trade and investment mission to Tunisia. Delegation members met with a wide range of senior government officials, including H.E. Mohamed Naceur Ammar, the Minister of Communication Technologies. The ICT sector is central to Tunisia's development. Tunisia ranks 39th in the World Economic Forum's Networked Readiness Index and 32nd in the WEF's Global Competitiveness Report.

"The U.S. and Tunisia have strong and growing commercial ties," said the Hon. Gordon Gray, U.S. Ambassador to Tunisia. "Every day, more American companies inquire about doing business with Tunisia. We look forward, with partners such as the National U.S.-Arab Chamber of Commerce, to fostering even closer business ties between our two countries."

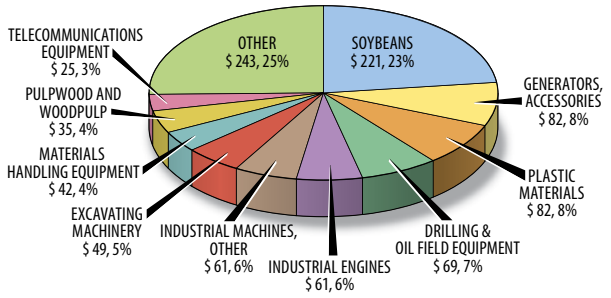
For the third year in a row, the Davos *World Report on Information and Communication Technologies* ranked Tunisia in first place in the Maghreb and Africa ICT category, and 38th globally out a total of 134 countries. Growth in Tunisia's high tech sector expanded 5.9 percent in 2004, 9 percent in 2007, and accelerated to 17.8 percent in 2008.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	3.00%	3.40%	2.50%	3.10%	3.20%
Merchandise Imports (Billion)	$17.20	$18.71	$19.24	$21.40	$23.75
Merchandise Imports from USA	$0.50	$0.57	$0.67	$0.81	$0.97
U.S. Share of Merchandise Import Market	2.90%	3.05%	3.50%	3.80%	4.10%
Service Imports (Billion)	$2.24	$2.62	$2.89	$2.78	$2.85
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

Tunisia's diverse agricultural, mining, tourism, and manufacturing-oriented economy relies heavily on import demand from Europe and

2013 Top 10 U.S. Goods Exports to Tunisia

(U.S. $ Million)



funding from Gulf investors. The 2010-2014 Development Plan and the National Industrial Strategy for 2016 targets the creation of 100,000 new manufacturing jobs. Diversifying investments beyond tourism boosts the nation's plans to be an investment hub for Europe, Africa and the Middle East.

Technology parks such as El Ghezala are currently under construction. Phase one of the park will cover an estimated 100,000 square meters and provide 5,000 jobs. A future expansion will increase the footprint of the technology park to 500,000 square meters – including 200,000 in the area of Ennahli and 300,000 in Manouba. Additional technology parks are planned in Sousse and Sfax.

Two major real estate projects – Tunis Financial Harbor and the $5 billion Tunis Sports City – are currently in the works. Gulf Finance House (GFH), the Bahrain-based Islamic investment bank, and the Tunisian Government have launched North Africa's first offshore financial center. The center is part of Tunis Financial Harbour, a $3 billion mixed-use waterfront development. Thanks to a law enacted in 2009, nonresidents can now bid on projects.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Aluminum and alumina	24%	$21
Measuring, testing, control instruments	43%	$19
Excavating machinery	18%	$18
Petroleum products, other	25%	$15

Tunisia has been positioning itself to become a top Mediterranean tourist destination for Europeans by 2016. Prior to the recent revolution, Tunisia was attracting around seven million visitors per year.

Syria

In January 2011, the Hon. Robert Ford was sworn in as the first U.S. Ambassador to Syria since diplomatic relations between the two nations were severed in 2005. This reengagement bodes well for improved political and commercial relations, but it may be too early to imagine Syria as the next "greenfield" destination for U.S. investment.

