

# US-Arab Tradeline



National U.S.-Arab Chamber of Commerce  
الغرفة التجارية العربية الأمريكية الوطنية

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## Economic reform wave emerges from Damascus

Rebecca Givner-Forbes

President Bashar Al-Assad is steadily gaining ground on an agenda of reforms designed to improve his country's economy. Although the changes taking place in Syria's economy are often overshadowed by political tensions with Washington, the US private sector has not failed to take notice of the measured and steady economic reformation emerging from Damascus.

Assad came to office in 2000 with a pledge to focus on expanding Syria's trade and improving the general economic milieu. Critics who decry the slow pace of change overlook the difficult position Assad faced when he assumed the presidency: To move the wheels of reform from a near dead standstill, he confronted a change-averse incumbency left over from the previous administration and years of bureaucratic rust.

What came next was the slow but steady build up of reform. The new president turned diplomatic efforts to revitalizing trade relations with border countries Iran, Iraq, Jordan, Lebanon, and Turkey as he assiduously courted the EU for trade agreements and investment.

New laws and decrees have followed. The first major reform came in 2001, when the antiquated tier-based currency exchange system was scrapped. In other vastly important moves, the Syrian government cleared the way for the first foreign banks in thirty years to open, and this July it passed a decree abolishing laws banning dealings in foreign currency. These landmark changes have received international attention and sent a positive signal to investors and financiers.

Changes in government have also been significant. For the first time in Syrian Ba'ath history, other political parties are permitted and representatives from six new parties have entered into government positions. The government has established a Council for Credit and Monetary policy, and this June, interest rates were adjusted for the first time in 22 years. Another new council has been set up to regulate the telecommunications sector.

To help chart the rest of the economic modernization process, a new body of economic advisors has been created that gives business experts, econo-



*Courtesy of Siritour.com.*

mists, and other technically-trained professionals more clout in Syria's reform process. Assad has said his reform program is to center on invigorating the private sector and encouraging "modern thinking."

Along these lines, private business got a boost last January by expanding the scope of activities permitted in the country's seven government administered free zones. In line with these measures, private free zones have also been formed. The investment council has been approving private investments at break-neck pace. Of the more than 2000 investment projects endorsed in the last 10 years, half were approved last year.

The list goes on. Funds have been earmarked to expand Internet access and penetration. Syria will soon see the opening of its first private universities, for which the government issued licenses on August 20. Syria will also host the Middle East's first virtual university, set to open this September.

According to one Syrian businessman, the last few months have brought considerable growth. The government's moves have begun to have a direct impact on the business environment, and many Syrian businessmen are well-placed to take advantage

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“Syrian government authorities have been helpful in working with us to negotiate a fair contract and initiate our business in Syria.”

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of the now open Iraqi market.

Predictions that the fall of the Hussein regime, which had congenial trade relations with Syria, would largely impact the Syrian economy have turned out to be exaggerated.

“A lot of businessmen were affected by the cancellation of contracts,” a Syrian businessman who wished to remain anonymous told *US-Arab Tradeline*. However, he said high customs duties at the Iraqi border were hurting the Syrian manufacturing sector, making exports too expensive before the US-led invasion of Iraq. Currently, the customs situation in Iraq is in transformation and he said Syrians will export basic goods like soaps and detergent, clothing and food to needy Iraqis.

Syrian economist Nabil Sukkar told the *Financial Times* that the war’s impact would be largely contained because the “few people who benefited [from trade with Iraq before the war] don’t pump money into the domestic economy.”

Though there is a long road ahead, American businesses should take note of Assad’s vision. Rather than isolate Syria, some in the US business community think Washington might do well to encourage Syria’s uphill struggle.

“By introducing our economic systems and standards abroad, American businesses integrate developing countries into the world economic system,” said William Reinsch, president of the National Foreign Trade Council and co-chairman of USA\*Engage, an organization which opposes unilateral US sanctions. He made the statement during his testimony to the House of Representatives in September 2002 regarding a bill that would have placed economic sanctions on Syria.

“We always like to see growth in the trade and investment relationship because we think it is good for both parties,” Reinsch told *US-Arab Tradeline*. On the prospects for more coordination between American and Syrian businesses, Reinsch said it would “depend in significant part on the Syrian government’s evolving attitude toward the US presence in Iraq.”

A number of American companies are already seeing fit to engage in Syrian business. Indeed, one of the stranger paradoxes of the current relationship with Syria is that as political tensions mounted this spring over the war in Iraq, economic cooperation between Syria and the American private sector intensified.

In spite of the Bush administration’s posturing with Syria, ties between American and Syrian business remained amicable. From January to May of this year, American imports of Syrian goods increased more than



*Courtesy of Syritour.com.*

400 percent over the same period last year. According to an analyst from the Office of the US Trade Representative, this is probably because importers of downstream petroleum products were looking to diversify away from Gulf sources with the onset of war in Iraq.

In May, for the first time in 15 years, two American oil companies signed a deal with the Syrian government - in a joint venture for \$29 million worth of exploration and production activities over the next 9 years. Gulf sands Petroleum Company and Devon Energy Corporation entered Syria with hopes not only of exploiting substantial Syrian resources, but also to be ready at the border to launch similar operations in northern Iraq. In July, US company Veritas signed a contract for oil exploration off the Syrian coast and Occidental Petroleum Corporation, another private American firm, has entered into a consortium now bidding on a \$700 million natural gas project.

At USA\*Engage’s last count in fall of 2002, there were some 400 American businesses with operations in Syria. As sanctions have been staved off and the US-Middle East dynamic altered by the situation in Iraq their number is poised to increase.

Iraq may become grounds for cooperation, as Syrian and American business will be working side-by-side.

