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FOURTH ANNUAL AMBASSADORS FORUM FEATURES 23 CHIEFS OF MISSION AND ATTRACTS 400 PRIVATE AND PUBLIC SECTOR LEADERS

U.S. Ambassadors Outline Challenges and Opportunities in the Middle East and North Africa (MENA)

Demand for U.S. Products and Services Remains Strong, Despite Lower Oil Revenues and Tighter Budgets

Washington, DC – The National U.S. – Arab Chamber of Commerce (NUSACC) and the U.S. Department of State co-hosted the fourth annual “Ambassadors Forum” this past week. The event brought together 12 U.S. Ambassadors stationed in the Middle East and North Africa (MENA) and 11 Arab Ambassadors assigned to the United States. Some 400 business and government leaders attended the event, held at the U.S. State Department, to hear the Chiefs of Mission discuss current opportunities and challenges of doing business in the Middle East and Africa. Sponsors of this year’s Forum included Black & Veatch and Amazon Web Services.

Diplomats from all Arab nations participated in the Forum, including U.S. or Arab Chiefs of Mission representing Algeria, Bahrain, Djibouti, Egypt, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Tunisia, Yemen, and the League of Arab States.

The fourth annual Ambassadors Forum brought together 12 U.S. Chiefs of Mission stationed in the Middle East and North Africa and 11 Arab counterparts assigned to the United States.
Opening Remarks by NUSACC President & CEO

In his remarks opening the Forum, David Hamod, NUSACC’s President & CEO, praised the longstanding relationship between the Chamber and the U.S. State Department as a “powerful example of a public / private partnership that works closely together – all year long – to support U.S. business interests.”

Hamod, who just returned from the Arabian Gulf, shared three observations about the MENA region in its current situation:

First, the region is facing challenges, he said, but it is still one of the best places in the world for American companies to do business.

Second, tighter budgets in the Arab world mean that leaders there are looking for more efficient, specialized technologies and services. Hamod said that this bodes well for innovative U.S. companies, especially small and medium-sized enterprises (SMEs) that can help clients to reduce overhead. He gave examples of American success stories in such fields as alternative energy, entrepreneurship, and building capacity in the workplace.

Third, the Arab world is tackling these issues more proactively than at any time in memory. “That means cutting subsidies, eliminating unproductive jobs, mothballing projects that don’t make sense, and overhauling regulations that should have been reformed a long time ago,” Hamod noted.

In short, Hamod said, “There are a lot of positive things happening in the region. And if you want to get there fast, then I will remind you that there are now more than 300 nonstop flights per week between the USA and the Arab world.”

Welcoming Remarks by Under Secretary of State for Economic Growth
Catherine Novelli

The Honorable Catherine Novelli – Under Secretary of State for Economic Growth, Energy, and the Environment – focused her remarks on foreign policy challenges in an increasingly interconnected world. “These developments present challenges for us in terms of the increased resource demands,” she said, “but they also present business opportunities.”
Novelli emphasized the importance of “bringing together stakeholders to address complex, multi-stake-holder, and multi-dimensional challenges to strengthen the relationship between the United States and the region.” She noted, “Events like NUSACC’s annual High Tech Road Show can help to forge partnerships that spur the innovation and technological developments needed to address complex challenges, like water scarcity.” In this same vein, she commended the State of Kuwait for hosting, in April, a regional oceans workshop for Gulf Cooperation Council countries.

Novelli concluded her remarks by pledging that the United States “will remain a strong partner in the region, and we hope to continue working hand in hand with NUSACC and other organizations to realize these solutions.”

**Welcoming Remarks by Assistant Secretary of State Anne Patterson**

In her opening remarks, the Honorable Anne Patterson – Assistant Secretary of State for Near Eastern Affairs – expressed her appreciation for the State Department’s excellent relationship with the National U.S. – Arab Chamber of Commerce. She said, “NUSACC has been a reliable, longstanding partner of the State Department since it was formed almost 50 years ago.”

Patterson encouraged Arab diplomats attending the Forum to impress upon their respective governments that they should “lower barriers that discourage business from entering Middle Eastern markets [because] we need to build a better business climate.”

Redirecting her comments to the private sector, Patterson urged businesses to draw on U.S. embassies’ willingness to help promote trade. “Remember that throughout our region, our ambassadors, economic officers and colleagues from other departments, like the Foreign Commercial Service, are there with you,” she noted. “We are glad to help you engage our counterparts and friends in the local governments and to help them understand what’s needed to improve the business climate. So please take advantage of our insights and reinforce our efforts to build better commercial ties with the region.”
Panel I: Energy Diversification in a Time of Depressed Oil Prices

The Ambassadors Forum featured two panels: “Energy Diversification in a Time of Depressed Oil Prices” and “Beyond the Arab Spring: Economies in Transition.”