In May 2004, the U.S. imposed economic sanctions on Syria, banning exports of goods containing more than ten percent U.S.-produced components (excluding food and medicines). U.S. dollar transactions with the state-owned Commercial Bank of Syria – the country's biggest lender – are prohibited, as are landing rights in the United States for Syrian airliners. The Obama Administration has now approved export licenses for aircraft repairs, and in June 2010, the U.S. State Department sent a high-level diplomatic and trade mission to Syria that included leading U.S. technology firms.

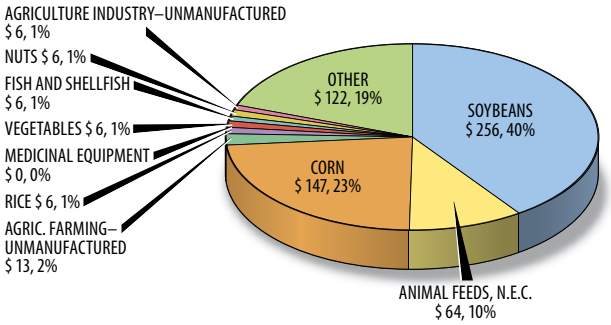
Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	5.00%	4.00%	4.60%	4.50%	NA
Merchandise Imports (Billion)	$13.11	$14.18	$14.52	$15.29	$15.88
Merchandise Imports from USA	$0.30	$0.51	$0.56	$0.60	$0.64
U.S. Share of Merchandise Import Market	2.32%	3.60%	3.86%	3.92%	4.03%
Service Imports (Billion)	$2.88	$4.82	$3.63	$3.98	$4.29
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

In early 2010, the World Trade Organization (WTO) granted Syria observer status, nine years after that nation began its bid for WTO accession. The United States has dropped its opposition to Syrian accession, clearing the way for Syria to win WTO member status by 2015.

Syria's strategic five-year growth plan calls for approximately $10.4 billion to be invested in new energy, infrastructure, rail and real estate developments. Syria's energy production strategy intends to boost oil production by tendering contracts for the development of new fields. Syria's petroleum production reached 375,000 bpd during the first half of 2009, increasing to 386,000 bpd in the first half of 2010. Several international oil companies have submitted bids for contracts to increase production at seven mature fields in central Syria.

2013 Top 10 U.S. Goods Exports to Syria

(U.S. $ Million)



Five billion dollars in infrastructure projects will be launched under public- private partnerships, according to Syrian Transport Minister, H.E. Yarob Badr. The Syrian Electricity Generation and Transmission Establishment has hired consultants to attract private investment in establishing independent wind farms.

The Khams Shamat mixed-used real estate project developed by MAF (Futtaim) Properties is set to break ground this year. Arabtec, a UAE construction firm, is building a $120 million five-star hotel in Damascus, and the UAE's Emaar Properties is moving ahead with its Eighth Gate commercial office space development, according to *Construction Week*.

Syria's private sector received a boost when the Government of Syria passed a law permitting – with high minimum capital requirements – the chartering of private investment banks. This surge in real estate and commercial development has the potential to generate a range of opportunities for American businesses.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Dairy products and eggs	233%	$6
Other foods	38%	$2
Furniture, household goods, etc.	52%	$2
Laboratory testing instruments	84%	$2

Syria's State Planning Commission signed an agreement with the EU for a $168 million aid program that will run from 2011 through 2013. The EU intends to energize bilateral trade momentum by including almost $28 million in the package to support current trade negotiations.

Yemen

U.S. Secretary of State Hillary Rodham Clinton's visit to Yemen in January 2011 – the first by a U.S. Secretary of State in two decades – underscored the Obama Administration's desire to broaden the U.S.-Yemen dialogue beyond military-to-military relations. "We face a common threat that began with Al Qaeda, but our partnership goes beyond terrorism," said Clinton. "Economic development and security are deeply connected."

