

US-Arab Tradeline



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

المجلة التجارية العربية الأمريكية الوطنية

Volume XIII, No. 2 • March/April 2005

In this issue:

| Articles | Page |
|--|------|
| Saudi Arabia Closes In On WTO Accession | 1 |
| New Opportunities for U.S.-Saudi Business | 1 |
| <i>From the President's Desk:</i> Saudi Arabia: Combating Myths with Realities | 2 |
| Economic Reform In Egypt | 3 |
| AIESEC's "Salaam Program" Breaks New Ground in People-to-People Relations. | 4 |
| Snapshot: SABIC | 4 |
| NUSACC Hosts Saudi Arabia's Chief Technical Negotiator on WTO Issues | 5 |
| NUSACC Welcomes High-Level Trade and Investment Mission from Saudi Arabia | 7 |
| Key Members of the Saudi Delegation | 8 |
| Select Saudi Projects and Upcoming Tenders | 8 |
| Snapshot: Saudi Aramco | 9 |
| Points of Contact – Doing Business in Saudi Arabia | 9 |
| President Bush and Saudi Crown Prince Abdullah Meet in April to Discuss Strategic Objectives | 10 |
| Promoting U.S.-Saudi Trade and Tourism: the American Stake | 11 |
| Motorola "Speaks the Language of Success" in Saudi Arabia | 12 |

Saudi Arabia Closes In On WTO Accession Agreement with U.S. Expected Later this Year

Saudi Arabia is close to finalizing a bilateral accord with the United States that would open the door for the Kingdom to join the World Trade Organization (WTO) later this year. At the April 25, 2005 summit meeting between President George W. Bush and HRH Crown Prince Abdullah bin Abdulaziz Al Saud in Texas, the two leaders committed themselves to "work together as partners to complete our negotiations and with other WTO members in Geneva with the aim of welcoming Saudi Arabia into the WTO before the end of 2005." (See the full text of the joint declaration on page 10.)

The WTO accession process generally consists of two tracks. The first is negotiations with trading partners on a bilateral basis. All bilateral agreements are then consolidated into a schedule of commitments to the WTO. At the same time, as part of track two, nations seeking accession to the WTO must develop a multilateral agreement for internal revisions to their trade regimes.

Dr. Fawaz Al-Alamy, Saudi Arabia's chief technical negotiator on WTO issues, confirmed on May 2 that the United States and Saudi Arabia have now reached agreement on agriculture, insurance and financial service sectors – areas in which the Office of the U.S. Trade Representative (USTR)



President Bush meets with Crown Prince Abdullah in Crawford, Texas.

had asked for greater foreign access. According to Al-Alamy, progress continues to be made on such issues as protection of intellectual property rights and shelf life duration for food products.

continued on page 7

New Opportunities for U.S.-Saudi Business

After several years of relatively flat economic activity, U.S. exports to Saudi Arabia are on the upswing. Fueled by high energy prices, government infrastructure projects and growing consumer disposable income, business opportunities in the Kingdom today appear to be better than they have been in decades.

According to NUSACC Chairman Don DeMarino, "The business opportunities today for American companies in Saudi Arabia rival the boom years of the 1970s, with these important differences: the Saudi private sector has matured into a world class group of businessmen, there is a much firmer legal structure with a rapidly developing capital market, and the government is privatizing many of its stakes in the economy. It's really time for American business to respond energetically to these

new opportunities." De Marino was Director of the U.S.-Saudi Joint Economic Commission from 1985-1987 and is still actively involved as a businessman in Saudi Arabia.

To help spread the word about "big ticket" commercial opportunities in Saudi Arabia, the Council of Saudi Chambers of Commerce and Industry is sending a high-level delegation to tour the United States in May. (For related story, see page 7.) NUSACC is pleased to help host this delegation in a number of U.S. cities.

America's share of merchandise exports to Saudi Arabia increased to \$5.3 billion in 2004, while services sold to the Kingdom are estimated at over \$2 billion. The U.S. provided 14 percent of total Saudi merchandise imports. Increased flows of U.S. goods and services to the Kingdom came from

continued on page 6

National U.S.-Arab Chamber of Commerce

1023 15th Street, NW
Fourth Floor
Washington, DC 20005

Tel: (202) 289-5920

Fax: (202) 289-5938

www.nusacc.org

E-mail: tradeline@nusacc.org



NUSACC President David Hamod

FROM THE PRESIDENT'S DESK

Saudi Arabia: Combating Myths with Realities

Saudi Arabia must be the most misunderstood nation in the world. It is accused regularly of pushing up energy prices at the expense of American consumers. It is vilified as a closed society that discourages free speech and refuses to change with the times.

Regrettably, much of what is said about Saudi Arabia is not only inappropriate, it is just plain wrong.

Part of the reason for such mischaracterizations revolves around the fact that many of America's "experts" on Saudi Arabia – particularly its detractors – have never set foot in the Kingdom. If they *were* to spend some time in that nation, they might be pleasantly surprised by their experience there.

I have had the pleasure of visiting Saudi Arabia many times over the years, and I am impressed by the ways – large and small – that the Kingdom is undergoing change. Fifty years ago, Saudi Arabia was largely undeveloped and struggling to make ends meet. Today, it is outfitted with an infrastructure that boasts some of the most sophisticated hospitals, universities, hotels, and business facilities in the Middle East.

The social transformation has been even more remarkable. Saudi Arabia today is very much a part of the global community. Thanks to direct broadcast satellites, the world is literally beamed into Saudi living rooms daily. There are international products for sale in the Kingdom that never make their way to the United States. And as business leaders will tell you, competition for contracts in Saudi Arabia is among the stiffest in the world because global players are competing head-to-head for market share in the Kingdom.

In the U.S., politicians and other "talking heads" like to beat up on Saudi Arabia for escalating fuel prices at the pump. But the fact is, only a small percentage of U.S. oil comes from the Kingdom, and by increasing production to make up for international oil shortfalls, no nation has played a more instrumental role than Saudi Arabia in keeping world energy prices reasonable.

As for political reform, Saudi Arabia may not be moving forward as quickly as some would like. But in the eyes of most democracy-watchers, the recent municipal elections represent genuine progress, and the *Majlis Al-Shura* (Consultative Council) is playing an increasingly influential role in shaping the direction of Saudi society.

In the same spirit, the issue of women's rights has worked its way onto the list of national priorities. One reflection of change in this area is the recent creation of business units within Saudi chambers of commerce that cater exclusively to businesswomen.

Perhaps the most wrongheaded assertion of all by certain U.S. prognosticators is that Saudi Arabia is promoting international terrorism. Saudi individuals played a key role in the attacks of 9/11, to be sure, but this tragedy served as a "wake up call" for Americans and Saudis alike. Since 2001, the Kingdom has moved aggressively to root out terrorists, in part because "home grown" terrorism represents even more of a threat to Saudi Arabia than it does to the United States. As one U.S. businessman suggested to me recently, "The *last* thing the Saudis want is to allow Osama Bin Laden, who has declared Saudi Arabia to be his number one target, to become the Mayor of Mecca!"

In the April 2005 meeting between President George W. Bush and Crown Prince Abdullah, the two leaders discussed wide-ranging U.S.-Saudi cooperation and talked about the need to forge a new relationship in response to changing realities around the globe. Let us hope that their joint commitment to "fostering values of understanding, tolerance, [and] dialogue" will set the tone for U.S.-Saudi relations for years to come.