Former Under Secretary of State for Economic Affairs Alan Larson, now a senior international policy advisor at Covington and Burling LLP, moderated the first panel. The participants included the U.S. Ambassadors accredited to Saudi Arabia, Kuwait, Oman, Bahrain, Mauritania, and Morocco. Ambassador Larson started the discussion by noting the important changes in the world economy, including increased U.S. energy self-sufficiency and stresses that the current low oil prices have placed on a number of countries.

Saudi Arabia

In his opening remarks, Ambassador Joseph Westphal noted that the best time to bring about reforms is often during challenging periods rather than “boom” periods. That seems to be the case in Saudi Arabia today, he suggested, at a time when the Kingdom’s revenues from oil are down 41 percent from last year, resulting in a $98 billion budget deficit.

While Saudi authorities continue to maintain oil production levels, Westphal observed, efforts are being made to: rein in government spending; reform subsidized price regimes for fuel and utilities; form new “strategic partnerships” with a growing number of countries, including the United States; launch a comprehensive reform package called the National Transformation Program; privatize Saudi state assets and services; and attract foreign investment in order to diversify the economy and create jobs. He went on to say that the reaction by Saudi leaders to current circumstances – and their intensive efforts to undertake reforms – is a very hopeful indication that the end result of the current challenges will be a
more prosperous, more stable Kingdom that will continue to be a strong, long-term partner of the United States.

Westphal is bullish on the opportunities for U.S. businesses in Saudi Arabia, which is the second largest export destination in the Middle East and North Africa for the United States. (U.S. goods exports to the Kingdom increased by 5.27 percent in 2015, reaching nearly $20 billion.) “Now, you have a country looking at borrowing money, seeking more financing on projects from partners, competing more on price, and more energized to find cost savings wherever it can,” he noted. “As Saudi Arabia diversifies its economy and tries to build manufacturing and attract more jobs, that will be in our interest.”

In his concluding remarks, Westphal said that he is looking forward to the visit of President Obama to Saudi Arabia next month, which will provide additional opportunities to strengthen the U.S. – Saudi partnership.

Kuwait

The U.S. Ambassador to Kuwait, the Honorable Douglas Silliman, observed that a two-thirds drop in oil revenues has encouraged the State of Kuwait to look at reducing subsidies on basic services. “The good news is that Kuwait is committed to its reforms,” he said, “and that even without reducing subsidies, Kuwait is well-placed to weather the current price downturn.”

Silliman noted that recent liberalization in foreign investment laws has opened new opportunities for American companies to work and invest in Kuwait, including the creation of 100% foreign corporate ownership for the first time in Kuwait. The government there has also taken steps to change the nature of the economy by encouraging entrepreneurship and supporting small- and medium-sized enterprises (SMEs) through the establishment of a National Fund for SME Development, endowed with a budget of $6 billion.
Silliman highlighted opportunities for U.S. businesses in Kuwait in health care, education, consulting, and renewable energy. He underscored the fact that there are 11,000 Kuwaiti college students in the United States, consistent with the Government of Kuwait’s desire to give secondary school graduates an opportunity to study abroad, where they will encounter other cultures, gain valuable exposure to entrepreneurship, and learn new skills for the workplace.

Silliman’s observations amplified those of NUSACC’s President & CEO, David Hamod, who highlighted in his welcoming remarks the Kuwaiti Government’s commitment to developing the professional skills of that nation’s college graduates. Hamod outlined the Professional Development Initiative, an innovative new partnership among the Embassy of Kuwait, the Ministry of Higher Education, the Kuwaiti Foundation for the Advancement of Sciences, and the National U.S.-Arab Chamber of Commerce.

**Oman**

The Honorable Marc Sievers, U.S. Ambassador to Oman, noted that 75 percent of the Sultanate’s government revenues come from oil, resulting in an anticipated budget deficit of $8.5 billion in 2016. In a country that is so dependent on oil production, he said, the dramatic drop in oil prices has naturally had negative effects in such areas as oil production, the government’s fiscal situation, long-term development efforts, and employment. However, Sievers suggested, the overall macroeconomic picture in Oman is not bleak; in fact, the downturn is already precipitating meaningful economic reform in the areas of subsidies and taxation.

“The economic situation in Oman has a number of strong points,” Sievers reported. “Oman has a stable banking sector — due to conservative regulations and a low ratio of non-performing loans — and low inflation. The non-hydrocarbon sector is growing at a moderate rate, and Oman has a well-educated workforce.” He also pointed out that the economy benefits from low inflation and that the Sultanate has the necessary economic foundation to weather challenges and sustain growth.