“Certainly, as Iraq reconstruction goes forward, there will be US companies looking for Arab partners,” Reinsch said. “They will, of course, look in Iraq and also in Arab states that have welcomed them, like Jordan and Kuwait. Syria will probably have to send some signals it has not yet sent if US companies are to be persuaded to regard them as a useful launching point for activities.”

Syrian businesses have deep connections and experience in Iraq. If reforms continue and investors are reassured, Syria and American businesses could seek each other out for mutually beneficial partnerships.

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## US-Bahrain FTA negotiations set to begin

In early May, President George W. Bush announced an initiative to create a Middle East Free Trade Area (MEFTA) by 2013. By August, an important step had already been taken towards achieving that goal.

“An FTA with Bahrain will promote the President’s initiative to advance economic reforms and openness in the Middle East and the Persian Gulf, moving us closer to the creation of a Middle East Free Trade Area,” US Trade Representative Robert Zoellick said in letter to Congress from August 4.

Bahrain now joins Morocco in the regional free trade agreement (FTA) negotiation process and comes on the heels of the US-Jordan FTA that came into force in December 2001.

Reform measures spearheaded by King Hamad bin Isa al-Khalifa after he assumed Bahrain’s throne in 1999 have created an attractive climate for US businesses. The government allows 100 percent foreign ownership of certain types of companies, there are no restrictions on capital repatriation and in 2001 a new commercial code was passed to further improve the investment climate.

The country is now considered a center of finance and trade in the region because of its *laissez-faire* economic policies.

“Bahrain is an important strategic partner that is seeking to implement significant political and economic reforms – reforms that an FTA with the United States will support and accelerate,” Zoellick’s letter said.

The US-Bahrain FTA negotiations will build on positive relationships established by earlier trade accords.

The US-Bahrain Bilateral Investment Treaty that went into effect in 2001 and the Trade and Investment Framework Agreement of 2002 helped boost trade between the two countries.

US exports to Bahrain in 2002 totaled \$419.2 million. Major US goods to Bahrain included aircraft, machinery, vehicles, pharmaceuticals, games, and sports equipment. Exports from Bahrain to the US in 2002 totaled \$395.1 million and included aluminum, apparel and clothing, fertilizers, fuels and oils, plastics and electrical machinery.

The current negotiations look to increase trade through a series of measures that will help Bahrain become even more attractive for business.

“An FTA will also support Bahrain’s commitment to transparency, openness, and the rule of law, thereby enhancing respect for international property, labor rights, and environmental protection,” Zoellick’s letter said.

Bahraini economic analysts express similar optimism about the benefits an FTA will bring to their country.

“The FTA will put Bahrain on the map because we will have signed it with the largest economy and it will improve Bahrain’s reputation among foreign investors,” Nadhim Ali Salih, chairman of the Economics and Finance Department at the University of Bahrain told the *Bahrain Tribune* on August 28.

For US firms, the US-Bahrain FTA will provide opportunities for growth in sectors such as accountancy, engineering, financial services, and telecommunications. – *M. Scott Bortot*

### Economic Reform *continued from page 2*

There are even indications that Washington is aware of Syria’s upcoming role in Iraqi reconstruction, if not Syria’s potential to be a more pivotal force in the eastern Mediterranean region in general.

“The [Syrian] government and the US have confined their differences to politics,” Rateb Challah, head of the Federation of Syrian Chambers of Commerce, told the *Financial Times*.

As a sign of this, US businesses with operations in Syria are reaping the benefits Assad’s economic reforms.

“Syrian government authorities have been helpful in working with us to negotiate a fair contract and initiate our business in Syria,” Brian Engel of Devon Energy Corporation told *Tradeline*.

In the end, it was President George Bush who asked

Congress not to install sanctions against Syria. The Coalition Provisional Authority (CPA) has also permitted Syrian businesses to transport goods over the border. And just this summer, the US Army’s 101st Airborne division oversaw the repair of a railroad from the Syrian border into Baghdad, to further facilitate Syrian-Iraqi trade.

As Syria attracts more business activity, it will need to create mechanisms for its enhancement.

“The creation of a bourse is close and it is one of our aspirations for the coming year,” Syria’s Minister of Economy, Ghassan al-Rifai told *Reuters* on September 1. Rifai added he wanted the stock exchange established “swiftly but without a rush.”

Such is the approach taken by Syria on the road to economic transformation. ♦

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## Arab world moves closer to the WTO

Rebecca Givner-Forbes

If a book were to trace the history of free trade, the first chapter might open in the Arab world, once the crossroads of commerce between Europe to Asia. The last chapter might end there as well, with the conclusion of the most recent World Trade Organization (WTO) ministerial meeting in Doha, Qatar.

The journey back to free trade from the protectionist policies of previous decades has been long for many Arab countries, but in recent years the WTO and the Arab world have been making significant steps towards strengthening trade.

The Arab League has just become the first regional organization to apply for WTO observer status and the Arab Monetary Fund the first regional organization to sign a "Memorandum of Understanding" with the WTO. In addition, the WTO unveiled a new "Strategy for the Arab Region," announced the creation of a new unit focusing on Arab countries and has planned an unprecedented number of meetings throughout the region to help Arab countries prepare for the September ministerial meeting in Cancun, Mexico.

"For the first time, we are dealing with Arab member and observer states as a group," Paul Rolian, WTO director of the Institute for Training and Technical Cooperation told *Gulf News* last April.

The unusual amount of attention focused on the relationship between the Arab world and the WTO has a lot to do with the notion that economic development is requisite to treating the region's political and social ills. This is the principle underlying the US administration's Middle East Partnership Initiative, which in addition to \$1 billion in development aid, includes assisting countries with WTO accession and other reforms. These open the door for more trade and development programs from the US, such as Trade and Investment Framework Agreements (TIFAs), and Bilateral Investment Treaties (BITs).