In 2010, the Obama Administration "rebalanced" its aid package to Yemen, providing $300 million in military and non-military aid. Economic assistance alone totals $130 million in 2011.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	3.80%	5.20%	3.00%	3%	2.80%
Merchandise Imports (Billion)	$7.10	$7.68	$7.82	$8.22	$8.50
Merchandise Imports from USA	$0.38	$0.40	$0.49	$0.55	$0.61
U.S. Share of Merchandise Import Market	5.40%	5.21%	6.30%	6.70%	7.20%
Service Imports (Billion)	$1.49	$2.30	$1.72	$1.81	$1.78
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA
Sum of Merchandise and Service Imports from USA	$0.82	$0.94	$0.95	$1.06	$1.20

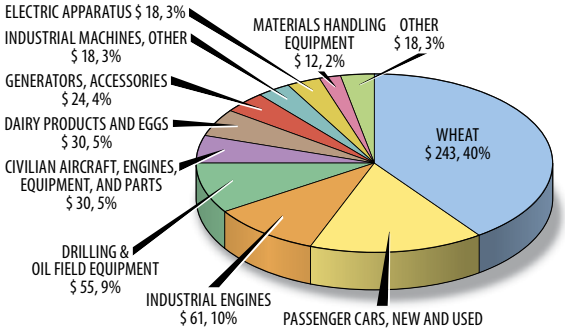
"The challenges Yemen faces extend far beyond terrorism," said Secretary Clinton during her January visit to Sanaa. Only 4,500 of Yemen's 42,000 miles of roads are paved, and there is no railway system. Unemployment is high and the youth population is growing. But there may be a light at the end of the tunnel. Yemen has been included in the World Bank's Fast Track initiative for the development of education, and Yemen has launched a National ICT Master Plan that identifies primary e-services critical to the development of a knowledge-based society.

Oil revenues provide 70 percent of Yemen's government revenues. That nation's petroleum production averaged approximately 298,000 bpd in 2009, according to *Oil and Gas Journal*. With 90 percent of its potential oil reserves unexplored, Yemen plans to shorten the time it takes to grant foreign investors an energy concession from the current three years to six months.

Yemen ranks 32nd in world natural gas reserves with 478 billion

2013 Top 10 U.S. Goods Exports to Yemen

(U.S. $ Million)



cubic meters of proven reserves. Yemen has been shipping LNG to the United States, Asia, and South Korea from its 6.7 million-ton-per-year capacity pipeline at Ma'arib since November 2009. At $4.5 billion, the Yemen LNG project is the largest foreign direct investment ever made in that nation.

If Yemen can surmount political instability, it will join its neighbors in the Gulf Cooperation Council (GCC) by 2015. It took an important step forward in late 2010 when it hosted – without incident – the Gulf Cup of Nations, an annual soccer tournament that includes the six GCC nations, plus Yemen and Iraq.

Yemen has signed numerous bilateral trade and investment agreements with the EU, China, Canada, Japan, South Korea and the United States, including a December 2010 bilateral agreement with the United States to finalize the requirements for Yemen to join the World Trade Organization.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Plastic materials	39%	$6
Engines and engine parts (carburetors, pistons, etc.)	30%	$5
Food, tobacco machinery	22%	$4

At a roundtable discussion co-hosted by NUSACC in January 2011, the U.S. Ambassador to Yemen, the Hon. Gerald Feierstein, highlighted recent efforts to work with the Government of Yemen to promote greater private sector engagement. "There's no doubt in our mind, at the end of the day, that the engine for economic growth and prosperity for Yemen, like everywhere in the world, is going to be the private sector," noted Feierstein. "We believe that the Yemeni private sector is well-positioned and eager to take on a bigger role in Yemen's economy."

