U.S.-ARAB TRADE OUTLOOK: 2010

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غرفة التجارة الأمريكية العربية الوطنية

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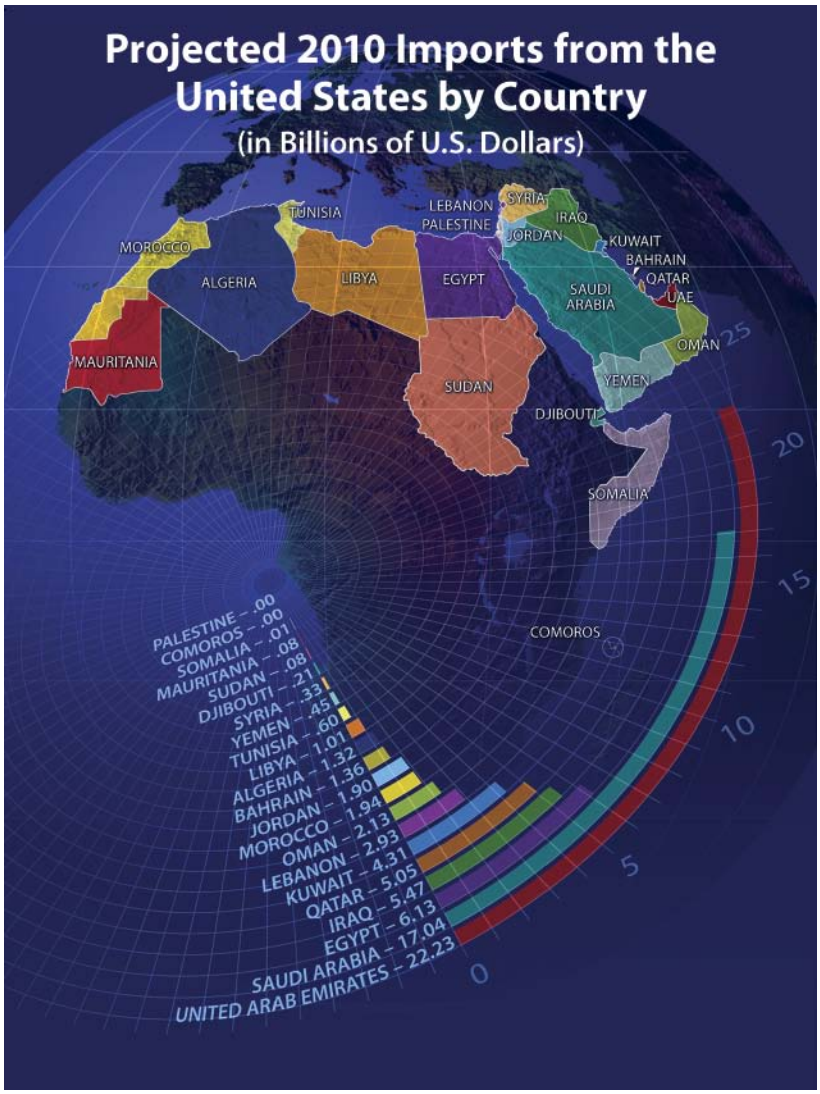
U.S. Exports to the Arab World, on the Rebound, Expected to Reach $75 Billion

After Decline in 2009, U.S. Goods and Services on Track to Reach All-Time High, Sustaining 740,000 U.S. Jobs

2010 is off to a promising start for U.S. exports to the Arab world. According to new research conducted by the National U.S.-Arab Chamber of Commerce (NUSACC), exports of American goods and services to the Arab world are slated to rebound from $63 billion in 2009 to nearly $75 billion this year. This represents an increase of almost 20 percent, propelling U.S. exports to the Middle East and North Africa (MENA) to an all-time high. Total market demand in the Arab world is expected to grow 12 percent in 2010 to $796 billion.

"Our research suggests that in 2010, the Middle East and North Africa will play a significant role in the global economic recovery," says David Hamod, President & CEO of the National U.S.-Arab Chamber of Commerce. "This is very good news for the U.S. economy in general and for American exporters to the Middle East and North Africa. This turnaround also bodes well for job creation in the United States, translating into 740,000 direct and indirect American jobs created or sustained by U.S. exports to the Arab world alone."



The Chamber's research affirms that there are significant U.S. export opportunities across the Arab world. Infrastructure build-out will continue to be the most significant driver behind foreign investment and exports to the region, particularly in the Gulf Cooperation Council (GCC) nations. The countries of the Arabian Gulf are making huge investments in upstream and downstream energy projects, power generation, water and waste treatment, ports and airports, roads & rail, hospitals, and schools. Big-ticket projects like these also open doors for related U.S. service providers, including those offering such cross-border services as logistics, engineering, training, and a wide array of other professional services.

In 2009, U.S. agriculture, goods and services exports to the Arab world sustained more than 646,000 direct and indirect jobs in the United States. (Applying National Export Initiative metrics, the region sustained 215,000 direct American jobs, with indirect employment estimated at an additional 431,000 U.S jobs.) U.S. exports to the Arab world are on track to more than double by the year 2015. This provides an important boost to President Obama's initiative to double U.S. exports in the next five years — an increase that will support an additional two million American jobs.

The bad news: In 2009, the "double whammy" of falling energy prices and reduced trade around the globe led to a nine percent drop in U.S. exports to the Arab world, from $69.51 billion to $63.22 billion. *The good news:* The drop in energy prices reduced America's bill for energy imports from the Arab world. These fell a whopping 52 percent, helping to reduce the U.S. trade deficit with the Arab world by 83 percent to $11.4 billion — the lowest level since 2002.

The Arab World: 2010 Opportunities At-A-Glance

As the world economy rebounds and global demand returns, 2010 will be a year of new opportunities in the Middle East and North Africa. Some of the region's key trends and sectors are outlined below.

1. Infrastructure Build-Out

Infrastructure build-out is the single most important driver behind international investment, exports and economic development in the region. 'Mega-infrastructure' projects in the energy and petrochemical industries — as well as in the construction or expansion of roadways, airports, railways and ports throughout the Middle East and North Africa — offer a wealth of opportunities to local, regional and foreign investors. Analysts at Credit Suisse recently maintained a "buy" position on key infrastructure stocks, estimating 2010 contract awards would grow by 24 percent in the region, with Saudi Arabia expected to tender $79 billion and the United Arab Emirates expected to tender $64 billion in 2010.

The United Arab Emirates, led by Abu Dhabi, continues to expand capacity in critical infrastructure throughout the UAE's seven emirates. Elsewhere in the Arabian Gulf, ongoing construction of four of Saudi Arabia's six planned economic cities — at a cost of $60 billion — is driven by private-public partnerships, presenting wide-ranging Greenfield opportunities. Libya, looking to make up for lost time, is touting $150 billion in infrastructure development, especially in construction and education. Egypt's $3.1 billion investments in water treatment plants, highways and housing since 2008 is in line for an additional $1.4 billion investment in 2010.

Major aluminum production investments in Qatar, as well as Iraq's massive demand for oil field services and upstream development, are open doors for U.S. exports, investment, services and manpower. Morocco's commitment to building and sustaining a sophisticated road network, expanding the tourism industry, and building out the country's ports relies on significant foreign investment.

These projects represent just the "tip of the iceberg" for U.S. exporters and investors.

2. Investment in Interconnectivity

One major theme driving demand for goods and services across the region is the build-out of "interconnectivity infrastructure" — ranging from railways to high-tech data networks.

2010-2020 will be a boom decade for rail developments as members of the Gulf Cooperation Council (GCC) construct a 1,242-mile rail network from Kuwait to Oman. Participants will begin tendering contracts in 2010 for the $25 billion project, starting with the Kuwait-Saudi Arabia link. The projected completion date for railways connecting Qatar, Bahrain and the United Arab Emirates is 2020.

This network will add another significant mode of overland transportation to the region. Domestic rail networks that feed into the GCC network are spreading. Qatar plans to invest $17 billion into its rail network — including 202 miles of freight lines — which will link Saudi Arabia and Bahrain with the new Qatar-Bahrain Causeway. Saudi Arabia has designated $30 billion for the construction of freight, passenger, and urban rail lines. Oman plans to extend its network of freight rail lines in order to create better logistics and lower cost-per-ton transport between industrial areas.

Interconnectivity investment inherently leads to an expansion of the ICT infrastructure. IDC, a leading provider of IT forecasts, estimates that although the global financial crisis drove regional IT spending down five percent in 2009 to $44 billion, technology spending in 2010 is poised for a significant rebound. According to IDC, companies in the Middle East and North Africa anticipate spending $49.77 billion this year, with 25 percent of the total coming from Gulf countries, the fastest growth region in the world. The Arab world is proving to be a very attractive location for world leaders in the ICT industry, and 2010 promises to be a banner year.

3. Consumer Confidence

The global financial slowdown resulted in lower consumer confidence from 2008 through the spring of 2009. This drove spending in the Middle East and North Africa down to its lowest level in many years, according to a serial survey of 10,623 consumers conducted by MasterCard. However, in the most recent MasterCard survey (Fall 2009), aggregate regional confidence posted a strong recovery from a rating of 49.9 to 74.5. According to MasterCard, the most positive consumers may be found in Qatar (89.2), the UAE (86.1), and Saudi Arabia (83.2). (The MasterCard Worldwide Index of Consumer Confidence uses a relative index — 0 is "most pessimistic," 50 is "wait and see," and 100 is "most optimistic.")

In a separate survey conducted by Business Monitor International, BMI ranked consumer confidence in the UAE highest in the region at 57.5 out of 100, followed by Kuwait (55.7). Only Lebanese consumers became more pessimistic (at 55.4, down from 64.4), perhaps reflecting the political instability that has undercut Lebanon's economy in recent years.

The Arab world is a high growth market of over 300 million consumers, many of whom spend at considerably higher levels than their Western counterparts. With this in mind, the strong recovery in consumer outlook will translate into increased purchases of U.S. cross-border services and goods.

Planned Route of the GCC Railway System

4. Education Services

Studies published by multiple public/private research partnerships, such as "Vision 2030" in the United Arab Emirates and Bahrain, respectively, identify education as the region's most critical development priority. The September 2009 inauguration of the King Abdullah University of Science and Technology (KAUST), the first graduate-level research institution of its kind in the Arab world, underscores the importance that Saudi Arabia and the region place on creating knowledge-based societies.

Present at the launch of KAUST, NUSACC's President and CEO, David Hamod, highlighted the fact that the new university's Economic Development Program, Technology Transfer Office, and Research Park are intended to incubate new businesses and to maximize industrial collaboration within Saudi Arabia and around the world. "KAUST is doing its part to recruit the best and the brightest from Saudi Arabia and around the world to engage in scientific research," he noted. "With business community collaboration, converting such research to commercial applications for the marketplace holds the potential to create new cutting-edge companies, generate home-grown jobs, and help the Kingdom move toward the knowledge-based society envisaged by H.M. King Abdullah."

KAUST is only the latest example of educational capacity-building in the Arab world. Other initiatives include the Masdar Institute of Science and Technology in Abu Dhabi, the Qatar Foundation in Doha, and the Smart Village in Cairo. Currently under construction in Saudi Arabia, the approximately 60-square-mile campus of Princess Noura bint Abdul Rahman University will open next year as the largest higher education institution for women in the world.

This emphasis on creating knowledge-based societies throughout the region offers unique opportunities to U.S.-based providers of education services in academia and the private sector. Many U.S. institutions have already risen to the challenge, particularly in the Arabian Gulf, where a number of American universities striving to become global have established new campuses. The Qatar Foundation has attracted numerous U.S. universities, such as Cornell University, Carnegie Mellon, Georgetown, Texas A&M, Virginia Commonwealth, and Northwestern University to Education City in Doha. Michigan State University and the Rochester Institute of Technology have recently opened branches in Dubai, and New York University is on track to open a new campus in Abu Dhabi in 2010.

5. Travel and Hospitality Services

Proleads, a hospitality consultancy, indicates that hotel occupancy across the Middle East and North Africa slipped nine percent in 2009. Revenue per available room rates declined year-on-year, but at $125 per night, these rates remained significantly higher than those in Europe ($81) or the United States ($55).

Arab market travel and hospitality revenues were generally flat throughout 2009, but even during the worldwide economic downturn, there were pockets in which tourism flourished. Oman lured vacationers with beach and cycling competitions, while Jordan touted eco-tourism and Syria provided destinations for adventurous vacationers who prefer to wander off the beaten path.

In 2010 and beyond, the long-term outlook holds great promise. In the Gulf Cooperation Council (GCC) nations alone, hotel projects that are still under construction are valued at more than $7 billion: $4.4 billion in the UAE, $1.2 billion in Saudi Arabia, $620 million in Qatar, $490 million in Bahrain, $300 million in Oman, and $90 million in Kuwait.