"Part of our approach to building our trade relationship with these countries is membership in the WTO, which is extremely fundamental to developing an economic basis and economic infrastructure that allows us to take steps bilaterally to support our trade relationship," Ned Saums, director for Middle East Affairs in the Office of the US Trade Representative, told *US-Arab Tradeline*. "Among these are TIFA agreements and others, up to and including FTAs [Free Trade Agreements].

"[Joining the WTO] allows us to help them in a number of ways, like opening up USAID programs and other sorts of programs to help build 'trade capacity,'" he explained. "It's all interrelated, it's a virtuous cycle."



The post-Cold War perception that free trade would be a panacea for the maladies of developing economies came under mounting criticism as the 1990s progressed, climaxing in the anti-free trade protests in cities around the world. However, empirical evidence makes the case glaringly clear: embracing open trade is a vital foundation for growth. According to World Bank research, fast-integrators have average year-on-year GDP growth of 5.1 percent, while for non-integrators that number is negative 1.1 percent.

The MENA region as a whole has lagged behind other similar developing country blocs in Latin America and Asia in trade liberalization and has thus lost out on growth. However, with policy changes, that could turn around significantly. This is the conclusion of a World Bank report released in July called, "Engaging with the World: Trade, Investment and Development in the Middle East and North Africa."

According to the report, the Middle East and North Africa have enormous potential for expanding trade and thereby boosting economies and living standards across the region. Exports are currently at one-third of potential, say the report's authors, and it is feasible for the region to boost non-oil exports enough to create four million jobs. This would cut the rate of unemployment in the region by a third in just five years.

"If only half of trade and FDI potential were realized in the region," write the authors of the report, it would be "sufficient to raise GDP per capita growth to 4 percent per annum."

The authors conclude that FDI potential in the region is four times higher, and that "the effect of higher trade, investment, and productivity would result in overall GDP growth of at least 6 percent a year, adequate to absorb new entrants and cut unemployment by half in the next decade."

The report portrays MENA region economic challenges as not the product of political conflict, post September 11 stigma, or the growing pains of developing

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"For the first time, we are dealing with Arab member and observer states as a group"

economies, but rather traces problems to an unsatisfactory pace of trade liberalization and economic reform.

An examination of the MENA region from country to country also greatly supports the correlation between trade liberalization and economic growth. Jordan is one MENA country that made the decision to embrace free trade and speed through reforms that would bring it into the WTO.

“The political leadership and the people in Jordan could not foresee Jordan not participating in a trade bloc that controlled 90 percent of the world’s trade,” says Maher Matalaka, director of the Economic Bureau at the Jordanian Embassy in Washington, about Jordan’s fast-track accession to the WTO. Jordan’s exports have risen by 1,300 percent since the country signed a free trade agreement with the United States, and the export-driven industrial zones are now responsible for half of new job creation.

“Trade capacity has increased, exports are up on many fronts. There are noticeably more investments in Jordan, exports to the United States last year were 412 million dollars, a really unprecedented amount. We’ve benefited tremendously,” Matalaka says.

This year promises to be even better than the last - Jordanian exports to the US in the first five months of 2003 are up 170 percent from the same period last year. For the small, practically land-locked country with no energy resources, trade has proven it can deliver wealth.

Free Trade Agreements like Jordan’s are now being negotiated for both Morocco and Bahrain. WTO membership and other reforms are a precondition to such a privileged trading position.

“Over the course of the decade, North African countries may be connected to the Morocco FTA as they achieve a critical mass of reforms,” US Trade Representative Robert Zoellick announced on June 23 at the World Economic Forum in Jordan. “Gulf states could join the Bahrain FTA when they are interested and prepared.”

WTO membership is symbolically very important for private investors, as well. It is considered a signal that a country has pursued an agenda of reform.

“If you are trying to coax people to invest in your country, it speaks volumes about what you’ve done to liberalize and reform,” says Dick Holmes, president of the US-Algeria business council. Algeria is one of the Arab countries attempting to complete the necessary reforms to join the organization.

“It adds to the credibility of the Algerian government’s commitment to reform, to liberalize and privatize and to join the world economy,” Holmes says. Algeria’s reforms are significant because the US already has a TIFA agreement with the country.

Trade in oil and gas falls outside of WTO auspices.

However, for energy majors Algeria and Saudi Arabia, both applicants for WTO membership, expanding non-oil and non-gas exports is vital for new job creation and for the diversification needed for economic stability.

For the 11 Arab countries that are already members of the WTO, there is also a lot to be accomplished. The region is not yet reaping the benefits of membership. First of all, not all countries that are members have made satisfactory progress in implementing WTO-mandated reforms.

“If they don’t implement quickly, it shows that they don’t have the capacity to negotiate these sorts of details,” says T. Srinivasan, senior economist for the World Bank’s Middle East and North Africa region. Since implementation requires technical capacity and legal expertise, it signals to international businesses how agile a government is in its negotiating capacity, he says.

Also, the best way for the Arab world to ensure its interests are represented in the international trading regime is to form a united regional bloc within the WTO. This means getting more countries on board, implementing decisions at an appropriate rate and being unified on policies and active in negotiations.

Thouka Al-Khalidi, Chief of the Global and Regional Integration Division for the United Nations Economic and Social Commission for Western Asia (UNESCWA), explains why the process would take time. “[Arab] countries are still in the process of establishing proper institutional, legal, and administrative framework for protecting their rights, fulfilling their obligations, and maximizing their opportunities under the new multilateral trading system.”

She points out that some of the responsibility must fall on the developed world.