Oman is strengthening its infrastructure and positioning itself as a logistics hub by building new airports and expanding its four main maritime ports: Sohar, Salalah, Sultan Qaboos Port, and Duqm, which is currently under construction along the coast of the Arabian Sea. In part because of this expansion and the benefits of the U.S.-Oman Free Trade Agreement, exports of U.S. goods to Oman jumped over 17 percent in 2015, to $2.36 billion, making Oman the sixth largest market in the MENA region for U.S. goods.
Bahrain

U.S. Ambassador to Bahrain William Roebuck observed that while the country is achieving success in diversifying its economy away from oil and gas, Bahrain is facing challenges – like other GCC countries – in diversifying government revenue. Low oil prices have put a significant strain on the government’s finances, he noted, causing debt levels to rise and leading credit agencies to downgrade Bahrain’s sovereign rating to “speculative.” The downturn in energy prices is “having a huge impact on Bahrain and forcing it to take some tough austerity measures,” Roebuck noted. “The government has been cutting generous subsidies like electricity, water, diesel, gasoline, kerosene and meat, although it is proceeding with these cuts gradually in ways that seek to limit their impact on the middle class and poor.”

Energy diversification has focused on increasing the supply of natural gas and encouraging conservation, Roebuck explained, in large part because solar and other forms of renewable energy are not yet price competitive with oil and gas. He noted that the Government of Bahrain is seeking to develop alternative energy sources, especially renewables, with the goal of deriving ten percent of its electricity production from renewable energy by the year 2030.

As the government seeks to diversify its economy, Roebuck suggested, its goal is to move away from energy-intensive industries and to target services-based sectors instead, such as tourism, banking, finance, and health care. Non-oil sectors are performing well, he noted, growing by 4.2 percent in the first three quarters of 2015. In part because of the U.S. – Bahrain Free Trade Agreement, 2015 saw a 20 percent increase in U.S. goods exports to Bahrain, which reached $1.27 billion.

Mauritania

The U.S. Ambassador to Mauritania, the Honorable Larry André, noted the improved security situation in that country, which is about the size of Texas and New Mexico combined. Mauritania responded strongly to terrorist attacks, he said, striking al Qaeda decisively on several occasions and reinforcing border security. The result, André noted, is that there have been no successful attacks in the last five years.

Like other commodity-based and energy-producing nations, André suggested, Mauritania is currently suffering from low prices for its main mineral commodities, including iron and gold. U.S. sales of mining equipment, he said, periodically result in an uptick in U.S. goods exports.
The most significant recent event in Mauritania’s energy sector was the 2015 discovery by an American firm, Kosmos Energy, of a major offshore gas field in waters shared by Mauritania and Senegal. This field is estimated to hold 14 – 17 trillion cubic feet (tcf) of natural gas, André said, which will create unprecedented opportunities, as well as challenges. Some of these challenges will revolve around the need to: discuss and conclude international agreements; understand and design the needed regulatory, legal and policy frameworks; and negotiate an optimal commercial framework that provides for project sustainability as well as long-term benefits for the nation.

Despite these challenges, André said, there are increasing opportunities for U.S. companies. Mauritania and Senegal are working very well together, he suggested, creating business opportunities in such niches as offshore gas facilities and onshore gas supply electrical production plants.

Morocco

The Honorable Dwight Bush, U.S. Ambassador to Morocco, began his remarks by quipping, “I feel like I’m experiencing A Tale of Two Cities” – a reference to Charles Dickens’ famous quote: “It was the best of times, it was the worst of times.” In contrast to other Forum panelists, who talked about the negative impact of current energy prices, Bush noted, “Morocco has benefited by the lower price of oil.”

Morocco does not have significant domestic supplies of oil and gas, so a drop in prices tends to benefit that nation’s economy relative to other economies. “Morocco has historically suffered from high oil and gas prices,” Bush explained. “In 2014, Morocco took the bold decision to limit subsidies on most petroleum products except butane, and under the leadership of H.M. King Mohammed VI, Morocco has placed sustainable development at the top of its agenda.”

Morocco today is undertaking large-scale investments in clean energy. The Kingdom wants renewables to constitute 42 percent
of installed electricity generation capacity by the year 2020, Bush said, including 6,000 megawatts coming from solar, wind, and hydroelectric sources. The centerpiece of this effort is the Noor-1 project, which will eventually become the world’s largest concentrated solar power facility. Upon completion, the 580-megawatt complex will provide clean electricity for more than one million people, helping Morocco to achieve its goal – announced by H.M. King Mohammed VI at COP 21 last November – of fulfilling 52 percent of Morocco’s energy needs through renewables by the year 2030.

