U.S. - ARAB CHAMBER SUPPORTS “DISCOVER GLOBAL MARKETS 2014”

San Antonio Hosts More Than 300 Companies, Representing 28 States, at Annual Forum Focused on Africa, Middle East, and South Asia

SAN ANTONIO, TEXAS -- The U.S. Department of Commerce this past week held its annual conference dedicated to promoting U.S. export opportunities in Africa, the Middle East, and South Asia. “Discover Global Markets 2014” was held in San Antonio on May 1 and 2, and the National U.S. – Arab Chamber of Commerce (NUSACC) was there to support this important forum. In addition to promoting “Discover” to NUSACC’s stakeholder companies, the U.S.-Arab Chamber moderated the plenary panel discussion: “Dynamic Changes in the Middle East and North Africa.”

“This event gives NUSACC members an opportunity to meet in one place with U.S. commercial officers from all over the region, which is one of the reasons why our Chamber promotes this important meeting from one year to the next,” said David Hamod, NUSACC’s President & CEO, who represented the Chamber at this year’s forum. “NUSACC has been a

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steadfast supporter of this event for the past five years because it builds on NUSACC's public / private partnership with the U.S. Department of Commerce and provides value to our member companies, especially small & medium-sized enterprises (SMEs) that are prospective new-to-market exporters.”

“Discover Global Markets 2014” was supported by 19 Marketing Partners, including the Free Trade Alliance of San Antonio, which was represented by its President & CEO, Jose Martinez. He opened this year’s conference, along with Daniel Rodriguez, Director of the U.S. Commercial Service in San Antonio, and Antwaun Griffin, Deputy Assistant Secretary of Commerce for U.S. Operations.

The two-day conference featured a variety of panel discussions, business-to-business (B2B) networking opportunities, and one-to-one meetings between U.S. commercial officers and American exporters. In addition to regional panel discussions, industry-specific panels focused on aerospace & aviation, construction & engineering, defense & security, education, healthcare, oil & gas and power generation, and water & environmental technologies.

The morning keynote address was delivered by the Hon. Arun Kumar, who was confirmed in March 2014 as Assistant Secretary of Commerce for Global Markets and Director General of the U.S. Commercial Service. He noted, “Succeeding in the global marketplace is all about intelligence. Businesses need to understand their target markets, identify the key opportunities, and have the resources to compete. That is what the ‘Discover Global Markets’ Business Forum Series is all about.”

In San Antonio, Kumar said, business leaders from 28 States around the USA joined U.S. Commercial Service staff from around the world to “help companies do three things: Compete, win, and grow in the global marketplace. The next two days will be full of market insight, best practices, key tips, and lessons learned for businesses looking to succeed in Africa, the Middle East, and India -- three growing and promising global markets for U.S. companies.” And what better place for this event to be held than in San Antonio, Kumar suggested, where U.S. exports have tripled since 2009.

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Hon. Arun Kumar, Assistant Secretary of Commerce for Global Markets & Director General of the U.S. Commercial Service

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The first panel of the day – “Dynamic Changes in the Middle East and North Africa” – featured: Ann Bacher, Regional Senior Commercial Officer for North Africa, Jordan and Lebanon; Dao Le, Senior Commercial Officer at the U.S. Embassy in Kuwait; Keith Curtis, Senior Commercial Officer at the U.S. Embassy in Baghdad, Iraq; and Brad Pierce, President & CEO of Restaurant Equipment World and Critical Supply World, based in Orlando, Florida. The panel was moderated by David Hamod, NUSACC’s President & CEO.

“Arab Spring Has Created Winners and Losers”

In his opening remarks, and to set the stage for the panelists, Hamod focused on three themes:

1) The Arab Spring and Realignments in the Region Have Created Winners and Losers.

The biggest winners, Hamod suggested, appear to be the nations of the Gulf Cooperation Council (GCC), to which approximately three-quarters of U.S. exports are shipped. Driven by ambitious master plans extending out to 2030 and beyond, he said, these countries are launching megaprojects that will enhance infrastructure and their citizens’ quality of life for decades to come. Certain countries in the Arabian Gulf are using marquee global events to help drive this expansion, Hamod suggested, notably the United Arab Emirates, which will host the World Expo 2020 in Dubai, and the State of Qatar, which will host the 2022 FIFA World Cup.

Lest people assume that only energy producing nations are among the “winners,” Hamod cited the Kingdom of Morocco, which is attracting foreign direct investment (FDI) by promoting economic reform,
ensuring quality assurance in high tech industries, and boldly reaching beyond its borders for investors. Hamod also commended the Kingdom of Jordan and the Republic of Tunisia, birthplace of the Arab Spring, as two nations that are “clearly on the right track,” despite the fact that they “live in rough neighborhoods.”

The biggest “loser,” Hamod said, is Syria, which is gripped by tragedy.

And then there are nations that are “in between,” Hamod suggested, “whose stories are still being written, with new chapters being added every day.” These include such countries as Egypt, Libya, and Iraq, Hamod opined, which are facing significant challenges, but whose people are passionate and determined. “I am optimistic about all of these ‘in between’ nations,” Hamod said, “but their transition to stable, productive economies will take some time.”


While there is often a strong correlation between politics and economics, Hamod suggested, they do not always go hand-in-hand. U.S. foreign policy in the Arab world is “not exactly going according to plan right now,” Hamod said, citing postponement of the peace process, complications with Iran, regional fallout from the crisis in Ukraine, and significant challenges in nations in which the United States has invest heavily – such as Iraq and Afghanistan.