David Hamod
President & CEO

Economic Reform In Egypt

Minister of Foreign Trade and Industry Tells NUSACC That “Egypt is Serious About Change, and We Are Open for Business”

NUSACC, the U.S. Chamber of Commerce, and the American Chamber of Commerce in Egypt co-hosted a luncheon on March 10 for H.E. Rachid Mohamed Rachid, Egypt’s Minister of Foreign Trade and Industry. The event, attended by more than 200 business and government leaders, was sponsored by BG North America and BG Egypt.

“Reform will not stop at our economy,” pledged Rachid, who is playing a lead role in Egypt’s efforts to shrink its legendary bureaucracy and create a more appealing investment climate. “We must also tackle our trade policies, which means reducing our tariffs, eliminating non-tariff barriers to trade, and moving beyond previous protectionist policies that left Egypt exporting only four percent of its production.”

Rachid outlined plans to create a more appealing investment climate, beginning with tax reform, which will be slashed from 42 percent to a flat tax of 20 percent, and banking reform, which will see Egypt’s 45 banks reduced to 20 through mergers and acquisitions. In all, a total of 182 state-run companies will be fully or partially privatized, with a view to “opening things up to market forces without interference from the Government of Egypt,” said Rachid.



Minister Rachid addresses a full house in the Hall of Flags.

The stock market, a bellwether for economic activity in Egypt, has surged more than 115 percent in the past eight months, Rachid noted. The country’s current account is running a surplus of more than \$3 billion, he said, which also reflects Egypt’s “stability and confidence” in the reforms taking place.

Egypt signed a partnership agreement with the European Union in June 2004, Rachid

noted, and in 2005, the General Arab Free Trade Area (GAFTA) came into full effect – creating a free trade area among the 17 Arab States participating in this agreement. Egypt is an active member of GAFTA and an active participant in promoting trade with Africa through its membership in the Common Market for Eastern and Southern Africa (COMESA).

In December 2004, Egypt secured free access to U.S. markets for Egyptian companies by signing the Qualifying Industrial Zones (QIZ) Protocol. To date, 397 companies have been certified to begin exporting under that Protocol. Of these, 150 companies were previous exporters to the United States. The remaining companies will be exporting to the U.S. for the first time.

Rachid reiterated his firm commitment to signing a Free Trade Agreement (FTA) with the United States in the months ahead. As a result of Minister Rachid’s personal attention to the FTA process, Egypt has made remarkable strides in this area in the past six months alone. “An FTA is not simply a question of market accessibility,” Rachid said. “Like any trade agreement, it is not an end in itself but an anchor for reform and a catalyst for further change. It is about encouraging a change in mindset.”

Egypt, like many other nations around the world, is watching the end of the Multi-Fiber Agreement very carefully, said Rachid. China’s exports in garments and shoes grew 1200 percent in the month of January, he noted, dropping prices in Italy, for example, by 30 percent. Exports of garments is a mainstay of Egyptian exporters, he said. Egypt’s exports of textiles and clothing during 2004 to the United States stood at \$580 million.

“We know that trade does not take place in isolation of social policies,” Rachid stated, pointing out Egypt’s population growth (1.9 percent per year) and the growing numbers below the poverty line (currently at 17 percent). The “social safety net needs support from the



H.E. Rachid Mohamed Rachid, Egypt’s Minister of Foreign Trade and Industry, addresses the audience at the March 10 luncheon.

Government of Egypt,” Rachid admitted, “but these funds should be used to elevate people out of poverty, not increase inefficiencies.”

The minister pointed out that 7.5 percent of Egypt’s GDP is spent on government subsidies and that the Government of Egypt employs six million workers – approximately one-third of the nation’s labor force.

Rachid, who built an impressive track record of success as head of Unilever in Egypt, is attempting to bring private sector accountability and discipline to government entities in Egypt. “But it isn’t easy,” he admitted, “because there is no balance sheet to review at the end of the day.”

Egypt supports the upcoming elections, Rachid suggested, “but we must be clear about our final destination. A free election is not an end in itself. Rather, it is a means to open a pluralistic system based on transparency and accountability.”

Rachid said he has been very impressed by the strength and depth of U.S.-Egypt relations. “We depend on each other so much,” he suggested. “This goes beyond the security relationship to include a deep emotional link.”

Make no mistake, the Minister of Foreign Trade and Industry concluded. Reformers like Rachid are engaged in a “day in and day out fight for change in the face of vested interests. But we will control our own destiny. Egypt is serious about change, and we are open for business.”

US-Arab Tradeline Research, quantitative analysis and forecast support provided by The Institute for Research: Middle Eastern Policy, Inc (IRmep)

US-Arab Tradeline Designed and produced by Rick Clark Illustration & Design



AIIESEC's "Salaam Program" Breaks New Ground in People-to-People Relations

At a time when U.S.-Arab understanding is taking on greater significance, a group of university students is showing that today's younger generation is ready to play an important role in promoting cooperation between the United States and the Arab world. AIIESEC, formerly a French acronym for "Association Internationale des Etudiants en Sciences Economiques et Commerciales," launched the "Salaam Program" on September 11, 2003 in cooperation with the U.S. Department of State's Bureau of Educational and Cultural Affairs.

The Salaam Program provides U.S. students with an opportunity to complete internships in Tunisia, Morocco, the UAE, and Egypt. The program also gives counterparts in the Arab world an opportunity to do the same in the United States. The purpose of the program is to build economic and cultural ties among the participating countries. Students will be gaining skills through their internships, but they will also be volunteering in their host communities, giving presentations about their respective cultures in local schools, and participating in on-campus activities at local universities.

The National U.S.-Arab Chamber of Commerce is supporting this program with a view to enhancing people-to-people exchanges, particularly in the business sector. This is especially important in the aftermath of 9/11, when cultural and commercial cooperation plummeted between the United States and the Arab world.

"It was a natural move for AIIESEC to begin focusing its programs on exchanging more students in this part of the world," says Rickesh Kishnani, President AIIESEC United States. "When we were founded in 1948, our

first exchanges were between France and Germany because we have always believed that exchange is most relevant in those environments where there is a perceived divide. It is only by giving people an opportunity at a young age to build meaningful ties to other countries that we can begin to break down this perceived divide," he notes. AIIESEC has been running student exchange programs for over 50 years and has given more than 400,000 students an opportunity to experience paid internships in over 85 countries.

The success of the program during the first year can already be seen in the students that AIIESEC exchanged this past summer. Andrea Lo, a senior at the University of Texas-Austin, just returned to the United States from a summer internship with AMIDEAST in Tunis, Tunisia. She says of her experience, "I teach English to local Tunisian students. Many of them have asked me about the U.S. and what Americans think of Arabs and Muslims. They have heard of the fear and anger towards these people as a result of the events of September 11th, and they are eager to challenge the stereotypes."

This year, more than 55 interns have already been placed in the five countries conducting internships – a number that AIIESEC hopes to expand in coming months. As a member of NUSACC, AIIESEC is looking for graduate international talent in the fields of business, IT, international studies, engineering and development. For more information about internship opportunities, please contact Jennifer Harwood from the Salaam Program at (212) 757-3774 ext. 224 or at jenniferh@aiiesecus.org.

Quotes from Salaam Program Stakeholders

"The Coca-Cola Company – Egypt is proud to acknowledge its support of AIIESEC. We feel that through cooperation and participation in the Salaam exchange program, we have not only met our goals as a company, but have also met our responsibility as a member of the global community by providing opportunities for young people to experience cultures outside their own."

"The entire company benefited from the exchange of cultures that happened day-to-day. By having one American in our offices sharing his experiences about his country and his point of view toward the world, everyone in our office learned a great deal and in the process made a new international friend."

Achraf Fayad, Brand Manager, Coca-Cola Egypt

"This was a unique experience to talk about when we go back to our countries. Also, cultural exchange will permit the American people to discover the Arab culture."