Djibouti

This strategically located country in the Horn of Africa has long provided critical transit services at the crossroads of the busiest shipping routes between Europe, the Far East and the Arabian Gulf. Burgeoning traffic from the Port of Djibouti's biggest client – landlocked Ethiopia – has launched plans to build a new cargo port on the other side of the straits of Tadjoura. Capital will be provided by the Arab Fund, the Kuwait Fund, and the Saudi Arabia Fund, as well as from the African Investment Bank. Eighty-five percent of the Djibouti Container Terminal's traffic is handled for Ethiopia.

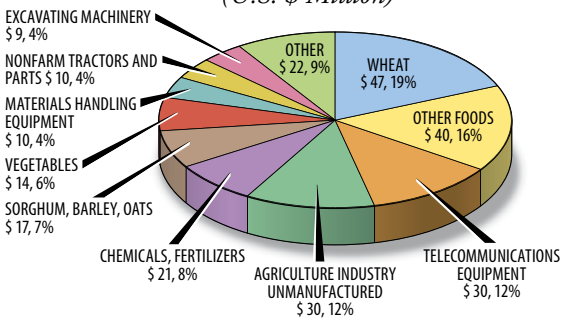
Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	5.00%	4.00%	4.40%	5.0%	NA
Merchandise Imports (Billion)	$1.83	$1.90	$1.93	$2.00	$2.00
Merchandise Imports from USA	$0.20	$0.12	$0.22	$0.24	$0.25
U.S. Share of Merchandise Import Market	10.70%	6.32%	11.60%	12.00%	12.50%
Service Imports (Billion)	$0.48	$0.49	$0.50	$0.52	$0.52
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

Currently, Ethiopia Railway Corporation's single, century-old 423-mile line connects the Ethiopian capital of Addis Ababa with the port in Djibouti City. Ethiopia and the Export and Import Bank of China agreed to set aside $336 million each year in their 2011-2015 budgets in order to add 3,000 miles of additional rail lines. This will link eight new regions of Ethiopia to Djibouti's ports.

Dubai Ports International has held a 20-year lease for the Port of

2013 Top 10 U.S. Goods Exports to Djibouti

(U.S. $ Million)



Djibouti since the year 2000. Ethiopia has paid port fees of more than $700 million per year since 2008.

The United States and Djibouti have signed bilateral aid agreements covering health, education, democracy and good governance. Additional support from the U.S. Agency for International Development (USAID) to reduce malnutrition increased the package to a total of $11 million.

"These agreements are a testimony to the positive changes taking place in Djibouti," noted U.S. Ambassador James Swan. "The improved health and education indicators being tallied in this country are a direct result of the effective partnership between the Government of the United States and the Republic of Djibouti, and between the citizens of these two great nations. I look forward to seeing continued progress in the coming year."

The U.S. military currently has 1,800 personnel stationed at Camp Lemonnier outside the capital. This presence is likely to grow. U.S.-based PAE Government Services recently won a $10 million contract for facility construction in Djibouti from the U.S. Navy.

U.S. Africa Command (AFRICOM) headquarters focuses on war prevention in 53 African countries. AFRICOM is currently based in Germany, but Djibouti is emerging as one of the most important host nations for U.S. security initiatives in the region.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Corn	37%	$5
Food, tobacco machinery	33%	$3
Trucks, buses and special purpose vehicles	56%	$3

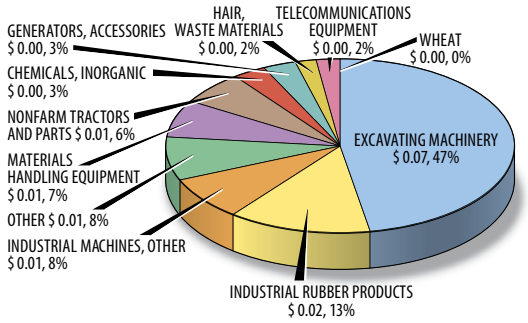
Mauritania

Constitutional rule has returned after the 2008 military coup and contested elections threw Mauritania into chaos. One of the country's key opposition parties, Rassemblement des Forces Démocratiques (RFD), recognized the August 2009 election as legitimate and General Mohamed Ould Abdel Aziz was appointed President. In June 2010, the Government of Mauritania received $3.1 billion in aid commitments from the international donor community in Brussels. The funds will finance nearly 200 infrastructure, poverty reduction, and health and education development projects.