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Obama Administration to Double U.S. Exports by 2015

On March 11, 2010, President Barack Obama announced the centerpiece of his National Export Initiative at the Export-Import Bank's annual conference in Washington, D.C. In that speech, he highlighted his goal of doubling America's exports to $3 trillion over the next five years, by 2015 — an increase that will support an additional two million jobs. "For the first time, the United States of America is launching a single, comprehensive strategy to promote American exports. It's called the National Export Initiative, and it's an ambitious effort to marshal the full resources of the United States Government behind American businesses that sell goods and services abroad." President Obama emphasized that in order to support American workers, "we have to be able to compete in the global marketplace. It's never been as important an opportunity for America as it is now. In a time when millions of Americans are out of work, boosting our exports is a short-term imperative. Our exports support millions of American jobs."

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In 2008, "we exported more than $1 trillion of manufactured goods, supporting more than one in five manufacturing jobs, and those jobs pay about 15 percent more than average," explained President Obama. "We led the world in service sectors, which support 2.8 million jobs. We exported nearly $100 billion in agricultural goods, and every $1 billion increase in agricultural exports supports more than 6,000 additional jobs."

Concluding his speech, President Obama noted, "This is critical in the short-term, but it's also critical for our long-term prosperity. Ninety-five percent of the world's customers and the world's fastest-growing markets are outside our borders. We need to compete for those customers because other nations are competing for them."

Removing barriers to trade with a view to creating American jobs has been an important priority for successive U.S. Presidents — regardless of party affiliation — and the Obama Administration has now taken an important step in that direction with the announcement of the President's National Export Initiative.

One hospitality consulting firm, Econometrics, forecasts that 98 new hotels will place an additional 29,226 rooms on the market in the Arab world in 2010, with an additional 115 hotels and 33,765 rooms arriving in 2011. The outlook for "floating hotels" is also promising. The UAE recently opened a new cruise ship terminal for gulf tourism as Dubai's passenger count rose from 10,000 persons in 2000, to 263,000 in 2009. The UAE is geared up to welcome more than 325,000 cruise passengers in 2010.

6. Free Trade Agreements

In the past decade, the United States has entered into bilateral Free Trade Agreements (FTAs) with four Arab nations — Bahrain (2006), Jordan (2001), Morocco (2006) and Oman (2009) — with an eye toward creating a region-wide Middle East Free Trade Area (MEFTA). A MEFTA may or may not come to pass, but economic results so far suggest that U.S. bilateral trade with FTA nations is more consistent than that with non-FTA nations, and these countries offer enhanced expansion of two-way trade. U.S.-Arab FTAs produced an average annual four-year two-way trade growth of 10.1 percent per year, far more than the 4.75 percent annual two-way combined growth performance of other bilateral FTAs signed over the last ten years.

Membership in the World Trade Organization (WTO) offers members "most favored nation" status while lowering trade barriers. Lebanon, Iraq, and Yemen, for example, are among the Arab nations that are moving steadily toward WTO accession. In 2009, New Zealand finalized negotiations with the Gulf Cooperation Council (GCC) Customs Union, carving out favorable terms of trade with these six nations with the stroke of a pen. The European Union has been negotiating a similar pact with the GCC for years, and the EU continued to make progress along these lines in 2009.

> "In a time when millions of Americans are out of work, boosting our exports is a short-term imperative. Our exports support millions of American jobs. In 2008, we exported more than $1 trillion of manufactured goods, supporting more than one in five manufacturing jobs, and those jobs pay about 15 percent more than average. We led the world in service exports, which support 2.8 million jobs. We exported nearly $100 billion in agricultural goods, and every $1 billion increase in agricultural exports supports more than 6,000 additional jobs. So this is critical in the short-term, but it's also critical for our long-term prosperity."
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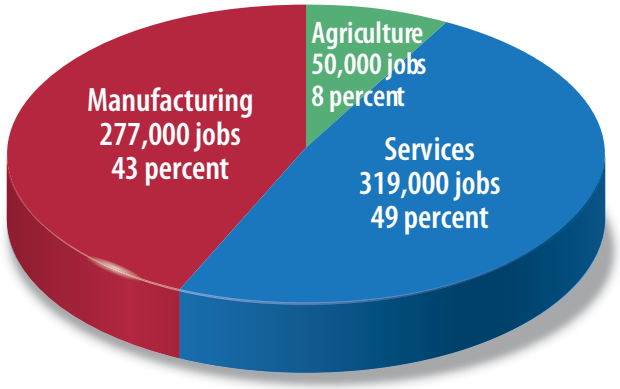
In the aftermath of 9/11, which served as a catalyst for Arab nations to "look East" for new economic partners, American companies have lost some ground to Asian competitors. China, in particular, has moved aggressively into the MENA region, offering financing for megaprojects and a vast market that is hungry for Arab hydrocarbons. India, another major player in Asia with an increasingly affluent middle class, is also making major inroads into the Arab world.

The Arab world offers attractive markets, comparative advantages, and strong current account balances to would-be business partners, and despite strong competition from Asia and Europe, U.S. companies are well positioned to benefit from the regional boom in 2010.

2009 Direct and Indirect U.S. Jobs Created by Arab Market Import Sector



7. Security and Defense

Regional defense dynamics have driven the six GCC nations to form a 22,000-personnel-strong joint rapid deployment force — a successor to the former Peninsula Shield force that emerged during the Iran-Iraq War. Depending on the outcome of international negotiations with Iran over that nation's nuclear aspirations, the value of this force may become evident in 2010.

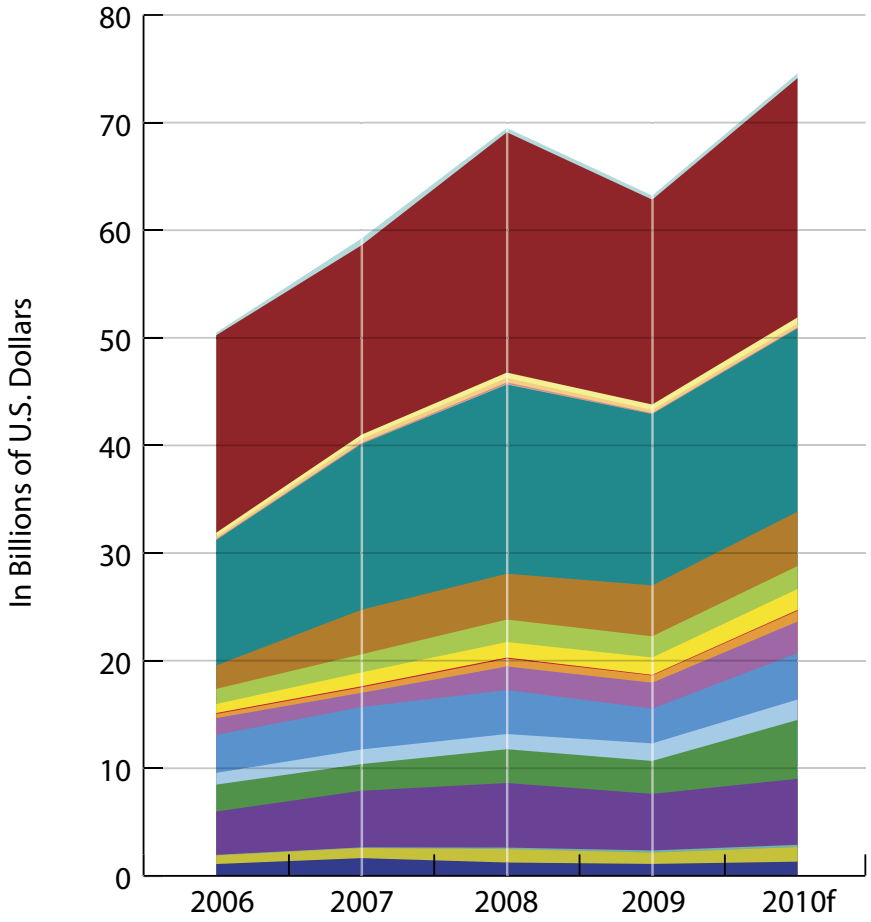
In 2009, an annual Congressional Research Service study found that the United Arab Emirates and Saudi Arabia played major roles in an overall increase in U.S. arms exports in 2008 to $37.8 billion, up from $25.4 billion in 2007. According to the U.S. Defense Security Cooperation Agency, potential Arab foreign military deals in the 2009-2010 Foreign Military Sales pipeline total $8.7 for missile defense, military base engineering and construction, service life extension contracts for jet engines, helicopters and integrated defense systems. This leaves the door wide open in 2010 for an increased demand for U.S. defense contractors, including commercial deals that have the potential to strengthen security within and between Arab nations.

U.S.-Arab Trade Outlook: 2010 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 2010 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: 2010

This special issue 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.

Arab Market Goods and Services Imports from the United States 2006-2010



	2006	2007	2008	2009	2010f
ALGERIA	1.10	1.65	1.24	1.11	1.32
BAHRAIN	0.80	0.94	1.25	1.05	1.36
COMOROS	0.00	0.00	0.00	0.00	0.00
DJIBOUTI	0.05	0.06	0.14	0.20	0.21
EGYPT	4.03	5.26	6.0	5.26	6.13
IRAQ	2.5	2.48	3.14	3.06	5.47
JORDAN	1.09	1.36	1.41	1.63	1.90
KUWAIT	3.53	3.94	4.09	3.23	4.31
LEBANON	1.56	1.32	2.19	2.41	2.93
LIBYA	0.38	0.51	0.72	0.67	1.01
MAURITANIA	0.09	0.10	0.11	0.06	0.08
MOROCCO	0.84	1.29	1.44	1.61	1.94
OMAN	1.41	1.68	2.09	1.97	2.13
PALESTINE	0.00	0.00	0.00	0.00	0.00
QATAR	2.18	4.14	4.26	4.73	5.05
SAUDI ARABIA	11.65	15.41	17.58	15.93	17.04
SOMALIA	0.02	0.02	0.06	0.00	0.01
SUDAN	0.08	0.08	0.14	0.08	0.08
SYRIA	0.22	0.36	0.41	0.30	0.33
TUNISIA	0.36	0.40	0.50	0.50	0.60
UAE	18.35	17.6	22.33	19.04	22.23
YEMEN	0.25	0.64	0.40	0.38	0.45
TOTAL	**$ 50.50**	**$ 59.27**	**$ 69.51**	**$ 63.22**	**$ 74.59**

Forecasting Methodology

Total country import market sizing for 2010 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 in the AMO model 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 2010."

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.

United Arab Emirates

For the past five years in a row, the United Arab Emirates has been the Arab world's leading importer of U.S. goods. This trend is expected to continue in 2010. As the top marketing and transshipment hub for multinational companies serving the Middle East and North Africa, the seven emirates of the UAE are natural trading partners for U.S. exporters. According to the UAE Ministry of Foreign Trade, that nation re-exported approximately 29 percent of all goods entering its ports in both 2008 and 2009. These re-exports, when combined with energy shipments, make the UAE the 13th largest global goods exporter (excluding intra-EU trade), according to the World Trade Organization.

The continually expanding free economic zones give foreign investors 100 percent ownership, tax exemptions, and repatriation of profits. The UAE now boasts 30 of these zones, the most famous of which is Dubai's Jebel Ali, established in 1985. Abu Dhabi, Ajman, Fujairah, Ras Al-Khaimah, Sharjah and Umm Al Quwain all provide ready-built office and warehouse facilities, many of which are located near multiple air and sea port facilities. As such, these facilities deliver access to a market of over two billion consumers throughout South and West Asia, the Commonwealth of Independent States, and Africa.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	14.9%	6.0%	7.4%	-3.5%	3.4%
Merchandise Imports (Billion)	$ 100.10	$ 132.50	$ 165.60	$ 141.00	$ 149.46
Merchandise Imports from USA	$ 10.277	$ 10.787	$ 14.417	$ 12.107	$ 13.679
U.S. Share of Merchandise Import Market	10.3%	8.1%	8.7%	8.6%	9.2%
Service Imports (Billion)	$ 24.30	$ 33.40	$ 42.80	$ 28.20	$ 32.88
Service Imports from USA	$ 8.07	$ 6.81	$ 7.91	$ 6.93	$ 8.55
U.S. Share of Service Import Market	33%	20%	18%	25%	26%

The UAE ranked 23rd among 133 countries in the latest Global Competitiveness Report from the World Economic Forum, moving up eight slots from the previous year and besting such countries as Malaysia, Ireland, Italy, China, India, Brazil and Russia.