Meryam El Antaki, Morocco – Better Business Bureau, New York

"We participated in the Salaam Program this summer because we realized that diversity enriches our workplace. It is beneficial for our employees to get to know and work with people from other cultures. The interns brought their energy and their unique perspectives to their work. It was obvious that the caliber of students associated with the program is high. They were self-motivated and helped us accomplish things that might not otherwise have been possible with our limited staffing."

Valerie Murphy-Goodrich, City of Dearborn, Michigan

SNAPSHOT:



The Saudi Basic Industries Corporation (SABIC) is the largest company in the Middle East in terms of market capitalization at more than \$100 billion and with total assets of \$33 billion. It has outstanding stock valued at \$23.4 billion – on par with such well known U.S. companies as Sears or Aetna. SABIC has more than 16,000 employees globally and is the world's seventh largest petrochemicals manufacturer, third largest producer of polyethylene, sixth largest producer of polypropylene, and fourth largest producer of polyolefins. It has leading market positions in glycols, methanol, MTBE and fertilizers.

2004 was the company's best year ever. SABIC's profits rose to a record breaking \$3.8 billion, up 113 percent over 2003 profits. Revenues for 2004 totaled \$18.4 billion.

Headquartered in Riyadh, SABIC operates six business units: Basic Chemicals, Intermediates, Polyolefins, PVC and Polyester, Fertilizers and Metals. The corporation's research facilities are located in Riyadh, Houston, Geleen in the Netherlands and Vadodara in India. SABIC has two large production sites in Saudi Arabia – in Yanbu and Jubail – among 18 other production complexes. Some of these are operated with such joint venture partners as Shell, ExxonMobil, Ecofuel/ENI, and Mitsubishi Chemicals. SABIC's overall production capacity was 42.9 million metric tons in 2004.

SABIC was founded in 1976 to add value to Saudi Arabia's natural hydrocarbon resources. The Saudi Arabian Government owns 70 percent of SABIC's shares, while the remaining 30 percent is held by private investors in Saudi Arabia and other Gulf Cooperation Council countries.

For more information about SABIC, go to www.sabic.com.

NUSACC Hosts Saudi Arabia's Chief Technical Negotiator on WTO Issues

Deputy Minister Says the Kingdom has Closed the Gap with the United States

Dr. Fawaz Al-Alamy, Saudi Arabia's Deputy Minister of Commerce & Industry and chief technical negotiator on World Trade Organization (WTO) issues, recently spoke to upwards of 100 business executives at a luncheon hosted by NUSACC. The March 24 event, held at the Ritz Carlton Hotel in Washington DC, took place against a backdrop of high-level discussions aimed at expediting Saudi Arabia's accession to the WTO. (See related stories on pages 1 and 7.)

Al-Alamy discussed three key objectives for Saudi Arabia over the next decade: economic reform, diversifying the Kingdom's funding base, and job creation.

The Deputy Minister noted that Saudi Arabia has established a number of new institutions in recent years that are designed to streamline economic decision-making, including the Saudi Arabian General Investment Authority (SAGIA), the Tourism Authority, the Supreme Economic Council, and others. Al-Alamy said that efforts to accede to the WTO have been enhanced by ambitious economic reforms, adding that Saudi Arabia now has 42 new economic laws and regulations that are being enforced more stringently than in the past.

With regard to diversification, Al-Alamy noted, Saudi Arabia has recently announced a strategy to privatize 20 state-run enterprises with a view to reducing dependence on oil revenues. A GCC-wide customs union has been in place for more than a year, he said, and the Greater Arab Free Trade Area (GAFTA) is now undergoing implementation. Saudi Arabia's capital market is coming into its own, and in order to attract first-rate foreign companies to the Kingdom, the Deputy Minister suggested, Saudi Arabia will need to "enhance our competitive advantage and comparative edge through transparency, predictability, and due process."

The third key objective, job creation, is increasingly important, noted Al-Alamy. Approximately 60 percent of Saudi Arabia's population is under 18 years old, he said, and it is vital that these youths have employment prospects to which they can look forward. This is particularly important for university graduates, he suggested, pointing out that the Kingdom has recently issued licenses for 62 additional institutions of higher learning.

Women make up half of the population in Saudi Arabia, Al-Alamy noted, and more than half of the university graduates.

With this in mind, the Deputy Minister said, "We have to open the education and technical training sectors and to institute national treatment so that we will introduce the healthy competition we need. We will use these competitive advantages to raise our standard of living."

Al-Alamy noted that Saudi Arabia, through its Saudization program, is working hard to narrow the gap between Saudi and non-Saudi workers. The Kingdom has 3,752 industrial plants, he said, which generate jobs for less than 15 percent of Saudis. Saudi Arabia "would always like to have non-Saudis working in the country because that is a key way to encourage technical expertise and an integration of business cultures," noted Al-Alamy. In the past, the Deputy Minister suggested, expatriate workers took their knowledge and expertise with them when they left for home – relegating Saudi Arabia to little more than a "hub for technology." Today, by contrast, he said, training for Saudis ensures that technical experts and expertise are being retained in the Kingdom.

Al-Alamy checked off some of Saudi Arabia's key attributes: the world's sixteenth largest trader, exporting to 120 nations and importing from 145 nations; the source of 47 percent of total trade in the Arab Middle East and 70 percent of trade in the Gulf Cooperation Council (GCC) nations; the largest port facilities in the Middle East; an air transportation hub serving 40 million people in the GCC; the world's twentieth largest stock market, with \$312 billion in market value – larger than that of Paris; a nation in which 70-75 percent of Gross Domestic Product (GDP) goes toward trade.

The Deputy Minister noted that Saudi Arabia has concluded bilateral trade agreements with 35 nations to date. The United States is taking longer than the others, he suggested, because "America is our largest trading partner... and we want to be sure that everything is in place when we join the WTO."

With a view to this accession, Al-Alamy said, Saudi Arabia has made more than 43 commitments. There are just a handful of technical points remaining, he noted, and



Dr. Fawaz Al-Alamy (left) and Dorothy Dwoskin, Assistant U.S. Trade Representative, visit with David Hamod during the March 24 luncheon.

Photo courtesy of NUSACC

these revolve mainly around drafting suggestions in the working party report. The Deputy Minister confirmed that negotiations with the United States would be concluded very soon, but he expressed a strong desire to wrap these up sooner than later so that Saudi Arabia can "join the WTO by the end of 2005 and participate in the free trade areas with such major trading partners as the USA."

One luncheon participant said there is a perception in the United States that Saudi Arabia is putting pressure on Bahrain not to sign an FTA with the United States. Al-Alamy refuted that idea. He described Saudi-Bahraini relations as "excellent," characterizing the issue instead as one that revolves around Gulf Arab nations keeping their Gulf Cooperation Council commitments. The Deputy Minister admitted that Saudi Arabia would have preferred to see a GCC-wide Free Trade Agreement with the United States but that "at the end of the day, it all boils down to the same": individually and collectively, the GCC nations are committed to free trade.

In response to a question about Saudi Arabia and oil prices, Al-Alamy pointed out that the Kingdom has always played a pivotal role in keeping prices reasonable around the world. Saudi Arabia spent "billions and billions of dollars" to modulate oil prices, he suggested, which has had a salutary effect on the world's economy. From a domestic perspective, he said, increases in oil prices "might affect us even more severely than you because 95 percent of our imports are finished and semi-finished goods."

In the final analysis, Al-Alamy suggested, government-to-government discussions about trade and job creation are all well and good, but success can only be achieved if the business community is on board. He concluded, "We have to capitalize on the vigor and vitality of our private sector. In other words, we need to turn the private sector loose and not attempt to control it."