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Engines and engine parts (carburetors, pistons)	79%	$0.62
Passenger cars, new and used	39%	$0.48
Metalworking machine tools	11%	$0.03

2013 Top 10 U.S. Goods Exports to Mauritania

(U.S. $ Million)



Mauritania's large deposits of iron ore provide 40 percent of the country's total exports. With commodity prices falling around the world, national producer Société Nationale Industrielle et Minière (SNIM) watched its revenues plummet from $321 million in 2008 to $125 million in 2009, despite only a nine percent drop in total tonnage produced (10.2 million tons). The subsequent recovery in iron prices – from $103 per metric ton in 2009 to nearly $200 in 2010 – has put SNIM back on track to invest $1 billion in plant and operational expansion during the 2010 - 2013 period.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	-1.00%	5.00%	5.10%	6.30%	NA
Merchandise Imports (Billion)	$2.01	$2.31	$2.66	$3.06	$3.06
Merchandise Imports from USA	$0.06	$0.08	$0.11	$0.14	$0.16
U.S. Share of Merchandise Import Market	2.80%	3.40%	4.00%	4.50%	5.10%
Service Imports (Billion)	$0.64	$0.75	$0.86	$0.99	$0.99
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	N

Sudan

The largest Arab country by area, Sudan is also the largest country in Africa. This troubled nation has been embroiled in ethnic civil conflict for 45 years, ever since the country gained independence in 1956. A Comprehensive Peace Agreement (CPA) signed in 2005 gave the South limited autonomy, paving the way for full-fledged elections in Southern Sudan in January 2011.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	4.20%	4.90%	3.70%	4.90%	3.70%
Merchandise Imports (Billion)	$6.82	$7.18	$7.62	$8.06	$8.54
Merchandise Imports from USA	$0.08	$0.12	$0.08	$0.08	$0.08
U.S. Share of Merchandise Import Market	1.20%	1.67%	1.10%	1.00%	1.00%
Service Imports (Billion)	$2.25	$2.37	$2.06	$2.58	$2.48
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

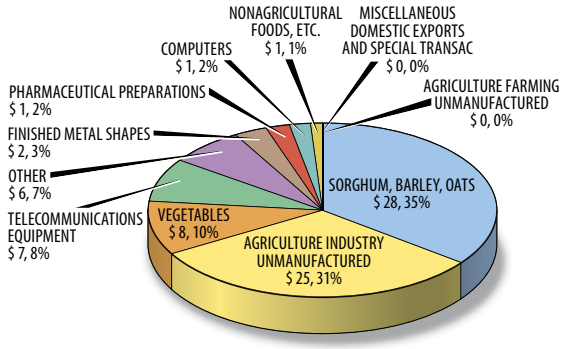
A very high percentage of Southern Sudanese cast their vote in favor of secession from the North, virtually ensuring that a new nation will be born in Africa in the near future. U.S. President Barack Obama characterized the process as an "inspiration to the world." The peaceful polling process and the high turnout, he said, were a "tribute to the determination of the people and leaders of South Sudan to forge a better future."

Sectors to Watch	4 Year Annual Growth Rate	2011 U.S. Export Opportunity (U.S. $ Million)
Writing and art supplies	57%	$0.30
Corn	14%	$0.30

The U.S. Energy Information Administration estimates that 70 percent of Sudan's revenues come from oil exports, and most of the country's estimated six billion barrels of oil reserves are located in the South. The Sudanese Petroleum Ministry intends to raise production from the current 470,000 bpd to one million bpd by 2013.