“It is worth noting that most Arab countries are considered late comers to the WTO and did not participate in the formulation of the multilateral trading system,” she says. “The new multilateral trading system is not expected to succeed unless all parties concerned realize the benefits from their membership in the system. In this regard, the developed countries and international organizations have a major responsibility to carry out by enabling developing countries, including the Arab countries, to benefit from their membership in the WTO.”

Most Arab countries have decided that membership and speedy implementation of decisions is important. The pace at which they are pursuing these goals will have a direct impact on the yearly growth generated to create jobs, improve living standards, and enhance their roles in the international trading community.

“We here in the region believe that the future of the Arab countries lies in their economic integration,” Al-Khalidi adds. ♦



## September 2003

16th-21st

### TERMIUM 2003 – Beirut

TERMIUM is the Levant IT and Telecommunication Exhibition and Conference. The event will provide access to the latest solutions, services and consultancy methods. With the world's largest and most reputed companies in the IT industry present, TERMIUM 2003 will provide visitors with the earliest access to the newest developments in Internet applications, e-commerce, business systems, office automation, mobile computing, publishing, multi-media and corporate intranets. More than just a technological display, the show will also feature workshops and conferences targeting a broad spectrum of the industry's workforce designed to provide a detailed picture of the newest developments and applications. For more information please visit: [www.promofair.com.lb/Promofair\\_II/show\\_overview.asp?show\\_id=20](http://www.promofair.com.lb/Promofair_II/show_overview.asp?show_id=20) or contact: Promofair. PO Box 165972, Achrafieh, Beirut, Lebanon.

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21st-22nd

### Middle East Infrastructure Development Congress – Dubai

Since 1996 the Middle East Infrastructure Development Congress (MEIDC) has been at the forefront of the adoption of private participation in infrastructure development in the region by creating a high-level forum for governments, international investors and project developers to discuss models, legal frameworks and financial structures that are viable in the region. MEIDC is convened with the highest level of cooperation from governments in the Middle East, international investment agencies and the global business community, with the core objective of facilitating the building of Public and Private Partnerships for profitable infrastructure development. The congress will be an unprecedented opportunity for the region's governments plus international investors and developers to discuss \$350 billion of project opportunities; advance models of private participation for the region; and accelerate the flow of investment. For more information please visit: [www.meidc.net](http://www.meidc.net) or contact: Middle East Infrastructure Development Congress. P.O. Box 72045, Dubai, United Arab Emirates.

Tel: 971 4 3431200 • Fax: 971 4 3436003.

Email: [david@meidc.net](mailto:david@meidc.net).

22nd

### The Middle East and Caspian Sea Oil & Gas Forum – Dubai

The Middle East and Caspian Sea Oil & Gas Forum will focus on delivering the most updated information on the industry to attendees representing a vast array of national

and international oil, gas and related industrial organizations. This strategic get-together will have participation from government departments, trade associations, interest groups, established oil and gas organizations, technology service providers and other relatively new entrants to the industry. The Forum will discuss the latest developments in the oil and gas industry, including geo-political developments, strategies for existing players, long-term production projects and issues, technology, and transportation among many other issues. For more information please contact: Datamatix. PO Box 60019, Dubai, United Arab Emirates.

Tel: 971 4 3326688 • Fax: 971 4 3328223.

Email: [info@datamatix-dubai.com](mailto:info@datamatix-dubai.com).

25th-28th

### Mena Medi 2003 – Cairo

Mena Medi is a dedicated International Conference & Exhibition for Pharmaceuticals, Medical Equipment, Hospital Supplies & Instruments. The forum has arisen due to recent changes that have affected the economies of the MENA region--creating tremendous expansion and investment opportunities. The event is now looking to develop at a greater rate than ever before and the challenge lies in when and how to capitalize on the economy's transformation. Egypt is undergoing rapid changes, competition is increasing and regulatory developments are opening up new opportunities for financial institutions to take advantage of the potential that the economy represents. For more information please visit: [www.acg-itefairs.com/meditech/](http://www.acg-itefairs.com/meditech/) or contact: ACG and ITE International Trade Fairs. 30 Adnan El-Madani, Sahafeyeen, Mohandessin, Cairo, Egypt.

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30th-4th

### Beirut World Trade Fair – Beirut

Beirut World Trade Fair is the 4th International Trade Fair for Consumer Goods, Industrial Goods, Leisure and Business to Business Services for the Middle East. The market for imported goods in Lebanon and the Middle East region continues to grow, as the entire region witnesses development and expansion in almost every economic sector. Consumer goods, travel and tourism, manufacturing, construction and furnishings are all in high demand due to rapid population growth and high disposable incomes. The Lebanese government's widespread cuts on customs tariffs has greatly boosted spending and made Lebanon a competitive re-export market. For more information please visit: [www.ifp.com.lb/bwtf02/index.asp](http://www.ifp.com.lb/bwtf02/index.asp) or contact: International Fairs & Promotions (IFP). PO Box 55576, Beirut, Lebanon.

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## October

6th-8th

### Water Middle East 2003 – Manama

Water Middle East 2003 shows established technologies and new innovative solutions for water related problems. As water is one of the most important issues in the region, the topics of the exhibition and conference stretch from access to and utilization of resources up to efficient distribution and water management systems. For exhibitors and visitors this event is the platform for sharing information and establishing business contacts. Preliminary conference topics will include: Challenges of Water Resources Management in the Middle East; New Water Production Technologies; Costs, Life-span and Limitations of Desalination Plants; Environmental Protection and Prevention of Water Pollution; Water Recovery, Water Treatment and Water Recycling Technologies; Quality of Drinking Water; Waste Water Management; and Rehabilitation of Plants and Pipelines. For more information please visit: [www.nuernbergglobalfairs.com/va/WaterME\\_03/e/index.html](http://www.nuernbergglobalfairs.com/va/WaterME_03/e/index.html) or contact: Nurnberg Global Fairs. Frank Venjakob. Messezentrum D-90471, Nurnberg, Germany.