Panel One was moderated by Ambassador Alan Larson (left), and included U.S. Ambassadors (from left to right): Hon. Joseph Westphal (Saudi Arabia); Hon. Douglas Silliman (Kuwait); Hon. Marc Sievers (Oman); Hon. William Roebuck (Bahrain); Hon. Larry André (Mauritania); and Hon. Dwight Bush (Morocco).

NUSACC is organizing a trade & investment mission to Morocco and Tunisia in April. This mission will include a visit to the Noor-1 facility in Ouarzazate, organized by the Government of Morocco as part of the 2016 U.S.-Morocco Business Development Conference. For more information about this mission, click here.

Panel II: Beyond the Arab Spring: Economies in Transition

Prominent Egyptian businessman M. Shafik Gabr, Chairman of the ARTOC Group and Chairman of Egypt’s International Economic Forum, served as moderator for the panel on economies in transition. Panelists included the U.S. Chiefs of Mission in Algeria, Djibouti, Lebanon, Libya, Tunisia, and Yemen.
À la Warren Buffet, Gabr opened the discussion by citing an adage about buying when there are riots in the streets and selling when things are rosy. “Investment during a constructive economic transition is an excellent risk reward process,” he noted.

While noting the challenges that face each of the countries on this panel, Gabr also pointed out that there is great potential for reform. “Economic transition is essential for economies in the region,” he said, “but it can only take place in a positive political environment with stability and security.”

He concluded, “Managing change in any realm is a difficult proposition, with many challenges.”

Algeria

The U.S. Ambassador to Algeria, the Honorable Joan Polaschik, told Forum participants that the Algerian Government’s transition away from hydrocarbon-based economic growth presents both opportunities and challenges for American companies. Companies need to be patient with Algeria’s investment laws, she suggested, which are undergoing reforms. Such patience may open up lucrative opportunities for growth, Polaschik noted, and U.S. companies have competitive advantages in many sectors, including technology.

Polaschik went on to highlight some of the best sectors in Algeria for American firms:

- **Healthcare and Pharmaceuticals** – The Government of Algeria seeks to improve health services for its citizens, including anti-cancer treatments.

- **Power Generation** – This includes traditional sources of power, but it also encompasses renewables. The Algerian Government has set a goal of diversifying electricity generation so that 27 percent of its electrical production comes from renewable energy sources by the year 2030.
• **Agriculture** – This sector is “extremely promising,” Polaschik said, especially for agricultural equipment. She noted that “Algeria was the breadbasket of the Roman Empire,” and Algeria today wants to redouble its agricultural potential.

“The future is quite bright for Algeria,” Polaschik concluded, and that nation “will continue to be an important friend and partner of the United States.”

**Djibouti**

“Djibouti’s economy is about the size of Takoma Park’s,” quipped U.S. Ambassador Thomas Kelly, drawing parallels to a suburb of Washington, DC. “So there’s a lot of room for growth.”

Djibouti’s vision for the future, according to Kelly, is to consolidate and expand its role as a major transportation and logistics hub in the region. Djibouti has the Horn of Africa’s largest deep-water port, he noted, and it boasts the first U.S. military base in Africa.

As a historical crossroads of Arab and African civilizations, and as a key gateway for exports from the Gulf and imports and exports to East Africa, Kelly suggested, Djibouti will need to develop the human capital needed to support its burgeoning service sectors. That nation will continue to maintain an outsized leadership role in the region, Kelly predicted, in the same way that Djibouti has served as an “unsung hero” in accepting tens of thousands of recent refugees – including Americans – fleeing violence in nearby Yemen and thousands more refugees from neighboring Horn of Africa countries.

Djibouti is eligible for U.S. trade benefits under the African Growth and Opportunities Act of 2000, which extends preferential access for imports from certain Sub-Saharan African countries until June 2025. In 2015, goods exports from the United States to Djibouti totaled nearly $153 million, an increase of over 37 percent from 2014. At the same time, goods imports from Djibouti to the United States surpassed $35 million, an increase of almost 200 percent over 2014 levels.

**Lebanon**

In a panel discussion about countries in transition, Ambassador Richard Jones drew knowing chuckles from the audience when he pointed out that “Lebanon has been in transition for a long time... about 40 years.”
Jones, the current Chargé d'Affaires in Lebanon, served as U.S. Ambassador to Lebanon from 1996-98. Given the many external shocks of the last few decades – the Lebanese civil war, armed conflict with Israel, the Syria crisis, and the influx of refugees, to name just a few – Lebanon’s economy is constantly adapting and evolving, Jones said. “The presence of so many refugees has placed tremendous strains on Lebanese resources,” he continued, and the “loss of [overland] access to Lebanon’s traditional markets is one of the biggest strains because it removes a comparative advantage.”