2013 Top 10 U.S. Goods Exports to Sudan

(U.S. $ Million)



In 2010, Sudan awarded $166.5 million in contracts in the southeast Melut basin to a joint venture with Chinese and Malaysian firms. Currently, 60 percent of Sudan's oil exports are destined for China, followed by Japan, India and Indonesia.

While Kenyan and South African investment in Southern Sudan is increasing, U.S. economic and trade sanctions imposed in 1997 have kept most U.S. companies out of the equation. "Humanitarian only" exports have been allowed in response to the ongoing tragedy in the Darfur region.

Comoros

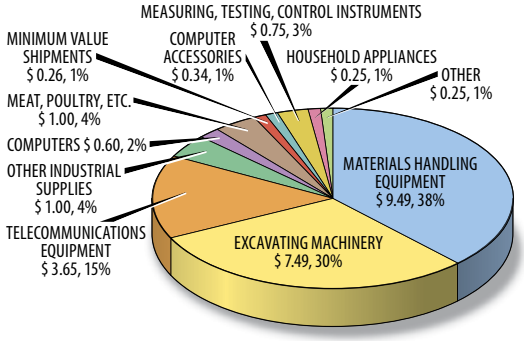
Comoros is an archipelago island nation off Madagascar and Mozambique in the Indian Ocean. It is one of the poorest nations of the Arab world, with half the population living below the international poverty line. Since achieving independence from France in 1975, Comoros has endured 20 attempted and successful coups.

Comoros is the world's second largest producer of the essence of ylang ylang (used in perfume) and vanilla bean. Main exports include vanilla, cloves, perfume essences and copra. Eighty percent of this majority Sunni population is directly employed in agriculture. While the United States receives a growing percentage of exports from this nation, the U.S. supplies less than one percent of the islands' total imports.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	1.70%	2.40%	NA	NA	NA
Merchandise Imports (Billion)	$0.22	$0.28	$0.37	$0.52	$0.72
Merchandise Imports from USA	$0.00	$0.00	$0.01	$0.02	$0.03
U.S. Share of Merchandise Import Market	0.90%	1.50%	2.20%	2.80%	3.40%
Service Imports (Billion)	NA	NA	NA	NA	NA
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

2013 Top 10 U.S. Goods Exports to Comoros

(U.S. $ Million)



H.E. Ahmed Abdallah M. Sambi, President of Comoros, has been promoting the island paradise throughout the Arab World as a "family getaway" tourist destination. In 2010, the Qatar National Hotels started construction on a $70 million investment: the Galawa luxury resort in the capital city of Moroni. This is a milestone in Comoros' $540 million visitor development program.

In July 2010, the Saudi Fund for Development pledged a $50 million concessional loan for assorted infrastructure and development projects. The UAE's HSS – a maritime transportation company – signed a contract with the Comoros Government to establish inter-island cargo and passenger services. This $386 million project will build an international terminal in the largest city (Moroni), with berths in Grande Comore, Anjouan, and Mohéli. Able to transit large cargo vessels and ferries, this terminal will link Comoros with Africa and the rest of the world.

Previously, only smaller vessels could approach existing quays, and most freight was transshipped on smaller vessels from Mombasa, Kenya or from the island of Reunion. Efforts to make Comoros a regional transshipment hub included awarding a 15-year management contract to UAE's Gulftainer in 2006. Plans are underway to boost container volume to half a million TEUs by 2012.

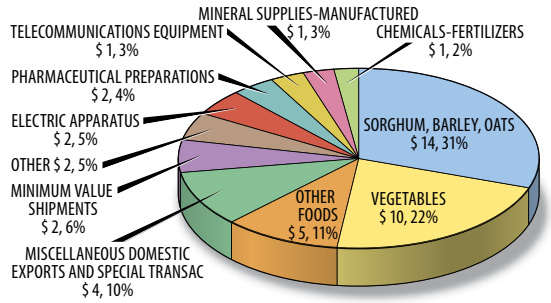
Comoros' telecom service provider is now positioned for increased services and future competition. The East African Submarine Cable System (EASSy) – the first to land in Comoros – has connected the island nation to the outside world with a bandwidth of 1.4 terabytes per second.