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Email: [f.venjakob@nuernbergglobalfairs.com](mailto:f.venjakob@nuernbergglobalfairs.com).

6th-9th

### 1st North Africa/Mediterranean Petroleum & Geosciences Conference and Exhibition – Tunis

The First North Africa/Mediterranean Petroleum & Geosciences Conference and Exhibition has been born out of the recognition of the ever-increasing commercial and political importance of the region, and of the interdependence of the countries bordering the Mediterranean, in North Africa, the Middle East and Europe. In particular, oil and gas play a very prominent and fundamental part in this relationship. The conference program of oral and poster presentations, workshops and short courses gives a wonderfully diverse mix which reflects the wide range of geological and geographical environments in the region. The comprehensive and ambitious theme of the conference is "Opportunities and Challenges from Desert to Deep Water." For more information please visit: [www.eage.org/conferences/index2.phtml?confid=15](http://www.eage.org/conferences/index2.phtml?confid=15) or contact: Eage. PO Box 59, Houten, Netherlands.

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7th-10th

### PROGAS 2003 – Cairo

PROGAS is an established event in its fifth year dedicated to Petrochemicals, Refineries, and Oil & Gas Industries. The fair presents products and services, technologies and innovations, trends and tendencies for trade markets. It is

an international meeting-place for oil, gas and related industry areas. PROGAS is the most important event of its kind that is set to be the strategic gateway to the Middle East and North African markets. Massive potential for development in the region is now creating a myriad of new opportunities for all manufacturers of products, services and technology associated with petroleum exploration, production, refining and processing as well as marine engineering. For more information please visit: [www.acg-itefairs.com/progas/](http://www.acg-itefairs.com/progas/) or contact: ACG and ITE International Trade Fairs. 30 Adnan El Madani Street, Sahafeyeen, Mohandeseen, Cairo, Egypt.

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Email: [info@acg-itefairs.com](mailto:info@acg-itefairs.com).

12th-13th

### Oil and Gas Pipelines in the Middle East – Muscat

Now in its 3rd year, the Oil and Gas Pipelines in the Middle East Conference will continue to attract the key organizations and senior decision-makers involved in the region's oil and gas sectors. The event will examine the key issues that are crucial to the continued development of the region and will provide attendees with exceptional networking, business and training opportunities. For more information please contact: The Energy Exchange. 25 St. George's Road; Cheltenham, Glos, United Kingdom.

Tel: 44 12 42529090 • Fax: 44 12 42529060.

Email: [wra@theenergyexchange.co.uk](mailto:wra@theenergyexchange.co.uk).

13th-15th

### POWER-GEN Middle East 2003 – Abu Dhabi

POWER-GEN Middle East 2003 is the definitive conference and exhibition serving the power industry across the Middle East region. Focusing on power generation, transmission & distribution and power-related desalination, the three-day conference will open with a high profile track dedicated to rebuilding Iraq's power infrastructure. The program also includes a technical track focusing on the latest technological advancements and a strategic track featuring country spotlights and sessions addressing pivotal issues including grid development, regional privatization, IWPP development and project financing. For more information please visit: [www.power-gen-middleeast.com](http://www.power-gen-middleeast.com) or contact: PennWell Corporation. Khalid Al Fanek. PennWell House, Horseshoe Hill, Upshire, Essex, United Kingdom.

Tel: 44 19 92656614 • Fax: 44 19 92656704.

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## General

- ◆ In an August 27 interview with the Washington Post, Coalition Provisional Authority head Paul Bremer said Iraq will need “several tens of billions” of dollars from overseas in the coming year to rebuild its infrastructure. A national water system he said in the interview was needed and would cost some \$16 billion over the next four years.
- ◆ By 2006, Dubai plans to complete construction of the world’s first underwater hotel. The Hydropolis Hotel will be constructed 300 meters off the Jumeirah coast, to a depth of 20 meters. Some \$500 million will be sunk into the project. Joachim Hauser of Germany came up with the idea for the submarine hotel, which is now being promoted by the Dubai Development and Investment Authority.
- ◆ On August 28 the Wall Street Journal reported that the US government has gone ahead to increase Bechtel Group’s reconstruction contract in Iraq by an additional \$350 million. The \$350 million is slated to come from what remains of a \$2.5 billion Iraq reconstruction fund approved by Congress earlier in 2003. Bechtel was originally awarded an 18-month, \$680 million contract for Iraq reconstruction work on airports, water, power, schools, roads, and government buildings.
- ◆ Palestinian Airlines resumed service on August 21 after being forced to close thirteen months before when Israel damaged the runway of Gaza International Airport. Palestinian Airlines is operating currently out of Egypt’s Al-Arish airport, providing thrice weekly flights to Amman. Israel and the Palestinian Authority are discussing the reopening of Gaza International. The PA’s transport ministry also announced plans to begin privatizing the airline.
- ◆ The United States has announced that it will not oppose lifting United Nations’ sanctions against Libya. The announcement came in response to a letter written by Libya to the UN Security Council on August 15, accepting responsibility for the Libyan officials who oversaw the bombing of Pan Am flight 103 and agreeing to establish a \$2.7 billion compensation fund for the families of the victims. United States’ bilateral sanctions against Libya will remain in place.
- ◆ The CPA is in the process of working through one of the biggest knots in Iraq’s economic reconstruction: what to do with Iraq’s 48 state-run companies. The companies employ some 100,000 Iraqis, and have sustained an estimated \$320 million in damages from the war and its aftermath. The CPA has opted to keep employees at 36 ventures on the payroll until at least the end of the year. In addition, the CPA is setting up a \$60 million loan program to finance proposals by state-run enterprises, and is also paying off their private debts.
- ◆ Mobile operators in the Arab world grossed millions from votes being cast for the televised “Superstar” contest,

the Arab world’s version of American Idol. The show is produced by Lebanon’s Future Television and aired all over the Arabic-speaking world in August. More than five million Arabs called in to vote, which at \$0.78 per minute per call added up to more than \$4 million for GSM operators.