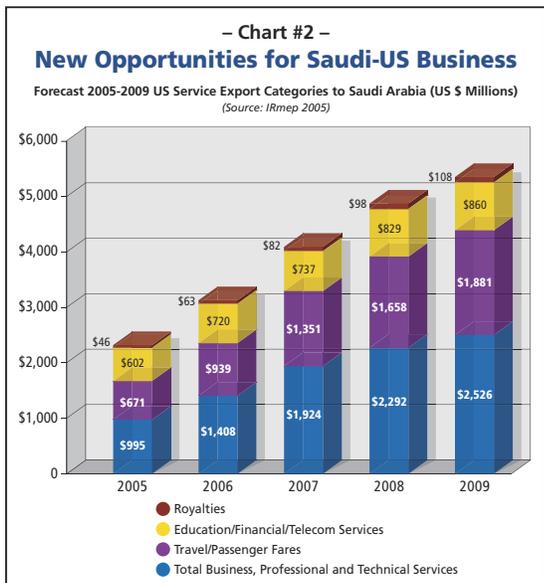


New Opportunities – continued from page 1

virtually every state of the union – sustaining over 130,000 U.S. jobs. (See map at right for more details.) Twenty-five states generated more than 1,000 U.S. jobs as a result of exports to Saudi Arabia, and nine states generated more than 5,000 such jobs.

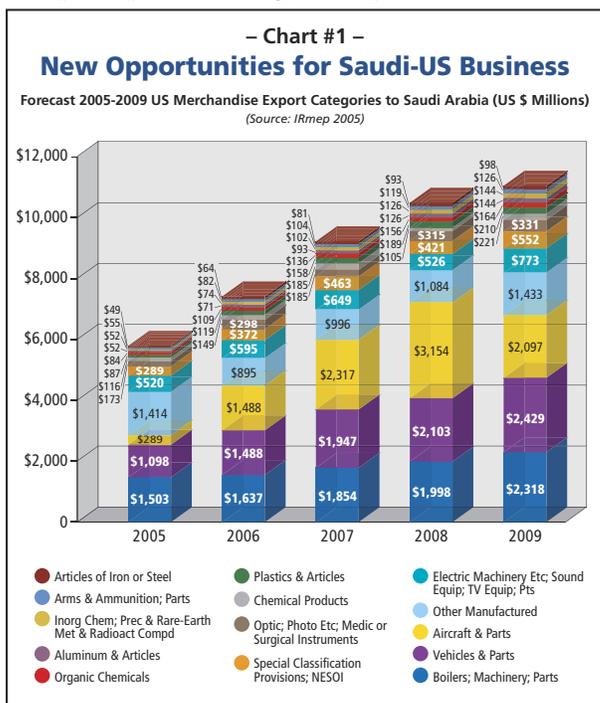
According to the Institute for Research: Middle Eastern Policy (IRmep), exports of U.S. merchandise to Saudi Arabia during the period 2005-2009 are expected to grow by an average of 16 percent per year. During that same period, according to IRmep, U.S. service exports to the Kingdom are projected to grow annually by 22 percent. (See charts below and at right for more details.)

High global demand for energy has led to increases in Saudi Arabia's production capacity, thereby opening up new opportunities for U.S. participation in energy development and



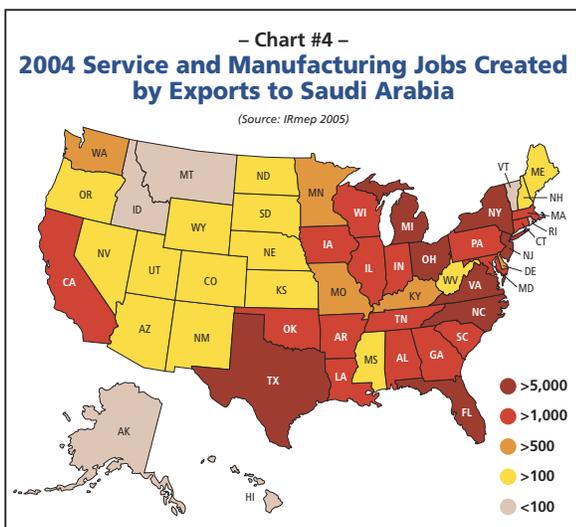
competitive supply chain advantage as a result of regional petroleum production. Such production and exports of plastics totaling 40 million tons in 2004 are beginning to displace plastics exports from the United States, which were 2.06 percent of total exports to the Kingdom in 2000 yet fell steadily to 1.49 percent in 2004. Current trends suggest that exports of plastics will continue to decline as regional production and molding sophistication continue to increase.

The largest growth area for U.S. companies can be found in the export of services. Service exports to Saudi Arabia by the United States in 2004 are estimated to have provided 31 percent of total U.S. exports to the Kingdom, up from 18 percent in 1998. By 2009, services will likely account for 37 percent of total U.S. exports, with business, professional and technical services generating just over \$2.5 billion.



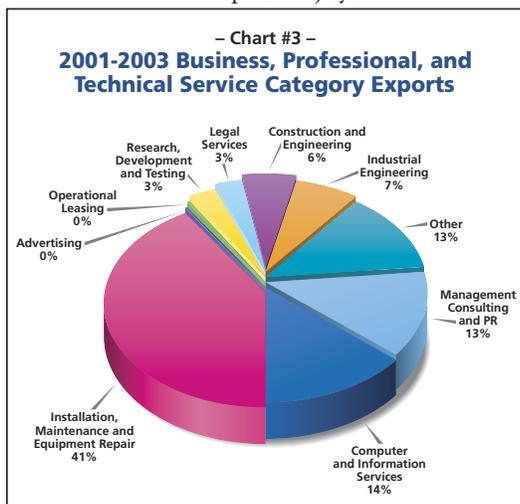
tured exports to the Kingdom as they did in 1998, but according to IRmep, deliveries of civilian and military aircraft and parts by U.S. companies will swell to 25-30 percent of total U.S. exports to the Kingdom by 2008. Saudi Arabia is expected to implement a broad defense and security initiative believed to be worth up to \$26 billion, according to the *Financial Times* (April 15, 2005).

Over time, some U.S. exports to Saudi Arabia are experiencing a decline as domestic manufacturing facilities in the Kingdom are replacing imports with locally-produced goods. Gulf-based plastics production, for example, enjoys a



energy security. Saudi Arabia's infrastructure build-out is reflected in U.S. industrial goods purchases. In 2004, heavy machinery, transportation equipment, and other manufactured industrial goods were top U.S. export categories to the Kingdom. Announced project investment goals reveal that over the coming five years, energy exploration and development will continue to strengthen yearly sales within these categories, with vehicle and heavy machinery also more than doubling to \$4.7 billion per year in 2009.

Saudi Arabia has also begun talks to upgrade and expand its civilian and military aircraft. It is unlikely that aircraft exports will account for nearly half of America's manufac-



Driving this demand will be new projects requiring installation and maintenance of equipment, computer and IT services, and management consulting – all of which will be critical as the Saudi infrastructure build-out begins to accelerate. Volumes of business are expected to be higher over the next five years, but the established mix of engineering, IT, and installation services currently dominating business service exports will largely remain constant. Continued growth of service exports to the Kingdom will depend for the foreseeable future on a steady flow of planners, entrepreneurs, executives and project development staff between the United States and Saudi Arabia.