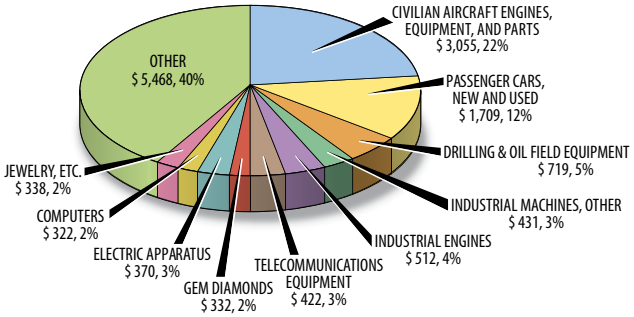
In 2009, Abu Dhabi offered Dubai a $10 billion infusion to help avert a deeper financial crisis after major holding company Dubai World announced a debt repayment freeze, prompting global credit agencies to downgrade some local UAE banks. The Dubai Government quickly implemented more efficient bankruptcy laws and new public finance laws that help control government expenditures. The UAE Government also stepped in to shore up small and medium-sized enterprises by issuing a decree in late 2009 that eliminates minimum capital requirements for new companies.

"Sectors that depend heavily on consumer spending took a hit in 2009 as shoppers around the world cut back on purchases," explained NUSACC President and CEO David Hamod in a recent interview with *The National*, the leading English language newspaper in the UAE. In contrast, he said, the "big ticket infrastructure projects driven by massive development — like water, oil and gas, and power — ensured healthy growth in most industrial sectors. The same holds true for certain hi-tech sectors, including computers and aircraft."

U.S. aerospace products and services were the lead export to the UAE in 2009, as Emirates Airlines continues to expand its Boeing 777 fleet. Etihad Airways purchased new aircraft, while flydubai, a new low-cost carrier, began taking to the air with an all-Boeing 737 fleet. Dubai International Airport added capacity in 2009 when it inaugurated the new $4.5 billion Terminal 3 and launched construction of Concourse 3, which is slated for completion in 2012.

2010 Top 10 U.S. Goods Exports to UAE

(U.S. $ Million)



The Abu Dhabi Economic Development Department is working to increase the contribution of the non-energy sector from a 40 percent to a 60 percent share by 2030 through investment in scientific R&D, technical and vocational training to boost local manpower, and management development. This transformation, coupled with infrastructure upgrades, will drive the UAE to spend $4.79 billion on IT in 2010, an increase of 12.4 percent over last year, according to technology consultancy IDC.

OPEC oil production cuts and a slowdown in residential and commercial real estate development activity cut demand for some capital equipment categories in 2009. But demand looks to be picking back up in 2010. Abu Dhabi recently obtained financing to begin the Shuweihat 2 water and power project, and the Dubai Metro opened in September 2009 with ten stations operating and more on the way. The UAE is also drafting regulations and RFPs for the country's first full-scale railway network.

The UAE has the world's fifth largest proven reserves of natural gas. State-run Abu Dhabi National Oil Company (ADNOC) is aiming to boost offshore gas output by one billion cubic feet per day (cfd) by 2013. It also plans to connect its onshore distribution grid with offshore production to meet spiraling domestic demand. ADNOC is working with Conoco-Phillips to develop the $12 billion Shah sour gas field project in Abu Dhabi, which is on track to produce one billion cfd by 2014.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Materials handling equipment	40%	$ 251
Nuts	36%	$ 187
Agricultural machinery	55%	$ 74
Bakery products	26%	$ 39
Automotive tires and tubes	49%	$ 37

In addition to expanding fossil fuels production, the UAE has embarked on an ambitious program to develop nuclear power for domestic energy consumption — the first nation in the Arab world to take this step. The United States encouraged this development in July 2009 when the U.S. Congress blessed the so-called 1-2-3 Agreement, the most comprehensive nuclear pact of its kind. In this same spirit, Abu Dhabi has been named the new headquarters of the International Renewable Energy Agency.

The UAE is the world's fourth largest defense market and the third largest purchaser of U.S. Foreign Military Sales. Mandatory notification of potential hardware and services sales for late 2009-2010 totaled $3.4 billion for Chinook helicopters, as well as C-17 Globemaster III with missile warning systems, radars, radios and related defense systems.

Saudi Arabia

King Abdullah's ambitious plan to establish Saudi Arabia as one of the world's ten most competitive countries by the end of 2010 is well underway. Construction of four of the six new economic cities has been launched, opening up vast possibilities for regional and international private-sector involvement. The cities are expected to contribute over $150 billion to the country's GDP and create 1.3 million jobs.

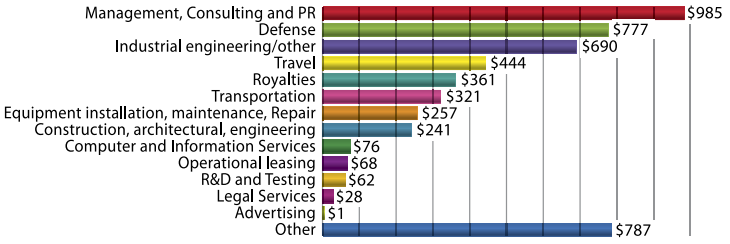
In 2009, a temporary downturn in global petroleum demand and prices had little effect on Saudi Arabia's long term development plans. Saudi Arabia's foreign reserves — in excess of $400 billion — allowed it to ride out the global financial storm that troubled some of its neighbors. Moody's, the international ratings agency, cited "the continued solid state of government finances" behind the firm's move to upgrade Saudi Arabia's foreign and local currency government ratings from A1 to Aa3. The Kingdom budgeted $144 billion in 2010 expenditures against a forecast revenue of $125 billion in order to finance ongoing megaprojects as well as new infrastructure projects.

In a recent address about the 2010 energy outlook, Saudi Aramco Vice President Dawood M. Al-Dawood estimated that global demand fell by 1.7 percent in 2009. Al-Dawood anticipates a 2010 recovery, with 2030 global demand reaching 40 percent higher consumption levels than those during the year 2007. Saudi Aramco expects that $26 trillion in capital will be required to meet projected global energy demand concentrated in developing markets through 2030. This opens the door for increased U.S. exports of capital goods, services, and manpower.

Saudi Aramco completed its $100 billion expansion plan that boosted crude capacity to 12 million bpd, of which 2 - 4 million is spare capacity used to meet Saudi Arabia's global responsibilities as the largest and most reliable swing supplier. Between 2010 and 2014, Saudi Arabia is committed to spending $120 billion, much of it focused on expanding refining capacity from 2.2 million bpd to 3.2 million bpd — representing one-third of all global refining expansions. This will boost Port Arthur, Texas capacity from 275,000 bpd to 600,000 bpd — thereby transforming it into America's largest refinery.

Saudi Arabia's drive to diversify away from near-total reliance on hydrocarbons represents one of the most ambitious efforts ever undertaken in the Arab world. Some of the centerpieces of this effort include construction of the new economic cities — including the $76.8 billion King Abdullah Economic City — rail infrastructure, large scale solar energy and industry development, and the launch of the King Abdullah University of Science and Technology (KAUST), a major research university opened in late 2009.

U.S. Business, Professional and Technical Service Exports to KSA (2008)



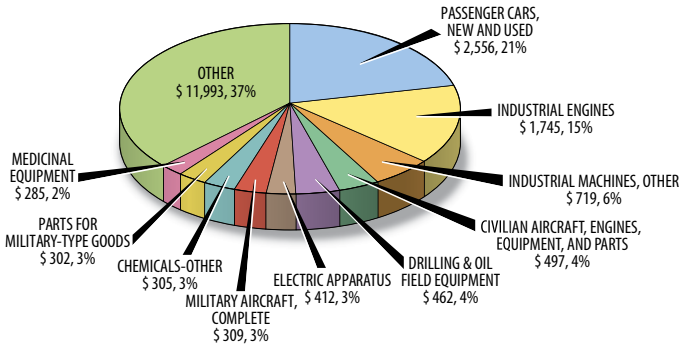
The U.S. exported more management consulting services to Saudi Arabia in 2008 than to other major trading partners, such as China, France, or even neighboring Mexico. The outlook for additional services is very positive. The market is expanding briskly as the largest Saudi companies — pressured to cut costs — begin to outsource their distribution and transport operations. Medium-sized companies are expected to follow suit.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	3.2%	3.4%	4.2%	0.2%	3.2%
Merchandise Imports (Billion)	$ 69.80	$ 90.20	$ 115.20	$ 86.60	$ 93.53
Merchandise Imports from USA	$ 7.640	$ 10.396	$ 12.484	$ 10.804	$ 11.993
U.S. Share of Merchandise Import Market	10.9%	11.5%	10.8%	12.5%	12.8%
Service Imports (Billion)	$ 19.40	$ 30.80	$ 38.02	$ 30.31	$ 33.67
Service Imports from USA	$ 4.02	$ 5.01	$ 5.10	$ 5.12	$ 5.05
U.S. Share of Service Import Market	21%	16%	13%	17%	15%

Saudi Arabia ranked 13th, highest in the Arab market, in the World Bank's *Doing Business 2010*, an annual report on business competitiveness. Regionally, the Kingdom is ranked number one as the easiest place to register property, get credit, and start a business, and Saudi Arabia beats out Japan, Germany, and France across a ten-point scale measuring such criteria as contract enforcement, ease of registering property, starting a business, and protecting investors.

2010 Top 10 U.S. Goods Exports to KSA

(U.S. $ Million)



In January 2010, Saudi Arabia launched the new $510 million Red Sea Gateway Terminal at the Jeddah Islamic Port. Jeddah Port, the largest container gateway in Saudi Arabia, moves 75 percent of the country's shipping containers.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Household appliances	25%	$ 214
Measuring, testing, control instruments	21%	$ 208
Finished metal shapes	22%	$ 128
Dairy products and eggs	20%	$ 60
Business machines and equipment	49%	$ 21

According to the Saudi Ports Authority, in 2009 Saudi ports moved a total of 4.6 million TEUs (the volume of an intermodal container), of which Jeddah Islamic Port, on the Red Sea coast, moved 3.3 million TEUs. Since GCC states generate a combined annual total of 24 million TEUs, Saudi ports will most likely continue to boost their capacity — just under 20 percent of Gulf traffic — especially when the Kingdom's new railway systems are completed.

Instability on the Yemen border and ongoing modernization of the Saudi Arabia National Guard generated a $177 million TOW missile purchase request. Riyadh has indicated interest in acquiring advanced missile defense systems, battle tanks, infantry fighting vehicles and multi-role helicopters, but U.S. vendors face stiff competition from Russian arms makers for such orders.

Egypt

In June 2009, NUSACC and Egypt's Information Technology Industry Development Agency (ITIDA) signed a Memorandum of Understanding to promote Information and Communications Technology (ICT) cooperation between the U.S. and Egypt. "ICT-related companies make up an increasingly important part of the commercial relationship between our two countries," noted David Hamod, NUSACC's President and CEO.

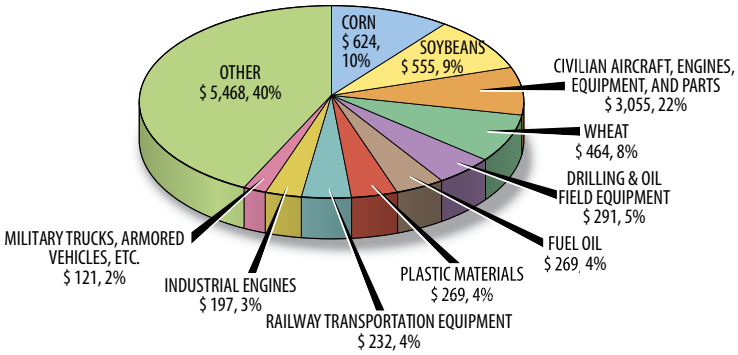
It is clear that Egypt is no longer one of the industry's best kept secrets. Egypt was recently listed by Yankee Group, a publisher of ICT sector reports, as the best-positioned country in the Middle East to capitalize on the region's booming ICT sector, and Cairo was listed seventh in the Global Service-Tholons study of the top 50 emerging global outsourcing cities.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	6.8%	7.1%	7.2%	4.7%	5.4%
Merchandise Imports (Billion)	$ 27.30	$ 37.10	$ 47.50	$ 44.00	$ 48.40
Merchandise Imports from USA	$ 4.029	$ 5.259	$ 6.002	$ 5.258	$ 6.130
U.S. Share of Merchandise Import Market	14.8%	14.2%	12.6%	11.9%	12.7%
Service Imports (Billion)	$ 10.30	$ 13.10	$ 16.30	$ 15.40	$ 17.91
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

Two years ago, Egypt moved quickly to ward off economic contagion by deploying $3.1 billion toward water treatment plants, railways, highways and housing as an economic and jobs stimulus. In order to help companies finance expansion and infrastructure projects, the government simplified regulations for issuing corporate bonds. Economic Development Minister Osman Mohamed Osman recently confirmed that Egypt is seeking $10 billion in FDI during 2010, and these moves have helped to boost imports of capital goods from the United States to significant levels.

2010 Top 10 U.S. Goods Exports to Egypt

(U.S. $ Million)



Heavy imports of consumer and capital goods will continue through 2010, making Egypt an attractive market for U.S. exporters that — until the global downturn of 2009 — saw exports grow by $1 billion per year since 2005. In late 2009, Egyptian Trade Minister Rachid Mohamed Rachid proposed expanding the number of Qualified Industrial Zones (QIZ) with the United States by at least three in the less wealthy southern provinces in order to expand food, leather products, and electronics shipments. Although Egypt is an LNG exporter, it recently announced that no new contracts would be tendered in 2010 in order to accommodate domestic needs, even as it cuts consumer and business energy subsidies.