## Energy: Oil, Electricity and Water

- ◆ Bloomberg news service reported on August 27 that Saudi Arabia is set to reap its greatest earnings from oil sales since 1981. Due in part to higher oil prices, revenues for 2002 year are expected to reach \$85 billion based on an average price of \$26 a barrel. Saudi Arabia increased production this past year to an average of 7.5 million bpd in 2002 to meet higher demand in the US and offset lost production from other major oil exporters.
- ◆ Iraq has resumed transporting oil from its northern oilfields to Turkey’s Mediterranean coast. The Kirkuk-Ceyhan pipeline came back online August 14. Approximately 350,000 barrels of oil were carried through the pipeline in the first 15 hours. Though the Kirkuk fields have been producing for domestic use for a while, August 14 marked the first time since March that crude from the northern fields was made available for export.
- ◆ It was announced on August 30 that Oman’s leading oil company will invest some \$2 billion in a massive expansion program of its gas production operations over the coming five years. Petroleum Development Oman officials said the project is the company’s “biggest outlay” since developing the huge Saih Rawl gas processing plant.

## Trade and Investment

- ◆ Federal Express has opened offices in three major Iraqi cities. FedEx announced on August 11 that it would be offering door-to-door pick up and delivery for shipments in and out of Baghdad, Basra, and Mosul. FedEx services in Iraq will be operated by Global Service Participant Falcon Express, a privately held British Virgin Islands company.
- ◆ On July 31, the governments of Saudi Arabia and the United States signed an agreement to work on increasing trade and investment between them. The agreement included the establishment of a Council on Trade and Investment to be chaired jointly by the Saudi Ministry of Commerce and the Office of the US Trade Representative. The trade agreement was signed by Saudi Minister of Commerce and Industry Hashim Yamani and United States’ Trade Representative Robert Zoellick during a visit by a Saudi delegation to Washington regarding the kingdom’s accession to the World Trade Organization (WTO).
- ◆ Le Meridien in Kuwait has begun work on an ambitious new tourism development agenda following the end of the conflict in Iraq. The group is completing the second hotel in a five-project expansion plan in Kuwait. The

70-room Le Meridien Safat will open later this year. The first project, Le Meridien Kuwait, has already opened. Other investments in the Kuwait support Le Meridien's expectations of an increase in tourist visits. These include the construction of four new malls and an expansion of the Kuwait International Airport.

- ◆ At the end of August it was announced that Emirates SkyCargo is set to launch freight services to North America in September. The new service will offer its customers in the UAE, Gulf region and Indian subcontinent cargo capacity to and from markets in the United States. Awaiting government approvals, the service is slated to begin September 14 and will have its US hub based in New York City. The route will be served with a Boeing 747-200 with direct main-deck capability that enables the transport of outsize shipments and is capable of carrying more than 100 tons of cargo in each direction.
- ◆ Le Meridien Hotels & Resorts announced two major new properties in Saudi Arabia in August, bringing its portfolio in the kingdom to five, three of which were added in the last two months. The group will take over management of the 189-room Le Meridien Medinah and the 111-room Le Meridien Taif. The two new properties are part of Le Meridien's rapid expansion program in the Middle East and West Asia region.

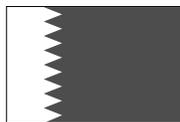
## Finance

- ◆ On August 26, the World Bank's Board of Directors approved a \$5.31 million loan to Lebanon to complete the improvement of its Land Survey and Registration system. The loan will be used to finance a computerized land rights database and the reconstruction, archiving, and computerization of destroyed, ruined and newly created maps. Part of the Revenue Enhancement and Fiscal Management Technical Assistance project, the loan will be carried out from October 2003 to December 2005 by the Directorate of Land Registration.
- ◆ US firm BearingPoint Inc. won a \$9 million contract from USAID on July 25 to support economic reform in Iraq. Over the duration of the yearlong contract, BearingPoint is to support Iraq's regional and international economic integration, stimulation of international trade, job creation, and general economic growth. The contract may also encompass the reformulation of government institutions such as the Central Bank and the ministries of finance, trade, commerce and industry.
- ◆ The Wall Street Journal reported on August 30 that the Coalition Provisional Authority (CPA) in Iraq said it had selected a consortium of over a dozen banks led by JP Morgan Chase & Co. to manage the newly-created Trade Bank of Iraq. The consortium includes 13 banks from 14 countries. Selected to take part in the consortium is the National Bank of Kuwait (NBK) and is the only Arab bank selected in the group.