World Trade Organization – continued from page 1

Al-Alamy indicated that the final WTO accession document would be prepared in June, 2005 in Geneva. The Kingdom is then scheduled to meet all members of the WTO in July for further multilateral talks. This announced target date for Saudi accession marks the end of a process that began in June 1993, when Saudi Arabia first applied for inclusion into the WTO.

In the past, feedback from U.S. industry leaders raised concerns about enforcement

issues. But in recent months, considerable progress has been made in this area. In addition, Peter Allgeier, Acting U.S. Trade Representative, stated in April that the United States and Saudi Arabia are close to agreement on a variety of long-sought tariff cuts. In a recent letter to Sen. Blanche Lincoln, Allgeier stated, "We are close to finalizing our agreement on tariffs with Saudi Arabia, and we are increasingly more comfortable that the multilateral issues will be addressed satisfactorily."

Saudi Arabia will be the last major Arab

nation to join the World Trade Organization, following more than a decade of negotiations. Entry into the WTO will make Saudi Arabia's economy more consistent and transparent for U.S. exporters while at the same time strengthening the enforcement of contracts and protecting the rights of domestic and foreign investors. These developments come at an opportune juncture for U.S. companies interested in competing for large tenders in the Kingdom, as well as opportunities for direct investment there.

NUSACC Welcomes High-Level Trade and Investment Mission from Saudi Arabia

In May, a high-level delegation of Saudi government officials and private sector leaders will visit five cities in the United States to highlight trade and investment opportunities in the Kingdom worth more than \$600 billion.

Organized by the Committee for Development of International Trade (CIT) at the Council of Saudi Chambers of Commerce and Industry, the "road show" will provide U.S. business leaders with an opportunity to be in direct contact with Saudis who are making key decisions about the Kingdom's economic priorities. The delegation will visit New York (May 9), Atlanta (May 11), Houston (May 13), Chicago (May 16), and San Francisco (May 18). NUSACC is helping to support the delegation's visit by co-hosting a luncheon in New York, a dinner in Chicago, and a luncheon in San Francisco.

The delegation's visit coincides with Saudi Arabia's efforts to develop key infrastructure and attract foreign direct investment (FDI). According to UNCTAD, foreign direct investment (FDI) in Saudi Arabia stood at \$25.6 billion in 2003. SAGIA issued 2,449 licenses for projects worth a total of \$15.9 billion through September of 2004. 1,686 of the

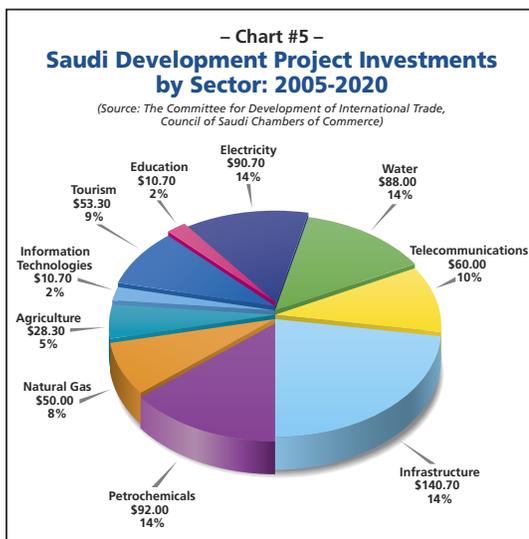
projects (valued at \$10.5 billion) are 100 percent foreign-owned.

Saudi Arabia is overhauling its investment regimes and simplifying its trade laws with a view to attracting capital and investors who have traditionally shied away from the Kingdom in favor of markets in the United States, Europe, Asia, and elsewhere. Leading this overhaul effort is the Saudi Arabia General Investment Authority (SAGIA), a one-stop-shop in the Kingdom led by Dr. Amr Abdullah Al Dabbagh. SAGIA was created by the Government of Saudi Arabia in April 2000, when it announced a new Foreign Investment Law. SAGIA's mission

is to "create a pro-business environment, provide comprehensive services to investors and foster investment opportunities in energy, transportation and knowledge-based industries." For more information about SAGIA, click onto its website at www.sagia.gov.sa.

The May 9 – 18 delegation will consist of more than 62 leaders

from Saudi Arabia. (For a partial list of delegates, see inset box on page 8.) This is the first such "Saudi road show" of its kind in the United States, testimony to the importance that the Kingdom attaches to its number one trade and investment partner.



Key Saudi Investment Needs to be Discussed by the Trade Mission

| | |
|--|--|
| Petroleum (Saudi Aramco) | <p>Five Year Saudi Aramco Project Goals:</p> <ul style="list-style-type: none"> • Five new crude increments • New NGL recovery plant and expansion of the master gas system • Expansion and upgrade of refining and distribution facilities |
| | <p>Required Infrastructure:</p> <ul style="list-style-type: none"> • More than 20 offshore platforms • Gas/oil separation plants • 2300 Km of flow lines and long distance pipelines |
| Gas and Petrochemical | <p>Saudi Arabia Basic Industries Corporation (SABIC), a leading global manufacturer of hydrocarbon and metal products is tendering 150 downstream project opportunities.</p> |
| Electricity and Water | <p>Newly created Ministry of Water and Electricity (MOWE) Electricity demands are undergoing major build out and restructuring including</p> <ul style="list-style-type: none"> • Water desalination systems • Waste water recycling and disposal systems • Power generation • Electricity transmission |
| Telecommunications and Information Technology | <ul style="list-style-type: none"> • The adoption of the Telecommunications Act, the Telecommunications Ordinance and the Telecommunications Bylaws in June 2001, have opened up the telecommunications market for competition and laid the legal framework for the development of a competitive telecommunications sector and increased business opportunities for local and foreign private sector market entry |
| Mining and Railroads | <p>Saudi Arabia mining development, including</p> <ul style="list-style-type: none"> • A new railroad and port • Development of two world class mines • Industry – development of downstream opportunities and create non-ferrous base metal industry • Construction • Fertilizer and chemicals • Power – Saudi Arabia's third largest power plant |



Partial List of Saudi Trade and Investment Delegation Members (May 9-18, 2005)