> "ICT-related companies make up an increasingly important part of the commercial relationship between our two countries."
>
> **– David Hamod, President and CEO, NUSACC**

Reflecting the global dropoff in trade, Egypt's revenues from the Suez Canal were down 14.7 percent, according to November 2009 estimates issued by The Suez Canal Authority. Tourism revenue was less affected, declining by only 2 percent to $10.8 billion. With this in mind, and recognizing that the travel industry accounts for 12.6 percent of the nation's employment, Egypt is launching new campaigns to attract 14 million tourists in 2010, up from 12.5 million in 2009. Recently, the city of Alexandria was named "Arab Tourism Capital 2010" by the Executive Office of the Arab Tourism Ministerial Council as part of an initiative by The League of Arab States to encourage inter-Arab and international tourism.

An innovative partnership between the city of Luxor, the Egyptian Government and Microsoft in 2009 resulted in the first official tourism web portal for Luxor, as well as the first official tourism website in all of Egypt. The Luxor portal is part of a broader effort by the Egyptian Government and the private sector to increase competency in digital technologies and to use these in order to enhance industry, tourism and web development in Egypt. In addition to attracting more tourists through the informative website, Luxor anticipates heightened interest from investors in the hotel and resort industry.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Generators, accessories	30%	$ 92
Electric apparatus	25%	$ 59
Logs and lumber	29%	$ 76
Materials handling equipment	40%	$ 70
Trucks, buses and special purpose vehicles	40%	$ 54
Fruits, frozen juices	48%	$ 12

As a Major Non-NATO Ally and the largest recipient of U.S. security assistance in the Arab world, Egypt is an extremely important Arab military ally of the United States. Egypt is a full partner in pursing the mutual national security interests of combating terrorism and religious extremism, preserving regional stability, pursing the peace process, and promoting a WMD-free Middle East.

Egypt's current Foreign Military Sales (FMS) purchases of over $1 billion focuses heavily on enhancing security in the Suez Canal and along the Gaza border. Close cooperation with the U.S. Army Corps of Engineers is improving border security. The new purchase of four Fast Missile Craft from Halter Marine of Pascagoula, Mississippi (including one purchased with Egyptian national funds) will strengthen Egypt's capabilities in the Suez Canal and its approaches. U.S.-Egyptian military cooperation remains a bedrock of both nation's national security strategies.

Iraq

As violence wanes across Iraq and results of recent elections settle in, business stakeholders and government officials are ramping up energy development. Iraq ranks behind only Saudi Arabia, Canada and Iran in proven oil reserves of 115 billion barrels (an estimate that dates from the 1970s). But with new exploration technology, most companies entering the upstream market believe untapped reserves can be identified and readily developed.

Iraq's long-term goal is to rival Saudi Arabia by pumping 10 - 12 million bpd. Although there is no national oil law, ad hoc deals have been struck in the north and south, and these are boosting Iraqi international purchasing power and demand for engineering services. By early 2010, Iraq was producing 2.4 million barrels per day. Baghdad contracted foreign firms to develop 10 southern fields and exports 75 percent of production from the southern terminal of Basra on the Gulf. According to H.E. Ashti Hawrami, the Kurdistan Regional Government's National Resources Minister, 38 companies from 17 countries have secured exploration and production contracts in the Kurdistan region, which exports 25 percent of national production from the northern fields in Kirkuk.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	6.2%	1.5%	7.8%	5.8%	6.2%
Merchandise Imports (Billion)	$ 20.90	$ 22.00	$ 26.90	$ 20.90	$ 23.39
Merchandise Imports from USA	$ 1.491	$ 1.560	$ 2.070	$ 1.775	$ 2.659
U.S. Share of Merchandise Import Market	7.1%	7.1%	7.7%	8.5%	11.4%
Service Imports (Billion)	$ 2.10	$ 3.01	$ 5.62	$ 7.15	$ 9.36
Service Imports from USA	$ 1.01	$ 0.92	$ 1.07	$ 1.29	$ 2.81
U.S. Share of Service Import Market	48.1%	30.6%	19.1%	18.0%	30.0%

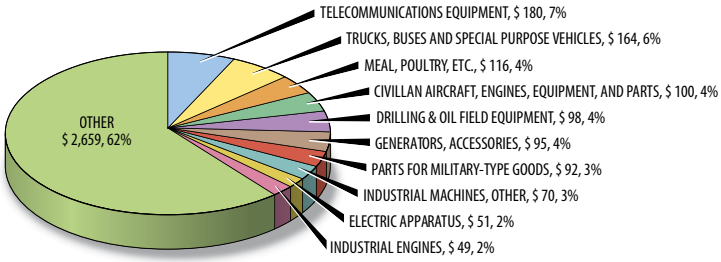
Strong earnings growth from petroleum sales in 2010 is on track to boost GDP growth to 6.2 percent and to spur Foreign Direct Investment and infrastructure projects.

U.S. service companies will be major indirect beneficiaries of development contracts. The success of the December 2009 auction for such contracts necessitates an enormous jump in oilfield services over the next five years. Halliburton, Schlumberger, Bechtel and others are among the best positioned companies for long-term service contracts worth billions of dollars to rebuild terminals, upgrade and repair pipelines, and to install the modern infrastructure Iraq needs for exploration, transit and delivery.

The Iraqi Council of Representatives passed its $71.5 billion 2010 federal budget — up from $62 billion in 2009 — with a conservative oil price projection of $60 per barrel. Iraq has announced an agreement to finance $2.4 billion in electricity infrastructure projects through an International Monetary Fund loan and lending agreements with local banks. In 2008, Iraq's Finance Minister, H.E. Bayan Jabr, estimated that Iraq would need $400 billion to rebuild and expand the national infrastructure.

2010 Top 10 U.S. Goods Exports to Iraq

(U.S. $ Million)



The Iraqi government is implementing new laws designed to encourage FDI and promote business. The investment law has been amended to allow land ownership by foreign nationals for housing projects, and progress is being made to create comparable laws for hotel and hospitality projects. In the same spirit, Iraq is making headway in its efforts to accede to the World Trade Organization (WTO), an important step that appeals to the U.S. Government and helps to promote the rule of law in Iraq.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Finished metal shapes	54%	$ 20
Food, tobacco machinery	275%	$ 19
Chemicals - other	66%	$ 17
Pharmaceutical preparations	174%	$ 17
Shingles, molding, wallboard	91%	$ 16
Marine engines, parts	49%	$ 13

Iraq has moved to improve security through a proposed $1.2 billion purchase order for helicopters, maintenance and parts for transport and medevacs. The FMS announcement, representing the first of its kind in the new Iraq, is of great interest to a number of U.S. companies looking to increase their involvement in Iraq.

Qatar

Qatar sits atop 14.3 percent of the world's total natural gas reserves, following Russia and Iran, according to *Oil and Gas Journal*. In 2009, state-run Qatargas successfully launched production of two LNG "mega-trains" producing 7.8 million tons per annum (MTPA), bringing total production capacity to 26 MTPA. Two additional trains under construction will raise total LNG production to 42 MTPA when completed in 2010, helping to boost Qatar's economic growth to the highest rate in the region.

As the global financial crisis slowed the pace of investment and development projects in Qatar, subsequently reducing the budget surplus in 2009, the government acted quickly through the Qatar Investment Authority to shore up local banks. As a result, the country's banking sector was spared some of the turmoil experienced by its neighbors, posting combined profits of $2.7 billion in 2009.

Government and business leaders, concerned about potential LNG market oversupply and overdependence on one natural resource, are redoubling their efforts to diversify the economy into downstream and new value-added industries. Qatar Aluminium Company began exporting in December 2009, making its first ingot deliveries to India. Qatalum is not only one of the largest aluminum plants ever built, but with a production capacity of 585,000 tons, it is capable of expanding to 1.2 million tons if export demand increases by an anticipated 4-4.5 percent per year. Qatar Petrochemical Company (Qapco) plans to expand a low-density polyethylene (LDPE) facility at Messaieed, which will produce 300,000 tons per year.

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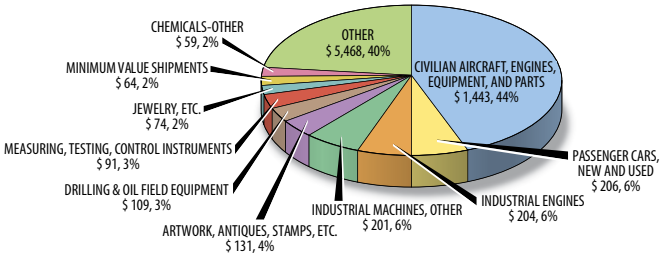
Qatar — continued from previous page

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	12.2%	17.3%	13.4%	9.5%	23.3%
Merchandise Imports (Billion)	$ 16.40	$ 22.00	$ 26.90	$ 20.90	$ 23.39
Merchandise Imports from USA	$ 1.279	$ 2.524	$ 2.716	$ 2.720	$ 3.314
U.S. Share of Merchandise Import Market	7.8%	11.5%	10.1%	13.0%	14.2%
Service Imports (Billion)	$ 5.70	$ 6.89	$ 8.88	$ 7.11	$ 8.19
Service Imports from USA	$ 0.90	$ 1.62	$ 1.54	$ 2.01	$ 1.74
U.S. Share of Service Import Market	15.8%	23.5%	17.3%	28.3%	21.2%

Qatar is a lynchpin in U.S. regional defense initiatives. Since 2002, the U.S. Central Command has maintained forward headquarters at Camp As Sayliyah in Doha in order to serve American strategic interests in the region. Qatar hosts an integrated U.S. missile defense system designed to protect vital infrastructure and communications lanes. But Qatar also maintains its own highly independent defense strategy, including a cooperation agreement with Iran for training and counterterrorism.

2010 Top 10 U.S. Goods Exports to Qatar

(U.S. $ Million)



Between 2007 and 2017, the Qatari government's stated project goals for energy and industrial development require over $120 billion, as well as an additional $50 billion for roads, housing and real estate, health and sanitation.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Photo, service industry machinery	25%	$ 34
Meat, poultry, etc.	46%	$ 25
Toys/games/sporting goods	36%	$ 21
Other household goods	79%	$ 25

Kuwait

Kuwait has been ranked 30th in the world in competitiveness by the World Economic Forum. In a separate study, the INSEAD Business School ranked Kuwait 30th in the world in innovation, placing Kuwait above such nations as Brazil, Mexico, Turkey and Russia.

As the world's fourth largest exporter of oil, pumping 2.28 million bpd, Kuwait is forging ahead to produce even more oil and gas for export. H.E. Sami Al-Rushaid, Kuwait Oil Company's (KOC) board chairman and managing director, announced in February 2010 that KOC "is going ahead with reaching a production capacity of one billion cubic feet of gas by 2015."

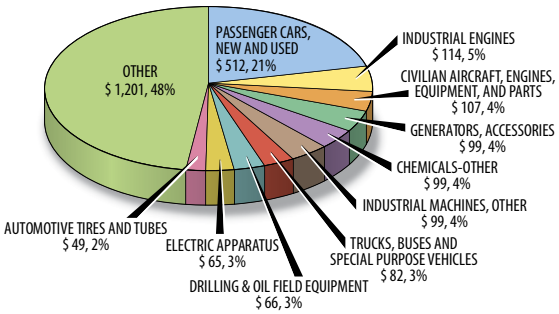
KOC's plan envisions first stage production of 175 million cubic feet of gas per day. Kuwait is also moving to relaunch the stalled $15 billion al-Zour refinery, which is needed to provide fuel to domestic power plants as the country works to meet growing power demand. If the Supreme Petroleum Council re-launches the project and the political winds in Kuwait blow in the right direction, al-Zour will refine 615,000 bpd and replace the aging Shuaiba plant.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	5.2%	4.4%	8.5%	-1.7%	3.7%
Merchandise Imports (Billion)	$ 17.20	$ 20.40	$ 24.90	$ 20.80	$ 26.44
Merchandise Imports from USA	$ 2.087	$ 2.484	$ 2.719	$ 1.952	$ 2.493
U.S. Share of Merchandise Import Market	12.1%	12.2%	10.9%	9.4%	9.4%
Service Imports (Billion)	$ 8.80	$ 10.50	$ 12.20	$ 10.40	$ 13.48
Service Imports from USA	$ 1.44	$ 1.46	$ 1.37	$ 1.28	$ 1.81
U.S. Share of Service Import Market	16.4%	13.9%	11.2%	12.3%	13.5%

Kuwait expects export earnings to rise in 2010 and to boost its current-account surplus, helping to inspire growing confidence in the private sector. In January 2010, the National Assembly of Kuwait passed a $129 billion package of projects, and Kuwait's new four-year plan, the first of its kind in nearly a quarter century, budgets $77 billion for such high profile projects as the proposed "Silk City" business district in Subiya, a new metro system, a new container harbor, revitalized city centers, and a 17-mile causeway.