Somalia

The Transitional Federal Government (TFG) of war-torn Somalia is working to restore order and governance after years of civil strife. As an interim government, the TFG has called on the international community to provide peacekeeping troops while it works to hold elections before its mandate expires in August 2011. TFG is also working with international donors to build institutions and infrastructure.

2013 Top 10 U.S. Goods Exports to Somalia

(U.S. $ Million)



These days, Somalia is best known for sheltering pirates who are attacking vessels in the Arabian Gulf and the Horn of Africa, thereby threatening international shipping lanes, driving up insurance costs, and endangering lives. By year's end 2010, some 35 ships and more than 650 hostages were being held for ransom by Somali pirates.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	2.60%	NA	NA	NA	NA
Merchandise Imports (Billion)	$1.90	$2.53	$2.84	$3.26	$3.69
Merchandise Imports from USA	$0.00	$0.00	$0.02	$0.03	$0.04
U.S. Share of Merchandise Import Market	0.20%	0.50%	0.70%	0.90%	NA
Service Imports (Billion)	NA	NA	NA	NA	NA
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

Despite widespread violence and instability, Somalia's emerging economy has had some growth in such sectors as livestock, telecommunications, air transport, financial remittances and other services, thanks in large part to entrepreneurship and Somalia's tradition-based legal system, known as Xeer. The short-term outlook for U.S. private sector activity in Somalia is very limited.

Palestine

In January 2010, eleven Palestinian entrepreneurs from the West Bank and Gaza specializing in software development, outsourcing, factory automation, and other facets of information and communication technology (ICT) explored business to business (B2B) opportunities with U.S. counterparts in Washington, DC. Supported by the U.S. Department of Commerce with organizational help from the National U.S.-Arab Chamber of Commerce (NUSACC), this visit was the first of its kind by the Palestinian Information Technology Association (PITA), which represents 80 major Palestinian ICT companies.

According to the PITA delegation, the ICT industry in the Palestinian territories is growing at an average of eight percent per year. In 2008, the sector contributed $250 million to the local economy – five percent of the Palestinian GDP.

Despite positive indicators, Palestine continues to be a tough sell for most American traders and investors. Gaza has stagnated under the ongoing Israeli military blockade and U.S. differences with Hamas, Gaza's Islamic Resistance Movement. Only a fraction of the $4.5 billion in international aid pledged to Gaza in the aftermath of the Israeli invasion of 2009 has been delivered.

Metric	2009	2010	2011F	2012F	2013F
Real GDP Growth	6.80%	8.00%	8.00%	10.00%	12.00%
Merchandise Imports (Billion)	$4.68	$5.05	$5.43	$5.80	$6.18
Merchandise Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Merchandise Import Market	NA	NA	NA	NA	NA
Service Imports (Billion)	NA	NA	NA	NA	NA
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

In the West Bank, governed by the Palestinian Authority, business is growing more robustly. The PA's budget received $525 million in

continued on back cover

Membership Application

Contact Information

Organization: _____

Address: _____

City/State/Postal Code: _____ Country: _____

Website: _____

Membership Contact: _____

(Please indicate appropriate prefix: Dr./Sheikh/H.E./Mr./Mrs./Ms./Other)

Title: _____ Email: _____

Telephone: _____ Fax: _____

Please send *U.S.-Arab Tradeline* newsletter by: ☐Email ☐Mail

Annual Membership Categories, Fee & Payment Information

NUSACC's mission is to promote, support, and strengthen U.S.-Arab business and economic cooperation

◯ **Platinum – $5,000:** Subscription to *U.S.-Arab Tradeline* newsletter and other NUSACC publications; Complimentary access to all NUSACC events, including those with senior decision makers; Private briefing and/or project support from NUSACC's senior leadership; Ten hours of complimentary research and/or program support; Banner ad on NUSACC's Website (3 weeks per year); Member discounts for trade & investment missions; Discounts, whenever possible, for events that are hosted by NUSACC affiliates.