| | |
|---|---|
| 1. HRH Princess Lolowah Al Faisal | |
| 2. HRH Princess Noura bin Turki Al Faisal | |
| 3. HE Dr. Hashem A. Yamani | Minister of Commerce & Industry |
| 4. HE Mr. Abdullah Zainel Alireza | Minister of State |
| 5. Dr. Fahad Al Mubarak | CIT member |
| 6. Ms. Salwa Al Saleh | CIT member |
| 7. Dr. Fahad S. Al Sultan | CIT member |
| 8. Mr. Omar A. Bahlaiwa | CIT Secretary General |
| 9. Mr. Fahad A. Bahdailah | CIT coordinator |
| 10. Dr. Zohair A. Nawab | Deputy Minister for Mineral Resources |
| 11. Mr. Abdulrahman H. Al Hassan | SAGIA |
| 12. Mr. Waleed Basoodan | Ministry of Water & Electricity |
| 13. Mr. Abdullah Dabibi | SABIC |
| 14. Mr. Ali Al Garni | Saudi Railways Organization |
| 15. Mr. Mohannad F. Al Madhi | Saudi Railways Organization |
| 16. Mr. Ayedh M Al Qahtani | Communication & IT Commission |
| 17. Mr. Abdullah Al Homoudi | Deputy Minister, Ministry of Commerce & Industry |
| 18. Mr. Nabeel A Ekram | Ministry for Mineral Resources |
| 19. Mr. Hassan Shatah | Ministry for Mineral Resources |
| 20. Mustafa Salamah | Saudi Aramco – USA |
| 21. Mr. Fahad Al Dosari | Riyadh Chamber of Commerce |
| 22. Mr. Medlij Al Medlij | US-Saudi Business Council |
| 23. Mrs. Suad Al Zaidy | Businesswoman |
| 24. Mr. Abdulaziz Al Qahtani | Businessman |
| 25. Mr. Khaled Abdul Karim | Businessman |
| 26. Mr. Ali Al-Monajem | Businessman |
| 27. Mr. Badi C. Charani | Alseif Group |
| 28. Mr. Majdi Khayyat | Alseif Group |
| 29. Mr. Ra'ad Al-Abdul Kader | Businessman |
| 30. Mr. Abdul Aiziz Al- Abdul Kader | Businessman |
| 31. Dr. Abdullah Abdulgader | CMA Board member |
| 32. Mr. Ali Othman Al Zaid | Businessman |
| 33. Mr. Mohammed Saleh Al Dhahry | Businessman |
| 34. Mr. Abbas Tawfiq Al Ibrahim | Rashid Al Rashid Group |
| 35. Dr. Faisal Hamad Al Sugair | Al Muhaidib Group |
| 36. Mr. Khaled Ahmad Al Thukair | Al Muhaidib Group |
| 37. Mr. Khaled Al Zahrani | Arabian Pipes Co. |
| 38. Mr. Amr F. Zedan | Businessman |
| 39. Dr. Ghassan Redha Khalifa | Communication & IT Commission |
| 40. Mr. Fahad A. Al Megren | Saudi Shipping Co./USA |
| 41. Mr. Kamel Munajjed | Businessman |
| 42. Dr. Khaled Al Thukair | Businessman |
| 43. Dr. Nahed Taher | National Commercial Bank/ Businesswoman |
| 44. Mr. Talal Aamer | Ministry of Commerce & Industry |
| 45. Tareq Abdulhadi Al Qahtani | Chairman of the Board, Abdel Hadi Abdallah Al Qahtani & Sons Group |

For more information about this high-level delegation, go to www.sauditradeemission.com.

Select Saudi Projects and Upcoming Tenders

Current and upcoming tender offers, driven by new Saudi development initiatives, have been announced by a variety of news, chamber and corporate sources:

Dammam Technology Zone

3.5 million square meter zone development and administration to cluster high-tech industries and knowledge-based enterprises that specialize in energy, environment, advanced petrochemicals and new materials.

Saudi Organization for Industrial Estates and Technology Zones (Soietz)

www.soietz.gov.sa

GCC Power Grid

Project will link the six-member Gulf Cooperation Council (GCC) with an integrated electricity network by the year 2010, according to Dr. Saleh Alawaji, Chairman of the GCC Interconnection Authority (GCCIA) and Saudi Deputy Minister for Electricity Affairs.

The first phase of the project, with tenders expected in May, includes 13 contracts worth \$1.25 billion to link Saudi Arabia with Kuwait, Bahrain and Qatar. Project is scheduled to start in September 2005.

GCC Interconnectivity Authority

www.gccia.com.sa

Railway Expansion Project

Linking East and West as well as the cities of Mecca, Medina, and Jeddah, 950 km of new tracks will be laid between Riyadh and Jeddah, according to Khaled Alyahya, President of the Saudi Railways Organization. An additional 115 km line will be laid between Dammam and Jubail, as well as upgrading of the existing rail link between Riyadh and Dammam.

Saudi Railways Organization

www.saudirailways.org

Construction of 342 Public Schools

Ministry of Education

Procurement Department

www.moe.gov.sa/openshare/moe/index.htm

Tenders for specific projects until 10/22/2005

SNAPSHOT:



ارامكو السعودية Saudi Aramco

Saudi Aramco, headquartered in the Eastern Province of Saudi Arabia, is the world's leading oil company – a position it has held for sixteen years, according to *Petroleum Intelligence Weekly*. Aramco's core missions encompass exploration and production, refining, distribution, shipping, and marketing petroleum.

Aramco holds one-quarter of the world's total crude oil reserves (259.4 billion barrels). It also produces liquefied natural gas (LNG), exporting 266 million barrels through 2003. Aramco's natural gas reserves are estimated at 234.5 trillion cubic feet (tcf).

Aramco owns and operates the world's second largest tanker fleet. It boasts approximately 54,000 employees, 85 percent of whom are Saudi nationals. Aramco affiliates, joint ventures and subsidiary offices are located in China, Egypt, Greece, Japan, Netherlands, Philippines, Republic of Korea, Singapore, United Arab Emirates, United Kingdom and United States.

Aramco is one of the world's greatest success stories. With its roots in 1933 as the California Arabian Standard Oil Company (Casoc), an affiliate of Standard Oil of California (Socal, today's ChevronTexaco), it became the Arabian American Oil Company (Aramco) in 1944. It was renamed the Saudi Arabian Oil Company (Saudi Aramco) in 1988, reflecting its status as a 100 percent Saudi Government-owned entity.

Tens of thousands of U.S. citizens have worked at Aramco over the years, helping to foster close relations between Americans and Saudis and encouraging a pro-American environment throughout Aramco. As a result, there are now several generations of "Aramcons" who have brought American expertise and management systems to the world's number one oil company.

For more information about Saudi Aramco, go to www.saudiaramco.com.

Saudi ARAMCO

Tenders will be forthcoming in these sectors in the near future:

1. Refining, Gas & Petrochemicals (In-Kingdom)
2. Cogeneration facilities
3. Manufacturing & fabrication businesses within cluster-based concepts

Points of Contact – Doing Business in Saudi Arabia

American Embassy in Riyadh, Saudi Arabia

Ambassador James Oberwetter
P.O. Box 94309
Riyadh 11693
Saudi Arabia
Tel. (966) (1) 488-3800
Fax: (966) (1) 488-3989
www.riyadh.usembassy.gov
email: USEmbRiyadhWebSite@state.gov

Embassy of the Kingdom of Saudi Arabia

Ambassador Prince Bandar bin Sultan
601 New Hampshire Avenue, N.W.
Washington, DC 20037
Tel. (202) 337-4076
Fax: (202) 944-5983
www.saudiembassy.net
email: info@saudiembassy.net

Committee for the Development of International Trade (CIT)

Council of Saudi Chambers of Commerce & Industry

In Riyadh:

Mr. Omar Bahlaiwa, Secretary General
Tel.: (966) (1) 405-3200, ext. 104
Fax: (966) (1) 402-9847
email: bahlaiwa@saudichambers.org.sa

In Washington:

Richard Wilson, Senior Advisor (U.S.)
1730 M Street, NW, #503
Washington, DC 20036
Tel. (202) 293-6466
Fax: (202) 293-7770
email: richard@jtss.us

U.S.-Saudi Arabian Business Council

Medlej Al-Medlej, Executive Director
1401 New York Avenue, NW
Suite 720
Washington, DC 20005
Tel: (202) 638-1212
Fax: (202) 638-2894
www.us-saudi-business.org
email: ussaudi@us-saudi-business.org

Council of Saudi Chambers of Commerce and Industry

Abdurahman Ali Al-Jeraisy, Chairman
P.O. Box 16683
Riyadh 11474
Saudi Arabia
Tel: (966) (1) 405-3200
Fax: (966) (1) 402-4747
www.saudichambers.org.sa

Riyadh Chamber of Commerce and Industry

Hussein Al-Athel, Secretary General
P.O. Box 596
Riyadh 11421
Saudi Arabia
Tel: (966) (1) 404-0044
Fax (966) (1) 402-1103

Jeddah Chamber of Commerce and Industry

Mohammed A. Al Sharif, Secretary General
P.O. Box 1264
Jeddah 21431
Saudi Arabia
Tel: (966) (2) 651-5111
Fax: (966) (2) 651-7373
www.jcci.org.sa