2010 Top 10 U.S. Goods Exports to Kuwait

(U.S. $ Million)



Kuwait's foreign policy reflects a long-standing strategic alliance with the United States, creating significant opportunities for U.S. defense contractors. Kuwait tendered two major base construction projects for its 26th Al Soor Brigade and for the design and construction of Al Mubarak Air Base and Air Force Headquarters. Proposed 2009-2010 Foreign Military Sales (FMS) announcements totaling $3.3 billion seek to tap U.S. engineering, design and hardware from the U.S. Army Corps of Engineers, Raytheon, Lockheed Martin, Boeing, Northrop Grumman, L-3, and others.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Measuring, testing, control instruments	27%	$ 40
Aluminum and alumina	30%	$ 37
Oilseeds, food oils	128%	$ 34
Industrial rubber products	219%	$ 32
Vegetables	32%	$ 30
Pharmaceutical preparations	13%	$ 30

Morocco

Morocco's 2006 Free Trade Agreement (FTA) with the United States served to solidify bilateral trade, which dipped only 8.7 percent between 2008 and 2009 at a time when that country's world trade earnings declined 42 percent. Agriculture makes up 15 percent of GDP and employs 40 percent of Morocco's labor force. A strong harvest in 2009 helped to mitigate the impact of the global economic downturn on finance, jobs and exports. The country posted a positive GDP growth in 2009.

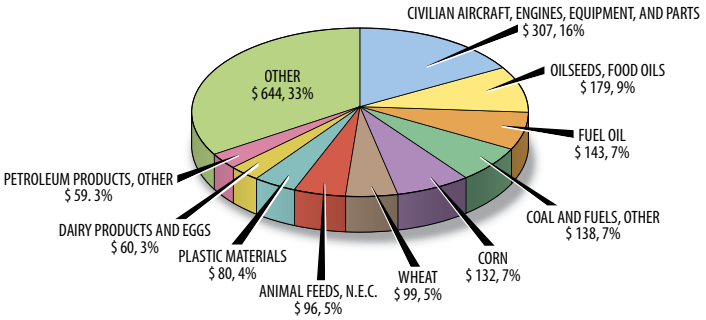
The Heritage Foundation recognized Morocco's commitment to economic freedom in its annual index. Morocco improved in five of ten economic freedom indicators. "Major structural reforms have been aimed at ensuring macroeconomic and financial stability, and improving the overall entrepreneurial environment," according to Heritage.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	7.8%	3.2%	6.2%	4.0%	3.8%
Merchandise Imports (Billion)	$ 24.00	$ 32.00	$ 41.80	$ 31.80	$ 34.56
Merchandise Imports from USA	$ 0.838	$ 1.294	$ 1.436	$ 1.606	$ 1.937
U.S. Share of Merchandise Import Market	3.5%	4.0%	3.4%	5.1%	5.6%
Service Imports (Billion)	$ 3.60	$ 4.50	$ 5.50	$ 4.54	$ 4.88
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

2009 export earnings were affected by falling world phosphate prices, declining shipments of textiles, car parts and electronics, as well as lower revenues from tourism. This has prompted the Government of Morocco to "right-size" development plans through diversification. The Kingdom's Minister of Tourism, H.E. Mohammed Boussaid, extended Morocco's Vision 2010 tourism plan and revised targets to achieve 35,000 tourist beds by 2016. In 2009, visits grew to 8.35 million and the Tourism Ministry aims to attract 10 percent more in 2010 through partnerships with budget airlines. In addition to high-end resorts and golf courses, Morocco's residential projects are expanding quickly as more senior citizens in Europe are planning to enjoy their retirement in Morocco.

2010 Top 10 U.S. Goods Exports to Morocco

(U.S. $ Million)



The Government of Morocco is building 22 business parks with new road and rail links to a sea terminal near Tangier. This could become the largest port facility in the Mediterranean and Africa if its competitive advantages in export logistics to Europe help it to reach capacity. Morocco's Ambassador to the United States, H.E. Aziz Mekouar, offered the value proposition of Morocco to California entrepreneurs this way: "If you produce something in Morocco, you can sell it duty-free to the United States. .. [as well as] the European Union."

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Trucks, buses and special purpose vehicles	26%	$ 38
Excavating machinery	20%	$ 36
Passenger cars, new and used	33%	$ 31
Chemicals-organic	32%	$ 30
Laboratory testing instruments	22%	$ 27
Pulpwood and wood pulp	14%	$ 24

Morocco is pursuing a $10.3 billion energy plan, one that includes renewable energy in addition to hydrocarbons. The energy minister, H.E. Amina Benkhadra, has unveiled a solar energy plan which aims to produce 2,000 mw of electricity from solar power by 2020. This is equivalent to 38 percent of Morocco's current installed capacity and would require a $9 billion investment.

Lebanon

"The United States has emerged as the top exporter to Lebanon," noted David Hamod NUSACC's President and CEO, at a recent event that NUSACC hosted for the American Chamber of Commerce in Lebanon. "With U.S. exports in excess of $1.7 billion in 2008, the U.S. is shattering all previous sales records."

Lebanon bucked regional economic trends in 2009 by maintaining a 5.1 percent GDP growth, a number that is likely to be surpassed in 2010. Merchandise imports from the United States held steady in 2009 at $1.4 billion, and service imports increased to nearly $l billion. Some of this growth can be attributed to an agreement reached by rival Lebanese factions during the spring of 2008 in Doha, Qatar — an accord that terminated an 18-month-long political crisis in Lebanon. The agreement and formation of a new government in 2009 put the nation on a steady footing to get "back to the business of business" while restoring the confidence of local and foreign investors.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	0.6%	7.5%	8.0%	5.1%	5.8%
Merchandise Imports (Billion)	$ 9.70	$ 12.30	$ 16.70	$ 15.80	$ 17.86
Merchandise Imports from USA	$ 0.931	$ 0.826	$ 1.464	$ 1.441	$ 1.995
U.S. Share of Merchandise Import Market	9.6%	6.7%	8.8%	9.1%	11.2%
Service Imports (Billion)	$ 8.70	$ 10.00	$ 13.40	$ 13.41	$ 15.13
Service Imports from USA	$ 0.63	$ 0.49	$ 0.73	$ 0.97	$ 0.94
U.S. Share of Service Import Market	7.2%	4.9%	5.4%	7.2%	6.2%

H.E. Mohammad Safadi, Lebanon's Economy Minister, confirmed that in 2009, FDI in Lebanon increased by 20 percent to $4.3 billion, up from $3.6 billion in 2008. An October 2009 IMF report evaluating Lebanon's use of emergency post-conflict assistance bodes well for 2010: "Recent cyclical indicators point to a marked resilience of the Lebanese economy to the global recession, in light of the strength in tourism, financial services, and construction…"

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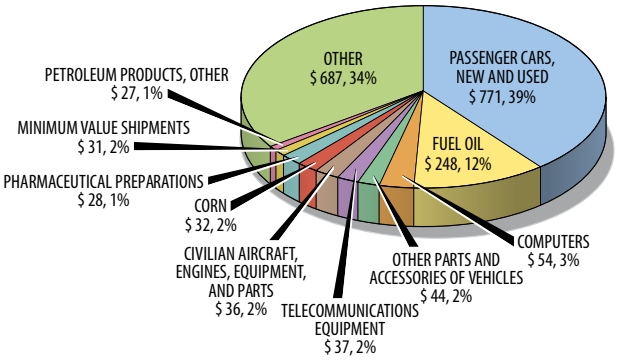
Lebanon — continued from previous page

2010 Top 10 U.S. Goods Exports to Lebanon

(U.S. $ Million)



The Lebanese Tourism Ministry recently confirmed that the country is making solid headway in restoring its "Paris of the Middle East" allure. In 2009, 1.9 million tourists visited Lebanon, breaking the 1974 record of 1.4 million and producing $7 billion in revenue. The value of Lebanon's total goods exports produced a modest 2.5 percent gain in 2009, climbing to $16.7 billion.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Petroleum products, other	21%	$ 18
Animal feeds, n.e.c.	27%	$ 12
Pulpwood and wood pulp	12%	$ 17
Medicinal equipment	5%	$ 18

Jordan

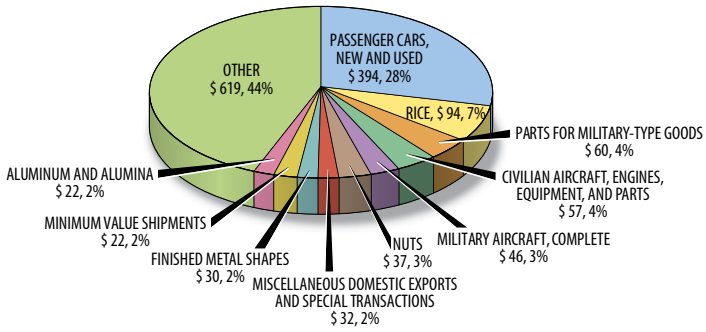
The U.S.-Jordan Free Trade Agreement (FTA) was ratified in 2001 and implemented over the last decade. It was the first FTA between an Arab nation and the United States. Since 2001, bilateral trade has surged from half a billion dollars to $2.1 billion in 2009, helping to create or preserve jobs and exports in both countries. Although Jordan's total world trade dropped 22 percent between 2008 and 2009, bilateral trade with the U.S. grew 5 percent under the FTA. It has also provided a springboard for other bilateral deals; Jordan and Turkey, for example, are pushing to sign a free trade agreement by the end of 2010.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	8.0%	6.6%	5.6%	3.1%	3.0%
Merchandise Imports (Billion)	$ 11.60	$ 13.70	$ 16.90	$ 12.30	$ 13.67
Merchandise Imports from USA	$ 0.650	$ 0.856	$ 0.940	$ 1.193	$ 1.414
U.S. Share of Merchandise Import Market	5.6%	6.2%	5.6%	9.7%	10.3%
Service Imports (Billion)	$ 2.90	$ 3.30	$ 3.91	$ 2.95	$ 3.42
Service Imports from USA	$ 0.44	$ 0.50	$ 0.47	$ 0.44	$ 0.49
U.S. Share of Service Import Market	15.2%	15.2%	12.0%	14.9%	14.3%

Although the FTA eliminates customs fees, U.S. vehicle exports — a top category — are still subject to a 16 percent sales tax, according to the Jordan Customs Department, while passenger vehicles pay sales and specialty taxes. In 2009, 65,000 imported cars entered Jordan's domestic market.

2010 Top 10 U.S. Goods Exports to Jordan

(U.S. $ Million)



Jordan Phosphates Mines Company has laid the foundation for a phosphoric acid plant. Projected to come on stream in 2012, the plant could boost exports by as much as $300 million a year. Looking to explore and develop oil shale resources in the country, the Government of Jordan recently signed a potentially far-reaching deal with the Jordan Oil Shale Company, a subsidiary of Royal Dutch Shell.

In the defense sector, upgrades in the FMS pipeline total nearly half a billion dollars — including anti-tank missile tenders, air-to-air missiles and the service life extension of F-16 fighter jet engines.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Excavating machinery	17%	$ 20
Meat, poultry, etc.	29%	$ 19
Nonfarm tractors and parts	31%	$ 17
Furniture, household goods, etc.	13%	$ 16
Books, printed matter	21%	$ 15

Home to Petra, Wadi Rum, the Dead Sea and new eco-sites, such as the Feynan Lodge located in the Dana Nature Reserve, Jordan is becoming a world-class travel destination. According to the World Tourism Organization (WTO), the global tourism market will triple in size by 2020. Eager to acquire a larger share of this market, the Jordanian Government implemented a National Tourism Strategy in 2004 designed to double Jordan's tourism economy by 2010. Using integrated public-private partnerships, the government plans to increase tourism receipts to $1.84 billion and to raise the number of tourism-related jobs from 41,791 in 2003 to 92,719 in 2010. Jordan is well on its way to reaching this goal. The Jordanian Tourism Board recently announced that the number of tourists rose by 20.4 percent to 946,147 visitors during the first two months of 2010, increasing Jordan's tourism revenue by 35 percent.

Tourism accounts for 10 percent of Jordan's GDP. It is the country's largest export sector, its second largest private sector employer, and the second highest producer of foreign exchange, contributing over $800 million to Jordan's economy. The Government of Jordan is committed to doubling the level of tourism investment by allocating 4 percent of national tourism receipts for international marketing, product and human resources development. This offers an open door to foreign investors.