“Despite all of these strains, the Lebanese economy has not gone into recession,” Jones said. He highlighted what he called the “four pillars of Lebanon’s economic success”:

• “The Central Bank of Lebanon is incredibly active,” Jones noted, and the pound/dollar exchange rate “has not moved one iota in the twenty years since I first served in Lebanon.”

• “The Lebanese diaspora has played an instrumental role in keeping Lebanon’s economy afloat,” Jones suggested. “The diaspora, including 500,000 Lebanese in the Arabian Gulf, provide $7 billion in remittances annually, which amounts to about 15 percent of the country’s GDP.”

• “Lebanon's tradition of entrepreneurship means that Lebanese have become commercial leaders in such sectors as banking, tourism, health care, design, engineering, and agribusiness.”

• “Lebanon's commitment to education is second to none,” Jones suggested. “The Lebanese are polyglots and some of the best educated people I know,” he said, “with many people holding advanced degrees, often in disparate fields.”

While U.S. exports to Lebanon in 2015 largely maintained the same levels as 2014, U.S. imports of Lebanese goods surged by over 28 percent last year, to almost $93 million.

Libya

The U.S. Ambassador to Libya, the Honorable Peter Bodde, opened his remarks by noting that a Government of National Accord (GNA) – capable of reuniting Libya and addressing the country’s security challenges – remains the best path to achieve economic stability and growth. He went on to say, “Unlocking Libya's vast economic potential
depends in the short term on restoration of oil production and on economic diversification in the long term.” To restore Libya’s economy, he suggested, the GNA must reunify Libya’s oil and banking institutions, improve regulation and oversight, and invest in institutional capacity, infrastructure, and security.

Bodde, who currently operates out of the U.S. Embassy in Tunis, noted that Libya has an educated and talented population, which is essential for that nation to achieve long-term stability. “This year, the Libyan Central Bank celebrates 60 years since its founding, and the Libyan Oil Company celebrates 46 years.” These are important milestones, Bodde concluded, but “strengthening the Libyan economy requires an investment in human capital as well.”

**Tunisia**

The Honorable Daniel Rubinstein, U.S. Ambassador to Tunisia, opened his remarks by noting, “Tunisia is a very important example of an emerging strategic partner in a volatile region. It is very much open for business.”

Rubinstein went on to say that “American businesses should take advantage of Tunisia’s relatively low-cost, yet highly skilled labor force, as well as Tunisia’s access to the European Union, Middle East, and Sub-Saharan markets.” Moreover, he said, Tunisia has a “rock-solid commitment to the rule of law,” and its government and people are committed to reform.

Looking ahead, Rubinstein pointed to the upcoming meeting of the Trade and Investment Framework Agreement (TIFA) Council, followed by the U.S.-Tunisia Joint Economic Commission (JEC) meeting on May 6. The JEC will focus on opportunities for small- and medium-sized enterprises in three promising sectors: agribusiness, information and communications technology, and renewable energy.

Concluded Rubinstein, “Tunisia is a shining example of dedication, moderation, and tolerance.”
NUSACC is organizing a trade & investment mission to Tunisia and Morocco in April. For more information about this mission, click here.

Yemen

The U.S. Ambassador to Yemen, the Honorable Matthew Tueller, expressed hope that Yemenis will soon be able to reach a negotiated end to the conflict and return to the political transition process. Once Yemen is on the path towards recovery, he said, “There will be new opportunities for economic growth.” He further underscored how critical it is that Yemen’s neighbors continue to show interest in that country’s future.

Tueller did not downplay the challenges that Yemen will face after it emerges from the current conflict. These include a drastically weakened economy, damage to critical infrastructure, and persistent security threats. All of these will be stumbling blocks to political transition as the Government of Yemen works to establish rule of law and to provide basic services to the Yemeni people.

U.S. priorities for Yemen, Tueller said, will be to “work with America’s partners in the international and NGO communities to restore the right political, security, and economic conditions to put Yemen on the path to recovery.” Once these conditions are in place, Tueller suggested, there will be significant investment and business opportunities in Yemen.

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To read more about NUSACC and the benefits of membership, click HERE.

For access to recently-released trade data for 2015 by country and by state, click HERE. You can read NUSACC’s analysis of the 2015 trade data HERE.

To view additional photo highlights from the Ambassadors Forum and VIP Reception, please go to the next page.