Eastern Province Chamber of Commerce and Industry

Dr. Ibrahim Al-Olayan, Secretary General
P.O. Box 719
Dammam 31421
Saudi Arabia
Tel: (966) (3) 857-1111
Fax: (966) (3) 857-0607
www.chamber.org.sa

Federation of G.C.C. Chambers

Mohammad Al-Mulla, Secretary General
P.O. Box 2198
Dammam 31451
Saudi Arabia
Tel: (966) (3) 826-4441
Fax: (966) (3) 826-6794

4. Industrial operation, maintenance and services
 5. Pipeline and/or distribution systems
 6. Gas processing and/or NGL recovery
 7. Waste reduction and recycling
 8. Evaluation of privatizing certain Saudi Aramco non-core business assets
 9. Commercialization specialized services
 10. New facilities developed under Build-Own-Operate (BOO)/Build-Own-Operate-Transfer (BOOT) arrangements
- Saudi ARAMCO New Business Development Unit
www.saudiaramco.com



President Bush and Saudi Crown Prince Abdullah Meet in April to Discuss Strategic Objectives

Joint Statement Notes That “Momentous Changes in the World” Require the U.S. and Saudi Arabia to “Forge a New Relationship”

President George W. Bush met with H.R.H. Crown Prince Abdullah bin Abdulaziz Al Saud on April 25 at the President’s ranch in Crawford, Texas. By all accounts, it was a very constructive session, in some ways mirroring the historic meeting that took place 60 years ago between President Franklin D. Roosevelt and H.R.H. King Abdulaziz Al Saud. In six hours of discussions on board the cruiser USS Quincy at the Great Bitter Lake in the Suez Canal in 1945, the two leaders established a strong personal bond that set the tone for decades of close relations between these two nations.

The joint statement issued by President Bush and Crown Prince Abdullah on April 25, 2005 is below.

Today, we renewed our personal friendship and that between our nations. In our meeting we agreed that momentous changes in the world call on us to forge a new relationship between our two countries – a strengthened partnership that builds on our past partnership, meets today’s challenges, and embraces the opportunities our nations will face in the next sixty years.

Our friendship begins with the recognition that our nations have proud and very distinct histories.

The United States respects Saudi Arabia as the birthplace of Islam, one of the world’s great religions, and as the symbolic center of the Islamic faith as custodian of Islam’s two holy places in Makkah and Madina. Saudi Arabia reiterates its call on all those who teach and propagate the Islamic faith to adhere strictly to the Islamic message of peace, moderation, and tolerance and reject that which deviates from those principles. Both countries agree that this message of peace, moderation, and tolerance must extend to those of all faiths and practices. The two nations reaffirm the principles agreed to during the international conference on counterterrorism hosted by the Kingdom in February 2005. These principles were enshrined in the “Riyadh Declaration” which calls for “fostering values of understanding, tolerance, dialogue, co-existence, and the rapprochement between cultures... [and] for fighting any form of thinking that



The USS Quincy, site of the historic 1945 meeting between FDR and King Abdulaziz Al Saud.

Photo courtesy of the Naval Historical Center

promotes hatred, incites violence, and condones terrorist crimes which can by no means be accepted by any religion or law.”

The Kingdom of Saudi Arabia recognizes the principle of freedom upon which the United States was founded, including the freedoms enshrined under the first amendment of the United States Constitution. The Kingdom appreciates the United States’ historic role in working to end colonialism and imperialism and promoting the right of self-determination.

While the United States considers that nations will create institutions that reflect the history, culture, and traditions of their societies, it does not seek to impose its own style of government on the government and people of Saudi Arabia. The United States applauds the recently held elections in the Kingdom for representatives to municipal councils and looks for even wider participation in accordance with the Kingdom’s reform program.

The Kingdom of Saudi Arabia and the United States are close partners in many important endeavors. We welcome the renewed determination of Saudi Arabia to pursue economic reform and its quest to join the World Trade Organization (WTO). We will work together as partners to complete our negotiations and with other WTO members in Geneva with the aim of welcoming Saudi Arabia into the WTO before the end of 2005.

Both nations pledge to continue their cooperation so that the oil supply from Saudi Arabia will be available and secure. The United States appreciates Saudi Arabia’s strong commit-

ment to accelerating investment and expanding its production capacity to help provide stability and adequately supply the market.

The Kingdom of Saudi Arabia and the United States commit to actively help the Iraqi people realize their aspirations to build a secure, sovereign, prosperous, and unified nation at peace with its neighbors and where Iraqis of all religions and ethnic groups are free to participate in its institutions. Both nations call on the international community to support Iraq’s political and economic development. Both nations urge neighboring states not to interfere in Iraq’s internal political affairs.

Both our nations have witnessed the horror of terrorism on our homelands by violent individuals and groups who indiscriminately kill people of all faiths and nationalities in order to further their extremist agenda. Both our nations assert our determination to continue to improve upon our close cooperation to combat terrorism and to choke off resources intended for them and their support networks. We honor the memory of the victims of terrorism – and those who have lost their lives fighting terrorists – and pledge to work together until terrorism no longer threatens our nations and the entire world.

The United States and Saudi Arabia continue to support efforts to prevent the spread of nuclear weapons, and of the technology and materiel needed to develop and build nuclear weapons. Efforts to develop and acquire such weapons run contrary to efforts to promote peace and stability in the region.

The United States and Saudi Arabia support UN Security Council Resolution 1559 and, accordingly, take note of Syria’s decision to withdraw all its troops and intelligence personnel from Lebanon. Both nations welcome a provisional Lebanese government and look forward to free and fair elections unburdened by foreign interference or intimidation.

With regard to the Palestinian-Israeli conflict, the United States and the Kingdom of Saudi Arabia desire a just, negotiated settlement wherein two democratic states, Israel and Palestine, live side by side in peace and security. We will continue our efforts to

continued on next page

Promoting U.S.-Saudi Trade and Tourism: the American Stake

In the aftermath of 9/11, U.S.-imposed restrictions on Saudi travelers to America led to plummeting business, tourist, and student visitor counts. This loss of tourism, travel, and tuition revenues was immediately felt in key American service sectors.

But these more restrictive visa policies also correlated to declines in the overall U.S. share of Saudi merchandise imports over the same period. Saudi Arabia consumed over 1.5 percent of the total manufactured exports of the United States in 1998. By 2003, however, Saudi consumption fell to an all-time low of six-tenths of one percent.

More restrictive visa policies, coupled with the tense atmosphere in the United States after 9/11, came at a huge cost to U.S.-Saudi trade. According to a highly publicized NUSACC report issued on September 10, 2004 ("The Impact of U.S. Visa Policies: Implications for America's Economy"), annual visits from Saudi Arabia to the U.S. were 84,000 in 2001 but plunged to 23,000 by 2003. Over the same time period, exports to the Kingdom fell \$1.6 billion or approximately \$27,000 in trade for each Saudi visitor turned away by the USA or intimidated into canceling plans to visit the United States.

Inconsistent U.S. visa processing in Saudi Arabia prior to 9/11 gave way to an environment that one U.S. businessman described as "discriminatory, bordering on hysterical" in the aftermath of the 2001 tragedy. In Washington, the U.S. State Department announced a new extended visa waiting period covering all men between the ages of 16 and 45 from certain countries, and Saudi male travelers were subject to a long waiting period

for nonimmigrant visa applications. The State Department imposed a very rigorous review of Arab and Muslim visa applicants without sufficient increases in staff and infrastructure to minimize processing times.