Algeria

Algeria is making steady progress in its efforts to diversify away from Europe, just across the Mediterranean, and away from enormous reliance on the nation's oil and gas sectors. Algeria's oil export revenue still generates over 80 percent of its foreign exchange income, but over the past five years, the Government of Algeria spent $200 billion on infrastructure development plans to construct a new airport terminal in Algiers, build the country's first shopping mall and the nation's largest prison, construct 60,000 residential dwellings and two luxury hotels, and pave the longest continuous highway in Africa (stretching 745 miles from East to West). The country is also investing heavily in modernizing telecom infrastructure and broadband networks, some of it buoyed by massive FDI and public investment. The public telecom, Algerie Telecom (AT), held a monopoly in voice, satellite and internet access until the launch of Lacom in 2006. AT competes with Egyptian giant Orascom Telecom, the largest mobile service provider. After canceling plans to privatize AT early in 2009, the Algerian Government launched a five-year $75 million service expansion plan, thus creating demand for upgraded network.

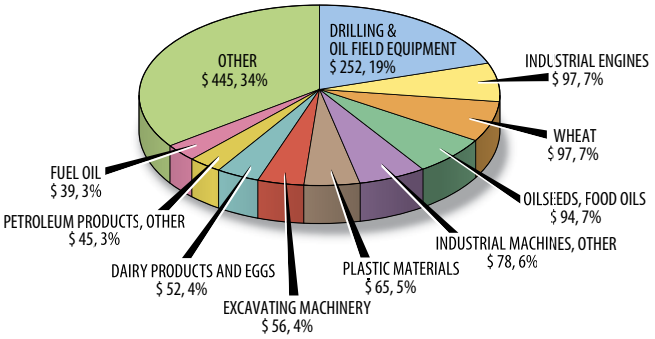
Metric	2006	2007	2008	2009	2010F
Real GDP Growth	1.8%	3.1%	2.8%	2.6%	4.6%
Merchandise Imports (Billion)	$ 21.50	$ 27.60	$ 39.50	$ 39.50	$ 42.68
Merchandise Imports from USA	$ 1.102	$ 1.652	$ 1.243	$ 1.109	$ 1.319
U.S. Share of Merchandise Import Market	5.1%	6.0%	3.1%	2.8%	3.1%
Service Imports (Billion)	$ 3.10	$ 4.50	$ 7.20	$ 6.72	$ 6.83
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

China has been making steady inroads into Algeria, just as it has throughout much of Africa. Chinese firms were awarded $20 billion in contracts in Algeria in 2009, and bilateral trade has reached $4.5 billion. Bilateral trade with the United States, by contrast, totaled $11.8 billion in 2009. The vast majority of U.S. imports from Algeria revolve around energy, totaling $10.7 billion last year.

Development of Algeria's biggest assets — oil and gas — is dominated by state-owned Sonatrach, which is the 11th largest oil consortium in the world. Business Monitor International predicts that production will average 3.66 million bpd in 2010, rising to 4.13 million bpd by 2014. By 2015, Algeria, Nigeria, and Niger hope to start gas exports via the proposed Trans-Sahara gas pipeline, which is expected to carry up to 25 billion cubic meters of gas per year.

2010 Top 10 U.S. Goods Exports to Algeria

(U.S. $ Million)



Algeria's first integrated LNG project, Gassi Touil, has stalled. According to the *Petroleum Economist*, Algerian exports of LNG are falling as new projects are delayed and major international energy companies have skipped recent licensing rounds.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Materials handling equipment	13%	$ 33
Food, tobacco machinery	28%	$ 32
Nuts	40%	$ 32
Other industrial supplies	21%	$ 28
Industrial rubber products	19%	$ 20
Fruits, frozen juices	79%	$ 18

In recent years, the Government of Algeria has introduced several measures that hamper foreign investment. One new requirement mandates that Algerian nationals hold 51 percent of the share capital in foreign investment. This act also mandates that companies engaged in foreign trade may not import goods for resale unless at least 30 percent of their capital is held by resident Algerian nationals. Restrictions on foreign currency transfers mandate that foreign investments must generate a net gain in foreign currency over the lifetime of the project. These new restrictions are serving as a disincentive to prospective U.S. investment.

Oman

Oman's Free Trade Agreement with the United States went into effect on January 1, 2009, lifting all tariff barriers in consumer and industrial products. Thus far, the FTA has expanded opportunities for U.S. exports of industrial machinery, vehicles, optic and medical instruments, electrical machinery, and agricultural products such as vegetable oils, sugars, sweeteners and beverage bases.

In early 2010, the U.S. State Department gave the FTA an added boost as the Middle East Partnership Initiative signed a Memorandum of Understanding with Oman to promote the productivity of small and medium-sized enterprises in conjunction with the U.S. Small Business Administration. As trade relations flourish, the FTA ensures the continuation of a secure and predictable legal framework for U.S. investors operating in the Sultanate's service sectors.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	7.5%	5.8%	6.4%	2.7%	3.9%
Merchandise Imports (Billion)	$ 11.00	$ 16.00	$ 23.00	$ 18.40	$ 19.64
Merchandise Imports from USA	$ 0.829	$ 1.059	$ 1.382	$ 1.088	$ 1.278
U.S. Share of Merchandise Import Market	7.5%	6.6%	6.0%	5.9%	6.5%
Service Imports (Billion)	$ 3.90	$ 4.90	$ 6.10	$ 5.90	$ 6.28
Service Imports from USA	$ 0.58	$ 0.62	$ 0.71	$ 0.88	$ 0.85
U.S. Share of Service Import Market	14.9%	12.7%	11.6%	14.9%	13.5%

Oman largely avoided exposure to risky Gulf Cooperation Council investments that went belly up during last year's economic downturn. The Government of Oman extended a $2 billion credit facility to local banks in 2009, yet according to Oman's Ministry of National

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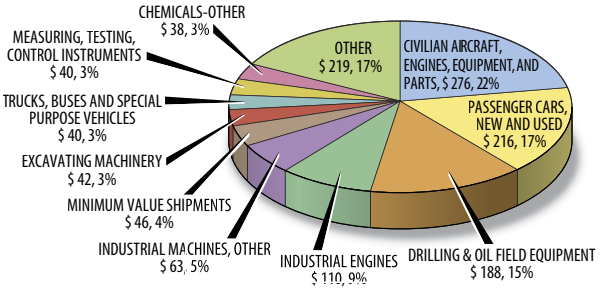
Oman — continued from previous page

Economy, this fund remained largely untapped. This was a key factor that Moody's considered when the ratings agency upgraded Oman's sovereign rating from A2 to A1 in February, 2010. Oman continues a conservative fiscal policy, using a $50/bbl baseline for the 2010 national budget.

2010 Top 10 U.S. Goods Exports to Oman

(U.S. $ Million)



Oman's average oil output was 810,000 barrels per day in 2009 — a welcome 7 percent increase over 2008. According to H.E. Ahmad Mekki, Oman's Minister of Economy, non-hydrocarbon exports surged 16 percent, while the re-export of goods grew by 14 percent in 2009. This brought Oman's total trade flows to $47.7 billion in 2009. Oman is expanding methanol production from two plants, one in Sohar (producing since 2007) and one in Salalah, which is on track to begin production this year.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Telecommunications equipment	112%	$ 33
Materials handling equipment	51%	$ 28
Generators, accessories	20%	$ 27
Electric apparatus	37%	$ 23
Logs and lumber	93%	$ 22
Plastic materials	87%	$ 21
Miscellaneous domestic exports and special transactions	37%	$ 20

Oman continues to invest heavily in economic diversification through service sector expansion. This includes attracting increasing numbers of tourists from the U.K., Germany, and other European states, as well as Gulf countries. It is now complementing hotel and resort construction by hosting such world-class attractions as the cycling Tour of Oman and the 2010 Asian Beach Games.

Libya

In early 2010, NUSACC supported the first U.S. Government-led executive trade mission to this North African nation since the normalization of U.S.-Libya relations. During that visit, officials from the Government of Libya touted massive infrastructure projects totaling $150 billion and strongly encouraged U.S. companies to get involved in Libya's economic renaissance.

David Hamod, NUSACC's President & CEO, participated in that trade mission. "For the first time in memory," he noted, "Libya's business community is beginning to play a much more active role in driving the economy forward. This is very good news for Libya's private sector and for their counterparts in the United States."

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	5.9%	5.6%	6.0%	4.0%	4.6%
Merchandise Imports (Billion)	$ 6.00	$ 7.80	$ 11.50	$ 26.80	$ 35.35
Merchandise Imports from USA	$ 0.384	$ 0.511	$ 0.721	$ 0.666	$ 1.011
U.S. Share of Merchandise Import Market	6.4%	6.5%	6.3%	2.5%	2.9%
Service Imports (Billion)	$ 2.30	$ 2.40	$ 3.84	$ 8.87	$ 12.02
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

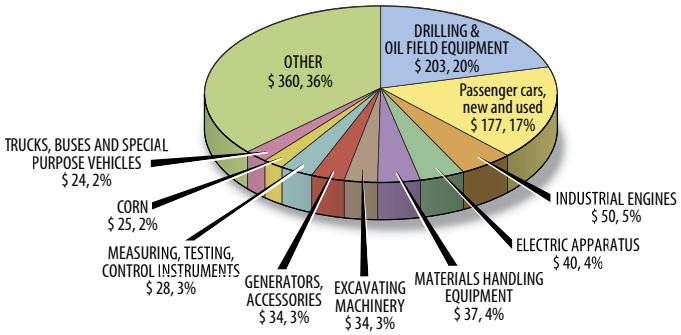
U.S. sanctions were lifted in 2004, and full relations with the United States were restored in 2006. During this six-year period, Libya's goods imports from the world have surged from $6 billion in 2006 to $28 billion last year. In 2009, America's bilateral trade deficit with Libya declined (for the first time since trade relations were restored) from $3.5 billion in 2008 to only $1.5 billion. The trade picture for U.S. companies is brightening, but they still face tough competition from Asians and Europeans, who have maintained stronger trade and investment ties over the years. According to the U.S. Ambassador to Libya, the Hon. Gene Cretz, a "strong U.S. business presence will promote technology transfer, enhance the business enabling environment, and foster the values of transparency and free competition that will promote economic prosperity in Libya."

Libya retains heavy demand for oilfield and engineering services. Libya's oil production was 1.9 million bpd in 2008. This is only half the production levels recorded in the early 1970s, but this level of productivity will soon change as many new oil & gas players enter the Libyan market. Libya is Africa's second-largest crude oil producer after Nigeria, and the North African nation's natural gas potential is largely untapped.

According to BDP International, a Philadelphia-based project logistics and transportation management services company, Libya will need to invest $30 billion to reach production levels of three million bpd by 2015. This includes augmenting domestic cement, steel and other materials critical to local production plants and infrastructure development. BDP International further suggests that port capacity will need to triple between now and 2012 in order to handle midstream petroleum volumes.

2010 Top 10 U.S. Goods Exports to Libya

(U.S. $ Million)



According to the U.S. Commercial Service, Libya's investment climate also needs an upgrade in order to ease restrictive visa policies

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Libya –continued from previous page

and to minimize unexpected regulatory changes and a lack of transparency in government decision-making. The Governments of Libya and the United States maintain a policy of reciprocity when it comes to issuing visas, with each government proving to be as tough and restrictive as the other. The upshot of these policies is that the U.S. and Libyan business communities, respectively, are missing out on opportunities to promote mutual trade and investment.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Industrial machines, other	76%	$ 22
Pharmaceutical preparations	51%	$ 13
Photo, service industry machinery	132%	$ 9
Chemicals-other	176%	$ 8
Laboratory testing instruments	123%	$ 7

Bahrain

Bahrain's "Economic Vision 2030" seeks to "shift from an economy built on oil wealth to a productive, globally competitive economy, shaped by government and driven by a pioneering private sector." With this in mind, Bahrain will channel investment into tourism, business services, manufacturing and logistics. U.S. engineering and construction firms are already benefiting from initiatives promoted by this vision, such as Halliburton's work on the new Qatar-Bahrain Causeway.

The U.S., Saudi Arabia and Japan supply over 40 percent of Bahrain's diverse import market demand. Bilateral U.S.-Bahrain trade is fortified by a Free Trade Agreement that went into effect in 2006. 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 — supercharged by the new FTA — averaged 4.6 percent annual growth over the past four years as U.S. exporters expanded sales and distribution relationships.