## Technology

- ◆ USAID and Bechtel have turned their attention to Iraq's telecommunications infrastructure, making emergency repairs that will restore telephone lines for utilities, hospitals, government offices, schools, and other public services, as well as inter-city connections. Bids are also being accepted for the further repair and development of both fixed-line and cellular systems. In the north on the country, the 101st Airborne Division is working with Iraqis to reconstruct switches, set up Internet cafes, and install fiber optic capability to a Mosul-area university.
- ◆ On August 17 it was reported that US Company JD Edwards has partnered with Kuwait's leading IT solutions company- ZAK solutions – to increase its presence in Kuwait. ZAK solutions will promote and distribute JD Edwards' technology throughout Kuwait. The partnership is expected to bring JD Edwards substantial additional market share, because ZAK solutions is a local company with considerable presence and contacts.
- ◆ Motorola signed a \$19 million expansion deal with Kuwait's largest mobile phone provider, MTC-Vodafone on August 19. MTC will make use of Motorola's network services and equipment in order to increase network capacity and coverage in Kuwait.
- ◆ Hewlett-Packard (HP) is planning to launch its largest ever consumer technology product introduction at this year's Dubai Gitex Information Technology show to be held October 19-23. HP will present 100 new additions to its product portfolio in the months of September and October, including cameras, printers, laptops, notebooks, and other technology.
- ◆ According to an IDC report released at the end of August, the overall value of the security software market for the Gulf countries reached \$44.31 million in 2002. Anti-virus software dominated the market capturing 57.2 percent of spending. Some three-quarters of security software purchasing originated in Saudi Arabia and the UAE as advanced technologies like security 3A and intrusion detection leading the markets there.
- ◆ On August 25 a private sector lease agreement was signed between the OPEC Fund for International Development and the Sudan Telecommunications Company (Sudatel). Proceeds from the \$7.6 million agreement will help Sudatel secure equipment to use in its massive expansion program. The company is currently transitioning from analogue to digital services and laying some 2,000 miles of fiber optic cable.
- ◆ The Lebanese government is discussing plans to securitize projected revenues from the national cellular phone network. Industry experts predict that the government could earn \$5 billion from such a move. Prime Minister Hariri is expected to support the project. The government will soon establish a new telecom company, LibanTelecom, which will likely issue the shares.

*The News Briefs section is compiled from a variety of on-line and print newspapers, journals, and magazines. For links to sources and daily news briefs via the Internet, please visit [www.ArabDataNet.com](http://www.ArabDataNet.com)*



## Bahrain

### Pipeline installation

The Ministry of Electricity and Water has issued a tender for the laying of pipeline in the Busaiteen block 228. The closing date for this tender is September 23. For more information contact: The Ministry of Electricity and Water, PO Box 2, Bahrain.

Tel: 973 546666 • Fax: 973 533035.

### Hospital maintenance

A tender has been issued for the maintenance of the Mohammed Jassim Kanoo Hospital and Clinic in Bahrain. The last date for bids is September 23. For information contact: The Ministry of Health, PO Box 12, Manama, Bahrain.

Tel: 973 255555 • Fax: 973 252569.

### Surgical supplies

The Ministry of Health is seeking a supply of surgical needles. The final date is September 30. For information contact: The Ministry of Health, PO Box 12, Manama, Bahrain.

Tel: 973 255555 • Fax: 973 252569.



## Egypt

### Polyester and filament

The Government of Egypt is inviting investors to buy or lease the Misr for Polyester Fibers & Filament Company of Cairo, Egypt. For further information please contact: The Public Enterprise Office, 2 Latin America Street, 6th Floor, Garden City, Cairo, Egypt.

Tel: 20 2 795 9288 • Fax: 20 2 795 9233.



## Oman

### Ultrasound equipment

A tender has been issued for the supply and installation of ultrasound equipment for various medical institutions. The final date is September 20. For information contact: The Ministry of Health, PO Box 393, Muscat 113, Oman.

Tel: 968 602177 • Fax: 968 602647.

### Dialysis machines

The Ministry of Health is accepting bids for the construction of a renal dialysis unit at the Musanna polyclinic in the South Batinah region. The closing date is September 21. For information contact: The Ministry of Health, PO Box 393, Muscat 113, Oman.

Tel: 968 602177 • Fax: 968 602647.

### Periodicals needed

Sultan Qaboos University is requesting bids for a supply of scientific periodicals to its libraries for the year 2004. The closing date is September 24. For information contact: Sultan Qaboos University, PO Box 50, Postal Code 123, Oman.

Tel: 968 515052/515922.



## Qatar

### Mango plantation

Qatar Petroleum is requesting bids for the engineering, procurement, installation, and maintenance of a mango plantation in Ras Laffan industrial city. The final date for bids is September 21. For information contact: Qatar Petroleum, Rumailah, PO Box 3212, Qatar.

Tel: 974 321577.

### Air compressor parts

A tender has been issued for parts for an air compressor. The closing date for this tender is September 21. For further information contact: Qatar Petroleum, Rumailah, PO Box 3212, Qatar.

Tel: 974 321577.

### Locker room construction

Bids are requested for the construction of a locker room at the FICS-Dukhan field. The final date for bids is October 05. For information contact Qatar Petroleum, Rumailah PO Box 3212, Qatar.

Tel: 974 321577.



## Saudi Arabia

### Aviation system maintenance

A tender has been issued for the operation and maintenance of an aviation system. The closing date is October 18. For information contact: The Ministry of Defense and Civil Aviation, Airport Road, Riyadh 11165, Saudi Arabia.

Tel: 966 1 478 5900/477 7313 • Fax: 966 1 401 1336.

### Flood barriers

Bids are requested for the treatment of flood water for roads in Buraidah Municipality. The final date for bids is September 21. Please contact: The Buraidah Municipality, Buraidah, Saudi Arabia.

Tel: 966 6 3231146.

## Packing equipment

A tender has been issued for a supply of medicine packing equipment. The last date for bids is September 27. For more information contact: The Armed Forces Hospital Program, PO Box 7897, Riyadh, Saudi Arabia.

Tel: 966 1 4777714 • Fax: 966 1 4784057.



## Tunisia

### Duty-free products

A tender has been issued for the concession of duty-free products on board TUNISAIR aircraft. The closing date for bids is September 30. For information contact: TUNISAIR, SPOD, Boulevard du 7 Novembre 1987, 2035 Tunis-Carthage, Tunisia.