Later, as visa issuance processes were overhauled, technology and stronger process management emerged to facilitate rapid visa issuance to appropriate visa candidates. The Visa Security Unit of the U.S. Department of Homeland Security is investing added technology and personnel for issuing visas in the Arab world with a \$10 million budget increase in 2005.

"The United States recognizes we must exert great efforts to overcome obstacles facing Saudi businessmen and students who wish to enter the United States and we pledge to our Saudi friends that we will take on this effort."

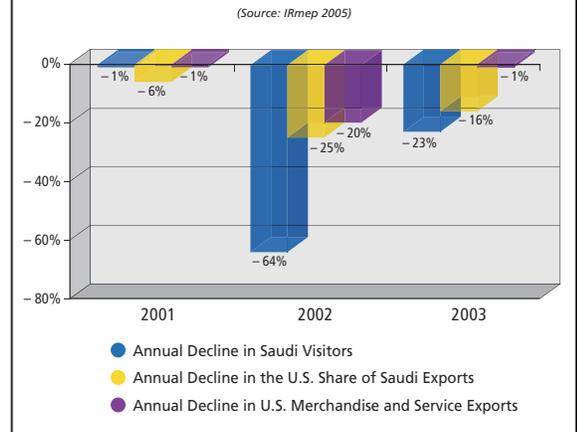
President George W. Bush – April 25, 2005

NUSACC believes that Congress should consider allocating greater resources for improving visa security in the region, particularly among business representatives who are repeat visitors to the United States. If doubling technology and personnel for Saudi visa

Palestinian-Israeli conflict will remove a major source of tension and contribute to stability and progress in the region.

Finally, the United States and Saudi Arabia agree that our future relations must rest on a foundation of broad cooperation. We must work to expand dialogue, understanding, and interactions between our citizens. This will include programs designed to: (1) increase the number of young Saudi students to travel and study in the United States; (2) increase our military exchange programs so that more Saudi officers visit the United States for

– Chart #6 –
Declines in Saudi Visitors, U.S. Share of Merchandise Imports, and Total Exports to Saudi Arabia
(Source: IRmep 2005)



processing results in an additional 1,500 visitors efficiently being processed instead of turned away, according to the Institute for Research: Middle East Policy (IRmep), the resulting trade revenues would generate more than enough U.S. tax revenues to cover the short-term investment.

Private sector travel-related services and tourist destinations in the United States also need to consider what additional investment should be made to demonstrate that the U.S. is still "open for business" to Saudi visitors. Targeted messages, sending a strong signal that the United States continues to be one of the world's most attractive tourist destinations, need to be developed more effectively by convention and visitor bureaus nationwide. Disposable income and consumer confidence are reaching unprecedented levels in Saudi Arabia, but with Saudis traveling to non-American destinations in record numbers, this is not translating into enhanced revenues or increased jobs in the United States.

Joint Statement – continued from previous page

achieve this objective, and reiterate our support for the efforts of the Palestinian Authority to bring democracy, peace, and prosperity to all Palestinians. The United States thanks Crown Prince Abdullah for his bold initiative-adopted unanimously by the Arab Summit in 2002-that seeks to encourage an Israel-Palestinian and Israel-Arab peace. We believe that an Israeli withdrawal from Gaza and parts of the West Bank will be a significant step forward toward implementation of the Road Map. It is our firm conviction that resolving the

military education and training; and (3) increase the number of Americans traveling to work and study in the Kingdom. The United States recognizes we must exert great efforts to overcome obstacles facing Saudi businessmen and students who wish to enter the United States and we pledge to our Saudi friends that we will take on this effort. A high-level joint committee has been established to be headed by the Saudi Foreign Minister and the U.S. Secretary of State that will deal with strategic issues of vital importance to the two countries.



Motorola "Speaks the Language of Success" in Saudi Arabia

Illinois-Based Telecommunications Company Wins Push-to-Talk Contracts

Hundreds of U.S. companies have won major contracts in Saudi Arabia in recent years, supplying "everything under the sun." In an era when developments in information and communication technology (ICT) is shaping the way the world communicates and does business, some of the most high-profile successes in Saudi Arabia by a U.S. company took place in 2004 and earlier this year, when Motorola won contracts to supply ICT products and expertise.

The Illinois-based company was awarded a contract in 2004 to create a nationwide iDEN push-to-talk communications system for Saudi Arabia by a consortium of four Saudi companies called the Public Telecommunications Company. Like Nextel's service in the U.S., the iDEN system will allow Public Telecommunications to launch push-to-talk capabilities for both commercial and corporate mobile handset users by the second half of 2005.

In addition, Motorola announced in March 2005 that it also won a contract to supply Mobily, a Saudi Arabian GSM mobile operator, with Enhanced Data capabilities as well as push-to-talk over cellular.

These two contracts alone will generate wide-ranging demand for network engineering, travel, shipments, consulting and other key services.

Potential entrants to the Saudi market – in all sectors – might pick up a pointer or two from Motorola's experience when it comes to partnerships and global market entry. iDEN service rollout in Saudi Arabia is only the most recent in a string of international market launches by Motorola that have drawn upon some ground rules that enhance the U.S. company's chances of success:

Leverage the capabilities of a diverse, polyglot and internationally experienced team

The Motorola division that markets iDEN "speaks the language" for all markets served.

Find the best local partners

Rolling out a network and marketing service to consumer and enterprise markets is a complex business. Eager potential partners are not always the most capable. Extensive discussions with prospective local partners helps to ensure selection of the best possible company with which to do business – a process that inevitably encounters obstacles and roadblocks.

Understand and communicate what the benefit of the solution is to important market segments

Sophisticated solutions, such as iDEN, are like many modern products: they have a full set of features, not all of which are needed by the market. In some Latin American corporate markets, for example, iDEN serves to make highly centralized corporate decision making and tight coordination more efficient. In other markets, it empowers highly autonomous work groups to come together in spite of geographic separation. Uncovering how local buyers will value the benefits, and discovering how to leverage unique cultural tie-ins to marketing, are critical for a successful product launch.

Understand where the highest market demand is

Achieving a successful rollout for iDEN means network rollout and the right coverage areas. For consumer products, it is the distri-



Motorola's i530

bution system. Either way, understanding local business and consumer demographics is critical for a successful rollout. Most products and services will not remain on the market long if they are launched in the wrong place or in the wrong way. This leads to the next "pointer," involving localized promotional efforts.

Localized Promotional Campaign

iDEN services in global markets always look like they belong there. Local language used appropriately, faces from the region, and well honed benefits that key into local needs and concerns help to put a "local face" on products and services generated around the world.

Renewal and Regeneration: Features and Ability to Overcome Failure

Motorola iDEN handsets flow into the market with distributors that are highly attuned to market demand. The quantity of handset model orders adjust and flow to the pace set by local markets.

Not all rollouts are as complex as that of an iDEN network. But as "rules of thumb" go, Motorola's secrets of success provide valuable insights for companies looking to do business in Saudi Arabia and around the world.

NATIONAL U.S.-ARAB CHAMBER OF COMMERCE

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

1330 Post Oak Boulevard, Suite 1600,
Office 1644, Houston, TX 77056
Tel: (713) 963-4620 • Fax: (713) 963-4609

8921 South Sepulveda Boulevard, Suite 206
Los Angeles, CA 90045
Tel: (310) 646-1499 • Fax: (310) 646-2462

420 Lexington Avenue, Suite 2034
New York, NY 10170
Tel: (212) 986-8024 • Fax: (212) 986-0216

©2005 National U.S.-Arab Chamber of Commerce (NUSACC). All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, photocopying, recording, or otherwise, without prior written permission of the National U.S.-Arab Chamber of Commerce.