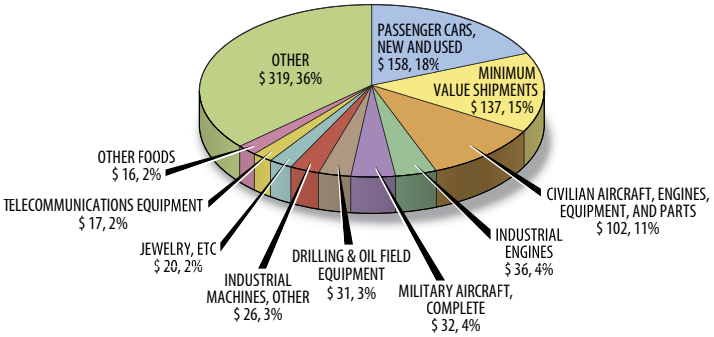
Lacking the natural resources of its neighbors, Bahrain has focused on banking and financial services over the years. A significant part of the financial sector's income was generated by transaction fees from asset management clients. While such fees flowed freely during the regional real estate boom of the past decade, it has been tougher sledding for Bahrain during the global economic downturn. Compounding the decline were losses on assets invested with bank capital.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	6.7%	8.4%	6.3%	2.9%	3.7%
Merchandise Imports (Billion)	$ 10.50	$ 11.50	$ 12.50	$ 10.40	$ 12.46
Merchandise Imports from USA	$ 0.475	$ 0.591	$ 0.830	$ 0.669	$ 0.894
U.S. Share of Merchandise Import Market	4.5%	5.1%	6.6%	6.4%	7.2%
Service Imports (Billion)	$ 1.60	$ 1.70	$ 2.00	$ 1.56	$ 1.87
Service Imports from USA	$ 0.44	$ 0.50	$ 0.47	$ 0.44	$ 0.49
U.S. Share of Service Import Market	27.5%	29.4%	23.5%	28.2%	26.2%

The regulator of the financial sector, the Central Bank of Bahrain, has become much tougher with Bahraini banks in the past two years. Gulf Finance House (GFH), once the highest profile investment bank in Bahrain, was downgraded to junk status by Standard and Poor's over a "selective default" — which GFH argued was only a "maturity extension" approved by investors. Many Manama-based banks are now squeezed. Unable to line up investors for projects already launched, the banks have been forced to dispose of assets to shore up their balance sheets. In early 2010, the Government of Bahrain hired investment bankers to manage the issuance of a $1 billion ten-year bond to finance its budget.

2010 Top 10 U.S. Goods Exports to Bahrain

(U.S. $ Million)



Bahrain — the smallest oil producer in the Gulf — produces 38,000 bpd. In January 2010, Bahrain Petroleum Company announced planned investments of $15 billion to boost production to 100,000 bpd by 2017 in partnership with California-based Occidental Petroleum and the UAE's Mubadala Development Company. This venture also aims to increase natural gas production to 2.7 million cubic feet per day — twice the current capacity.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Toys/games/sporting goods	36%	$ 13
Apparel, household goods - textile	32%	$ 11
Pleasure boats and motors	50%	$ 10
Computers	20%	$ 10
Commercial vessels, other	20%	$ 10

Tunisia

Tunisia attracted $1.44 billion in Foreign Direct Investment in 2009, including $1.375 billion in direct investment and $55.5 million in passive investments. A $55 million World Bank loan was secured in early 2010 to help industries in the northern part of the country become more energy efficient. Fitch Ratings gave Tunisia a BBB, or "stable" rating, based on the country's macroeconomic stability, cautious cross-border lending, and other factors that insulated it from the global financial crisis.

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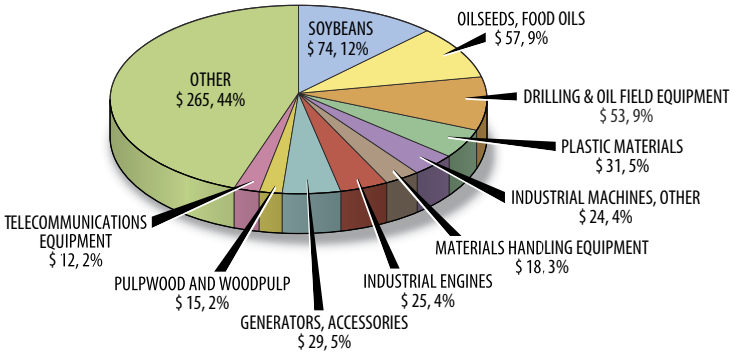
Metric	2006	2007	2008	2009	2010F
Real GDP Growth	5.7%	6.3%	4.6%	0.9%	2.6%
Merchandise Imports (Billion)	$ 15.00	$ 19.10	$ 24.60	$ 17.20	$ 18.71
Merchandise Imports from USA	$ 0.363	$ 0.403	$ 0.502	$ 0.502	$ 0.601
U.S. Share of Merchandise Import Market	2.4%	2.1%	2.0%	2.9%	3.2%
Service Imports (Billion)	$ 2.30	$ 2.70	$ 3.00	$ 2.24	$ 2.62
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

Tunisia — continued from previous page

2010 Top 10 U.S. Goods Exports to Tunisia

(U.S. $ Million)



Tunisia is betting that a broad privatization program will attract even more investment in the months ahead. In 2010, Tunisia plans to privatize companies in agriculture, services, transport and industry. It hopes that the recent initial public offering of Ceménts de Bizerte sends a positive message that will allow an efficient and lucrative transfer of the state-run Société Tunisienne de Réassurance, Compagnie Tunisienne de Navigation, and Société Tunisienne d'Aviculture to the private sector.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Excavating machinery	18%	$ 15
Measuring, testing, control instruments	43%	$ 13
Medicinal equipment	22%	$ 36
Petroleum products, other	25%	$ 12
Aluminum and alumina	24%	$ 17

Yemen

The ongoing conflict between the Houthi rebels and the state flared up in 2009, displacing 250,000 people in North Yemen. Saudi Arabia entered the fray in November, after insurgents seized Saudi border territory. Also in late 2009, Western security concerns about Yemen surged in the aftermath of a failed Al Qaeda attempt to bomb a U.S. airliner when it was discovered that the so-called "underwear bomber" received some training in Yemen. In light of these developments, U.S. antiterrorism cooperation with Yemen went into overdrive in early 2010.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	3.2%	3.5%	3.2%	3.8%	5.0%
Merchandise Imports (Billion)	$ 6.10	$ 8.50	$ 10.00	$ 7.10	$ 7.68
Merchandise Imports from USA	$ 0.255	$ 0.642	$ 0.402	$ 0.381	$ 0.447
U.S. Share of Merchandise Import Market	4.2%	7.6%	4.0%	5.4%	5.8%
Service Imports (Billion)	$ 1.80	$ 1.80	$ 2.10	$ 1.49	$ 2.30
Service Imports from USA	$ 0.44	$ 0.50	$ 0.47	$ 0.44	$ 0.49
U.S. Share of Service Import Market	24.4%	27.8%	22.4%	29.5%	21.2%

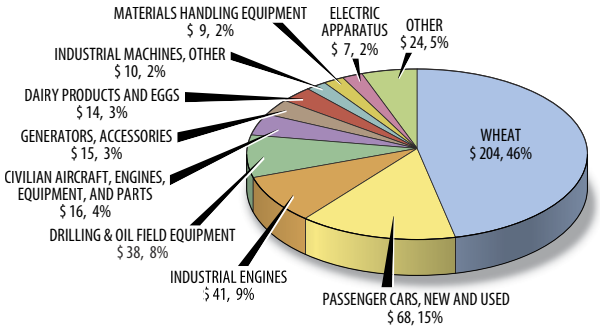
Yemen is scheduled to join its wealthier neighbors in the Gulf Cooperation Council (GCC) by 2015, assuming that Yemen surmounts the current political instability. On the economic front, things are looking up.

Yemen Liquefied Natural Gas is now shipping LNG to the United States. Yemen's President, H.E. Ali Abdullah Saleh, launched the first shipments to international markets in Asia, Korea, and to the Americas in November 2009. The Yemen LNG project is the largest foreign direct investment ever made in Yemen at $4.5 billion and counting.

Shareholders in this project include Total (project leader, with a 39.62 percent share), Yemen Gas Company (16.73 percent), Hunt Oil Company (17.22 percent), South Korea's SK Energy Co., Ltd. (9.55 percent), Korea Gas Corporation — KOGAS (6.00 percent), the General Authority for Social Security and Pensions of Yemen (5.00 percent), and Hyundai Corporation (5.88 percent). Yemen ranks 32nd in world natural gas reserves with 478 billion cubic meters of proven reserves.

2010 Top 10 U.S. Goods Exports to Yemen

(U.S. $ Million)



Yemen also produces 149,000 bpd of petroleum but is expected to face declining production over the next decade.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Plastic materials	39%	$ 4
Food, tobacco machinery	22%	$ 4
Engines and engine parts (carburetors, pistons, rings)	30%	$ 4
Animal feeds, n.e.c.	61%	$ 3

Yemen has many essential infrastructure projects that need to be tackled. Of 42,000 miles of roads, only 4,500 miles are paved, leaving much of the rest susceptible to washouts. This lack of reliable roads, as well as a railway system has been a serious impediment to facilitating economic development. In addition, Yemen's Public Electricity Corporation provides electricity to only 30 percent of the population, and black-outs and shortages are common. The government is planning to privatize state-owned Yemenia airline by selling its 51 percent stake, while opening the door to outside investors.

Syria

The United States is moving gradually to restore full diplomatic relations with Syria, including the appointment of a U.S. ambassador to Damascus. Political ties between the two nations were severed in 2005 and, after half a decade, recent re-engagement may foreshadow the end of U.S. economic sanctions. A breakthrough in Syria's estrangement in the Arab world took place in October 2009, when H.M. King Abdullah of Saudi Arabia paid a groundbreaking visit to Syria's President, H.E. Bashar Al-Assad.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	5.2%	6.3%	4.7%	1.9%	4.1%
Merchandise Imports (Billion)	$ 11.50	$ 14.70	$ 18.30	$ 13.11	$ 14.18
Merchandise Imports from USA	$ 0.224	$ 0.361	$ 0.409	$ 0.304	$ 0.335
U.S. Share of Merchandise Import Market	2.0%	2.5%	2.2%	2.3%	2.4%
Service Imports (Billion)	$ 2.40	$ 2.90	$ 3.91	$ 2.88	$ 4.82
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

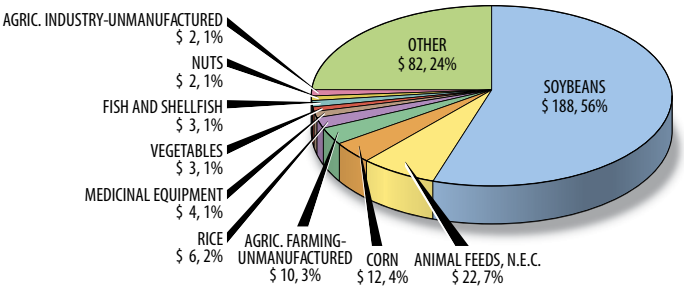
The United States currently bans exports to Syria of goods containing more than ten percent U.S.-produced components, except in the case of food and medicines. U.S. transactions with the Commercial Bank of Syria are prohibited, as are landing rights in the United States for Syrian airliners. Europe has largely ignored U.S. calls for Syria's isolation and, as a result, EU nations have been rewarded with robust trade and diplomatic ties. Late in 2009, the EU resumed its drive to win more market share in Syria by finalizing an "association agreement," Europe's equivalent of a Free Trade Agreement, that was first negotiated in 2004.

While the Obama Administration is working to increase exemptions for some U.S. aerospace components, IT, and telecom equipment, there is plenty of room for expansion. In the past, the United States successfully blocked Airbus sales to Syria. Demand for new aircraft remains very high, and France, Brazil, and Russia are all jockeying to win large tenders that would otherwise create jobs in the United States.

The Syrian Telecommunications Establishment will continue its monopoly over fixed-line services for the foreseeable future, but a proposed new law will eventually liberalize this sector. This development will generate ICT opportunities for carriers, equipment manufacturers, and information systems service providers.

2010 Top 10 U.S. Goods Exports to Syria

(U.S. $ Million)



The most recent data available from the United Nations Conference on Trade and Development (UNCTAD) reveal that lowering controls over access to foreign currency increased FDI flows into Syria to $2.12 billion in 2008, amounting to a 70 percent increase over the $1.25 billion generated in 2007. Changes to investment laws have piqued the interest of private equity investors who are eager to take a stake in industries long dominated by the Government of Syria or private family ownership. Reinforcing this view, Syria's Ministry of Tourism reported a 12 percent increase in tourists in 2009, to 6.1 million.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Dairy products and eggs	233%	$ 2
Other foods	38%	$ 2
Furniture, household goods, etc.	52%	$ 1
Laboratory testing instruments	84%	$ 1

In the months ahead, the U.S. Congress and the Obama Administration will be looking at the "Syria Accountability Act and Lebanese Sovereignty Restoration Act of 2003." This law is the single largest impediment to U.S.-Syria trade, and the conditions that prompted the U.S. Government to sign this legislation into law in 2003 have continued to change over the years.