◯ **Gold – $2,500:** Subscription to *U.S.-Arab Tradeline* newsletter and other NUSACC publications; Complimentary access to most NUSACC events, including those with senior decision makers; Five hours of complimentary research and/or program support; Banner ad on NUSACC's Website (2 weeks per year); Member discounts for trade & investment missions; Discounts, whenever possible, for events that are hosted by NUSACC affiliates.

◯ **Silver – $1,000:** (Non-Profits) Subscription to *U.S.-Arab Tradeline* newsletter and other NUSACC publications; Complimentary access to some NUSACC events; Banner ad on NUSACC's Website (1 week per year); Member discounts for trade & investment missions; Discounts, whenever possible, for events that are hosted by NUSACC affiliates.

_____ My check payable to: **National U.S.-Arab Chamber of Commerce** (NUSACC) is enclosed.

If you have any questions or need additional information, please contact **Ellen Carter**, Director of Membership at ecarter@nusacc.org or call 202-289-5523.

By signing below, you authorize NUSACC to send announcements and materials by mail/email to the address(es) provided above.

_____

Please return this form to:

National U.S.-Arab Chamber of Commerce, Membership Department, National Office
1023 15th Street NW, Suite 400, Washington, D.C. 20005
Tel: 202. 289.5920 • Fax: 202. 289.5938

Palestine – continued from page 22

the first half of 2010, on top of nearly $1.4 billion in 2009 and $1.8 billion in 2008. On September 30, 2010 the World Bank delivered an additional $40 million grant to the Palestinian Authority while the U.S. provided an additional $150 million in November, bringing 2010 support and investment up to $600 million.

The number of newly registered West Bank enterprises in commerce and services has been steadily increasing, according to the PA Ministry of National Economy. In 2009, they jumped by over 38 percent with declared capital more than double that of 2008. Data from 2010 indicate similar levels of private sector growth. The 2008-2010 Palestine Reform and Development Plan gave a jumpstart to the private sector and launched several high-profile projects, such as superstores, an industrial park, and housing developments.

The Middle East Venture Fund, launched in December 2009 with a €5 million investment from the European Investment Bank in Luxembourg, is working with the ICT sector in the territories to develop an "ecosystem that fosters the formation, financing and growth of technology companies."

Exports of "fair trade" products are increasing. In particular, olive oil from Palestine can now be found in high-end grocery stores and retail outlets around the United States.

The World Bank cited Israeli restrictions imposed on the movement of people and goods as the major hindrance to economic development. That includes curtailed access to land and water, the inability of investors to visit their investments, and bans on broadly defined "dual use" materials. Despite these strictures, economic activity is growing, and the World Bank noted that the fledgling nation is "well-positioned to establish a state." A newly released IMF estimate forecasts 2010 Palestinian growth will reach eight percent, and a new baseline scenario forecasts combined West Bank/Gaza GDP growth to surge from eight percent in 2012 to 12 percent by 2013.

NATIONAL U.S.-ARAB CHAMBER OF COMMERCE

National Headquarters
1023 15th Street, NW, Suite 400
Washington, DC 20005
Tel: (202) 289-5920
Fax: (202) 289-5938

1330 Post Oak Blvd., Suite 1600
Houston, TX 77056
Tel: (713) 963-4620
Fax: (713) 963-4609

8921 S. Sepulveda Blvd., Suite 206
Los Angeles, CA 90045
Tel: (310) 646-1499
Fax: (310) 646-2462

420 Lexington Ave., Suite 1639
New York, NY 10170
Tel: (212) 986-8024
Fax: (212) 986-0216