Tel: 216 71 359119 • Fax: 216 71 359100.

## Gas analyzer supply

Bids are requested for the supply and installation of gas analyzers for Groupe Chimique Tunisien. The final date is September 27. For more information contact Groupe Chimique Tunisien, BP393-3018 Sfax, Tunisia.

Tel: 216 71 784488 • Fax: 216 71 783822.

## Pump installation

A tender has been issued for the supply and installation of motor pumps for a phosphates company. The closing date is October 23. For information contact: Compagnie des Phosphates de Gafsa, Direction des Achats, 2130, Metlaoui, Tunisie, Tunisia.

Tel: 216 76 241500 • Fax: 216 76 241245.

Email: cpg.dach@cpg.com.tn.



## United Arab Emirates

### Condition monitoring system

A tender has been issued for the supply, installation, set-up, commissioning, and maintenance of a condition monitoring system at Jebel Ali power and desalination stations. The closing date is September 22. For information contact: The Dubai Electricity and Water Authority, PO Box 564, Dubai, UAE.

Tel: 971 4 3244444 • Fax: 971 4 3248111.

Email: constructs@dewa.gov.ae.

## AC pipelines

A tender has been issued for the supply and installation of an AC pipelines network at various locations in Dubai, including change and house connections. The closing date is September 21. Please contact: The Dubai Electricity and Water Authority, PO Box 564, Dubai, UAE.

Tel: 971 4 3244444 • Fax: 971 4 3248111.



## Yemen

### Water management

The International Development Association has issued a general procurement notice for goods, works, consultancy, and related services for the Sanaa basin water management project. The project will include water demand management and irrigation improvement, institutional development and capacity building, an information and public awareness campaign, an environment management and mitigation program, project management and monitoring, and follow-up project preparation. For more information contact: Sanaa Basin Water Management Project, Mohamed Saad Harmal, Sanaa, Yemen.

Tel: 967 1 417634 • Fax: 967 1 417634.

Email: sbwmp@y.net.ye.

**The National US-Arab Chamber of Commerce (NUSACC) and the American-Iraqi Chamber of Commerce (AICC) invite you to attend their**

## Iraq Reconstruction Conference and Town Meeting

on

**October 6, 2003  
9:00 a.m. to 2:00 p.m.**

**The Madison Hotel  
15th & M Streets, NW  
Washington, DC**

**This half day event will focus on the immediate-term needs on the ground in Iraq, as well as the potential development of the country in the near-future.**

**For registration fees and further information, please contact the Marketing and Strategic Development department at (202) 289-5920 or by facsimile at (202) 289-5938.**



## Roundtable briefing tackles pressing issues

On September 9, the National US-Arab Chamber of Commerce held a roundtable briefing at its Washington, DC office. Over 20 leaders from the US business community attended the event to discuss US-Saudi Arabia trade-related issues with Saudi Arabian representatives.

The briefing featured H.E. Abdulmuhsen A. Al-Akkas, member, and past chairman, of the Foreign Affairs Committee, Saudi Arabia Majlis Al Shoura; Samar Fatany, senior announcer, talk show host and radio journalist for Radio Jeddah; Omar A. Bahlaiwa, secretary general, Saudi Committee on Development of International Trade; Amr Khashoggi, chairman and CEO of the Amkest Group and vice chairman of Modern Computers & Communication and, Usamah Al-Kurdi, member, Saudi Arabia Majlis Al Shoura.

National US-Arab Chamber of Commerce President Marjorie Adams initiated the discussion after attendees introduced themselves and H.E. Al-Akkas began by speaking on the importance of the US-Saudi relationship and how it was built on a foundation of years of trust and mutual interest.

However, with the events of the past couple of years, this relationship appears to be in jeopardy. Strict security measures enforced by US immigration and customs officials are having an adverse impact on the number of Saudi visitors to the US.

“A new generation of leaders may be alienated from the US,” said H.E. Al-Akkas in reference to the decline in the number of Saudi students who visit the US. Many Saudi students now prefer to study in Europe or Australia in an effort to avoid US entry procedures.

Another impact on the US-Saudi relationship is seen in the number of Saudis who seek medical treatment in the US. Visitors who come to the US from the kingdom for treatment have declined since September 11 as many feel

more comfortable traveling to Europe for assistance.

Business relationships are also on the wane after September 11.

“Since 9/11 we haven’t been fertilizing those roots at both ends,” said Les Janka, president of Les Janka International, with regards to US-Saudi trade relations.

Nearly all the Saudi attendees said they knew business professionals from their country who have decided to invest in European countries, Russia or China – instead of the US. Furthermore, these countries are active in courting Saudi Arabia to expand their interests as US trade with the kingdom slumps.

John Duke Anthony, president of the National Council on US-Arab Relations, suggested to the group an effort must be made to show a relation in the decline of US-Saudi trade and its impact on American jobs. This way, tangible and convincing arguments can be made to impact US policy.

On the bright side, Saudi attendees noted their country is instituting a range of economic and trade reforms that are sure to attract investment and generate employment.

“There have been dramatic changes in our economy over the past five or six years,” said H.E. Al-Akkas.

But for US businesses to reap the benefits of these reforms, it will take a lot of work on both sides. Not only do Saudis need to talk about trade when they visit the US, they must reach out to Americans from all walks of life to speak about the progress the kingdom is making on the social and legal fronts. Such action, it is hoped, will improve Saudi Arabia’s image to Americans.

“Groups like this one need to reach not only businesses but to the general public in America to speak about women’s issues and rights,” said banker Walid Maalouf of the efforts extended by the roundtable’s Saudi attendees.

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