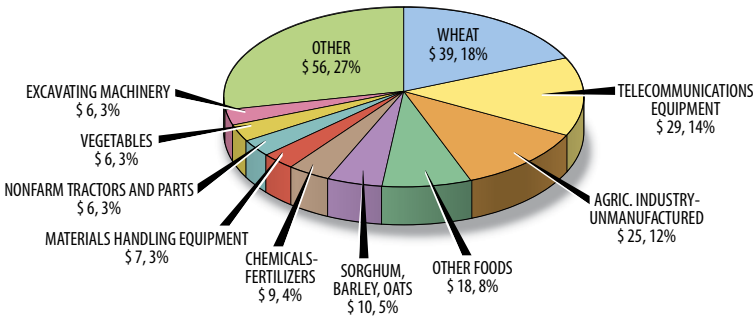
Djibouti

Djibouti serves as Ethiopia's major trade corridor, handling 97 percent of foreign trade for Ethiopia, a landlocked country. Inland transport infrastructure and dry docks are the most vital components of the port of Djibouti.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	3.2%	5.2%	6.0%	6.9%	5.4%
Merchandise Imports (Billion)	$ 0.34	$ 0.47	$ 0.58	$ 1.83	$ 1.90
Merchandise Imports from USA	$ 0.048	$ 0.059	$ 0.141	$ 0.197	$ 0.212
U.S. Share of Merchandise Import Market	14.0%	12.5%	24.3%	10.7%	11.2%
Service Imports (Billion)	$ 0.10	$ 0.10	$ 0.14	$ 0.48	$ 0.49
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

2010 Top 10 U.S. Goods Exports to Djibouti

(U.S. $ Million)



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Djibouti — continued from previous page

In 2009, Dubai's DP World announced the expanded $400 million Doraleh Container Terminal, which will include the construction of a 2-kilometer container jetty for deep-water anchorage. The port is vying to become a leading regional shipping hub, and development has proceeded without any fallout from DP World's financial challenges.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Minimum value shipments	21%	$ 4.08
Corn	37%	$ 3.83
Food, tobacco machinery	33%	$ 2.28
Trucks, buses and special purpose vehicles	56%	$ 1.65

Sudan

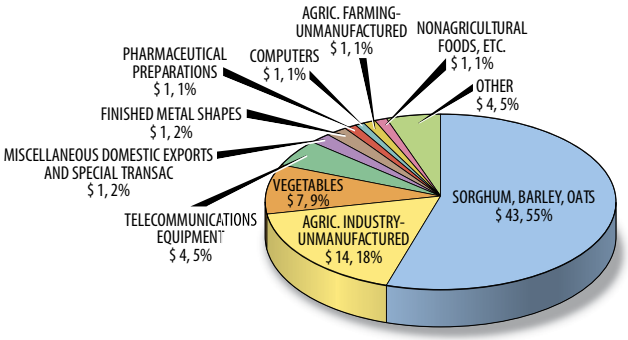
The Republic of Sudan is the largest Arab country by area, as well as the largest in Africa. The nation has been immersed in ethnic civil conflict since gaining independence in 1956. A United Nations peacekeeping mission, established in 2007, has struggled to keep the conflict from boiling over.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	11.3%	10.2%	6.6%	3.8%	4.7%
Merchandise Imports (Billion)	$ 8.10	$ 8.80	$ 9.20	$ 6.82	$ 7.18
Merchandise Imports from USA	$ 0.077	$ 0.079	$ 0.143	$ 0.079	$ 0.079
U.S. Share of Merchandise Import Market	0.9%	0.9%	1.6%	1.2%	1.1%
Service Imports (Billion)	$ 2.70	$ 2.90	$ 2.60	$ 2.25	$ 2.37
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

Economic development has come in fits and starts. Sudan benefited from significant investment from the Arab world and such Asian nations as China, which is keenly interested in Sudan's oil. U.S. companies, for their part, have done next to no trading with Sudan since 1997, when the U.S. Government put a Sudanese embargo in place. "Humanitarian only" exports have been allowed in response to the continuing tragedy in Sudan's Darfur province.

2010 Top 10 U.S. Goods Exports to Sudan

(U.S. $ Million)



Although Sudan set 2009 oil production targets at 600,000 bpd, Minister of Energy H.E. Zubeir Ahmed Al-Hassan confirmed actual production reached only 470,000 bpd, due in large part to upgrade delays by contractors. (Chinese National Petroleum Company is the lead operator.) Sudan hopes to increase the Port Sudan refinery on the Red Sea from its current 21,700 bpd capacity and double the capacity of Khartoum's refinery from 62,000 to 100,000 bpd.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Corn	14%	$ 0.2
Writing and art supplies	57%	$ 0.2

Mauritania

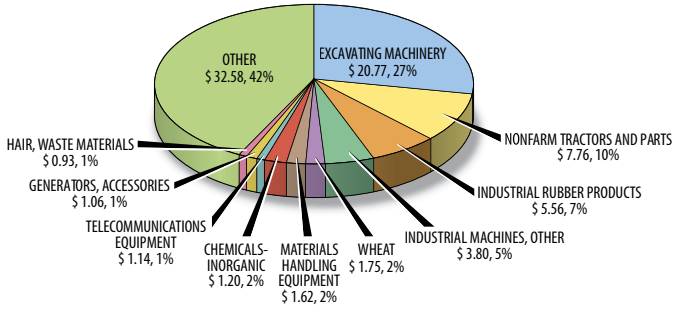
Mauritania's first freely elected President, H.E.Sidi Ould Cheikh Abdallahi assumed office in April 2007. His term ended in August 2008, when a military junta deposed him and installed a military council government. General Mohamed Ould Abdel Aziz was elected President in August 2009.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	19.4%	1.0%	5.0%	6.8%	4.7%
Merchandise Imports (Billion)	$ 1.20	$ 1.52	$ 1.75	$ 2.01	$ 2.31
Merchandise Imports from USA	$ 0.090	$ 0.103	$ 0.107	$ 0.056	$ 0.078
U.S. Share of Merchandise Import Market	7.5%	6.8%	6.1%	2.8%	3.4%
Service Imports (Billion)	$ 0.40	$ 0.50	$ 0.56	$ 0.64	$ 0.75
Service Imports from USA	NA	NA	NA	NA	NA
U.S. Share of Service Import Market	NA	NA	NA	NA	NA

Agriculture and livestock supports 50 percent of the population of this heavily indebted country. Mauritania's large deposits of iron ore provide 40 percent of total exports. Despite recent discoveries and 100 million barrels of proven petroleum reserves, Mauritanian production fell from 30,620 bpd in 2007 to less than 12,830 bpd in 2008.

2010 Top 10 U.S. Goods Exports to Mauritania

(U.S. $ Million)



Rising prices for metals on world commodity markets have driven exploration and mining into the interior of the country. Mauritania remains hopeful that a large 123 million barrel petroleum find offshore in the Chinguetti deposit may help transform the economy.

Sectors to Watch	4 Year Annual Growth Rate	2010 U.S. Export Opportunity (U.S. $ Million)
Engines and engine parts (carburetors, pistons, rings)	79%	$ 0.34
Passenger cars, new and used	39%	$ 0.34
Metalworking machine tools	11%	$ 0.02

Somalia

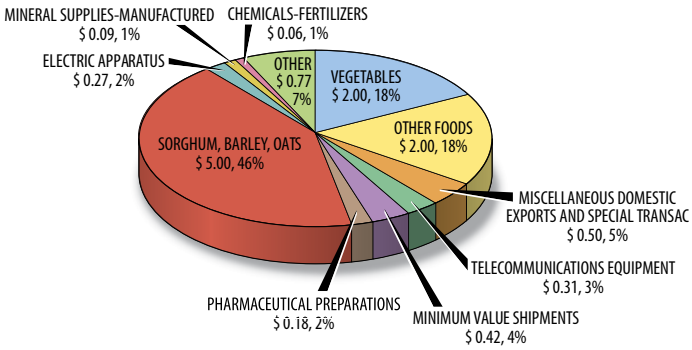
An interim government, the Transitional Federal Government (TFG), is working to restore order and governance in Somalia after years of civil strife. The TFG intends to hold national elections in 2011. In the meantime, it is coordinating with international donors to build institutions and strengthen governance.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	2.6%	2.6%	2.6%	2.6%	2.6%
Merchandise Imports (Billion)	$ 0.80	$ 1.07	$ 1.42	$ 1.90	$ 2.53
Merchandise Imports from USA	$ 0.020	$ 0.021	$ 0.064	$ 0.004	$ 0.012
U.S. Share of Merchandise Import Market	2.5%	1.9%	4.5%	0.2%	0.5%
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 2008, the U.S. Agency for International Development (USAID) allocated over $319 million in assistance through NGOs and U.N. agencies to the failed state. The short-term outlook for U.S. private sector activity is very limited.

2010 Top 10 U.S. Goods Exports to Somalia

(U.S. $ Million)



Comoros

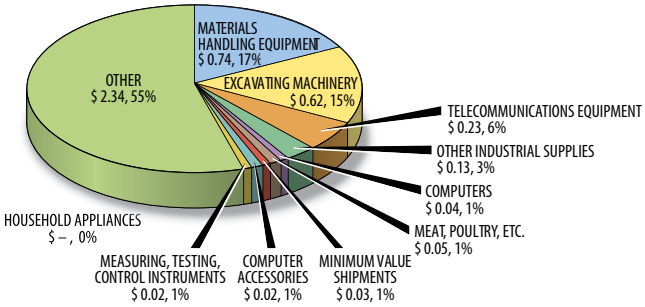
Comoros, a group of islands off Madagascar and Mozambique in the Indian Ocean, is one of the poorest nations in the Arab world. It has suffered 20 attempted and successful coups since achieving independence from France in 1975.

Metric	2006	2007	2008	2009	2010F
Real GDP Growth	1.2%	-1.0%	1.0%	1.7%	1.5%
Merchandise Imports (Billion)	$ 0.12	$ 0.14	$ 0.18	$ 0.22	$ 0.28
Merchandise Imports from USA	$ 0.000	$ 0.000	$ 0.000	$ 0.002	$ 0.004
U.S. Share of Merchandise Import Market	0.1%	0.3%	0.2%	0.9%	1.5%
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 past year, however, Comoros has begun a concerted effort to attract investment from fellow Arab and Muslim nations. H.E. Ahmed Abdallah M. Sambi, the President of Comoros, has been positioning his small nation as an island paradise, ideally suited for "family getaways" for tourists from the Arab world. This investment campaign has begun to bear fruit. In 2009, the Comoro Islands Airline was established as an initiative between Kuwait and the Comoro Islands Government to accommodate an increasing number of tourists to and from islands in the Indian Ocean. Based in Moroni, this newest fleet in the Indian Ocean will soon offer flights to the Gulf and East Africa via Bahrain Airport. Responding to H.E. President Sambi's call for infrastructure investment in the Comoros, Kuwait and Qatar have plans to develop hotels on the island, starting in 2010.

2010 Top 10 U.S. Goods Exports to Comoros

(U.S. $ Million)



Alcatel - Lucent won a turnkey contract to lay a $250 million submarine cable system along Africa's East Coast. Cable-laying ships have already begun plying a 6,500-mile route with landings at Sudan, Djibouti, Somalia, and Comoros, among others.

Palestine

In early 2010, NUSACC supported a visit to Washington DC by the Palestinian Information Technology Association (PITA). This was the first visit of its kind by PITA, and the delegation sent a very positive message about Palestine's desire to create a solid broadband backbone that will allow Palestinian families to connect to the world. One year earlier, in November 2009, Wataniya Mobile was launched as the second mobile phone service provider in Palestine. Backed by the financing arm of the World Bank, it expects to generate 2,750 jobs, provide $354 million in licensing fees to the cash-strapped Palestine Authority, and increase options to consumers.

The fledgling "nation" of Palestine continues to be a tough sell for American traders and investors. In 2009, Israel's three-week-long invasion of the Gaza Strip resulted in the deaths of an estimated 1,100 to 1,400 Palestinians, leaving tens of thousands of people homeless. Reeling from international sanctions and an Israeli blockade, only a small fraction of the $4.5 billion in international aid pledged in 2009 has been delivered to Gaza.

The situation in the West Bank is more promising. According to the World Bank, the West Bank economy grew 8 percent in 2009. The 2008-2010 Palestine Reform and Development Plan has generated several high-profile projects and given a jumpstart to private sector involvement. Housing developments, an industrial park, superstores and entertainment complexes are in various stages of proposal or construction in and around Ramallah, Bethlehem, Jericho and the northern West Bank.

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Palestine — continued from previous page

In December 2009, Middle East Venture Capital Fund, the first venture capital fund in the Palestinian Territories was launched with a EUR 5 million investment from the European Investment Bank in Luxembourg. Working with mainstays of the Palestinian ICT sector, the fund hopes to "spur development of an eco-system that fosters the formation, financing and growth of technology companies."

New exports of "fair trade" products and commodities are also on the rise. According to the United Nations, olive groves account for more than 40 percent of agricultural land use. Olive oil from Palestine sold under fair trade organic certification is selling for more than $50 per quart in designer bottles in some U.S. retail outlets. Another bright spot in the trade relationship revolves around strong Palestinian demand for American higher education services. In addition, demand for automobile parts, construction materials and equipment, medical equipment and supplies, and water technologies is on the upswing.

Reliable indicators for future growth, as well as the longer-term outlook for America's private sector in Palestinian economic activity, are currently unavailable.

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