However, against this backdrop, Hamod said, U.S. exports to the Arab world are shattering all previous records. “Our exports to the MENA region are doubling every four years,” he noted, “and there is no indication that this trend will end anytime soon.”

According to new research conducted by the National U.S. – Arab Chamber of Commerce, the United States will export about $245 billion in goods and services to the Arab world by the year 2018.

How does one explain this apparent paradox, Hamod asked, with politics going down and exports going up? He suggested three possible answers:

- The fundamentals are strong. Economic drivers in the region – infrastructure, oil & gas, defense, consumerism, and education – are forging ahead.

- The American brand is synonymous with quality. At a time when the Arab world is looking for superior quality and value, American products and services stand out.
• The region’s population is booming, which means greater demand for products, including U.S. products.

3) Youth Are Driving Regional Agendas

Two-thirds of the Arab world’s population is composed of youth, Hamod said, and this is having a profound impact on short-term and long-range planning in the region. The Arab Spring has motivated Arab youth and taught them to be unafraid, he suggested, and leaders across the Arab world understand that to ignore the needs of the region’s youth is to do so at their own political peril.

The top three priorities for any Arab leader, Hamod said, have to be “jobs, jobs, and more jobs.” With this in mind, he noted, American companies are highly qualified to support efforts in the MENA region to improve the quality of life there by building capacity among Arab youth. Nobody transfers knowledge better than U.S. companies, Hamod suggested, which gives American firms a unique role to play in promoting entrepreneurship and skills for the workplace among young men and women in the Arab world.

“Dynamic Changes in the Middle East and North Africa”

Brad Pierce, President & CEO of Restaurant Equipment World (REW) and Critical Supply World (CSW), led off the discussion about dynamic change in the region. He told a compelling story of how he boarded a plane to the Middle East with little more than a wing and a prayer – a fateful decision that helped him to launch his company globally. Today, REW and CSW carry more than 330,000 products from over 1,000 manufacturers, and the companies serve more than 100,000 customers in 110 countries around the globe.

Pierce’s three pointers for success in the Arab world include: 1) Be patient; 2) Recognize that relationships are paramount; 3) Partner with the U.S. Commercial Service.
Ann Bacher, Regional Senior Commercial Officer for North Africa, Jordan and Lebanon, covers such countries in transition as Egypt, Libya, and Tunisia. In the countries for which she is responsible, Bacher quipped, citizens are either electing leaders, deposing leaders, ratifying new constitutions, disbanding parliaments, or all of the above.

These countries are not for the faint of heart, she suggested, but on a scale of risk / reward, such ‘greenfield’ markets offer great opportunities for U.S. companies. “U.S. companies should seriously look at the many opportunities presenting themselves in these volatile yet lucrative markets in this region,” Bacher said. “We have seen our companies succeed in getting deals in healthcare, construction, safety and security equipment, hi-tech, franchising, retail, energy and renewables.”

These countries do not rank high on the World Bank’s annual “Ease of Doing Business” report, she noted, but taken as a whole, these nations constitute a sizeable market. The Free Trade Agreement (FTA) countries of Morocco and Jordan are particularly well positioned to receive U.S. products; 95 percent of U.S. goods enter Morocco duty-free, while 99 percent of U.S. products enter Jordan duty-free.

Bacher outlined a number of trade missions that will be going to the region soon, including an executive-led Infrastructure Business Development Mission to Morocco, Egypt, and Jordan on December 3 - 11, 2014. (http://export.gov/trademissions/NALinfrastructure/) The purpose of the mission is to introduce U.S. firms and trade associations to these nations’ rapidly expanding infrastructure markets and to assist U.S. companies to pursue export opportunities in these markets. The mission is intended to include representatives of companies that provide infrastructure-related technologies and efficient energy equipment. In addition to visiting Morocco, Egypt and Jordan, delegates will have an option to receive briefings in Amman on opportunities in neighboring Palestine.

Bacher concluded, “The first step is talking to us at the Commercial Service in the embassies so that we can brief you and help you get a local representative. If you are on Linked In, join our group, ‘Export to the Middle East’. We are ready to support your efforts to expand your business!”
Keith Curtis, Senior Commercial Officer at the U.S. Embassy in Baghdad, highlighted Iraq’s 8.5 percent economic growth in 2013, coupled with that nation’s plans to spend $530 billion on infrastructure development in the near term. Much of this will be fueled by oil revenues, Curtis suggested, as Iraq becomes the biggest contributor to global oil markets in coming years. “The gold is there,” he suggested, “and Iraq has vast needs of every kind.”

Curtis singled out some of the top sectors, such as construction & engineering, energy development, information & communications technologies, healthcare, education, and finance. Special attention is being paid to housing, he suggested, with millions of housing units being constructed in coming years for Iraq’s burgeoning population, 75 percent of which is 30 years old or younger.

Iraq is not without its challenges, Curtis said, citing that nation’s bureaucracy, its weak central government, and its political instability. As such, he suggested, Iraq is “not for the fainthearted, the inexperienced, or the un-ready.” But on balance, Curtis noted, Iraq is a very good bet for the future – with “massive business opportunities, a tripling of oil revenues, a GDP the size of Brazil, and $1 trillion in investments in the next ten years.”

“The message to U.S. companies on Iraq,” Curtis concluded, “is don’t come today, but do come tomorrow. Keep your powder dry, investigate the market, and be ready.”

Dao Le, Senior Commercial Officer at the U.S. Embassy in Kuwait, suggested that the United States is the “pole that holds up the tent in the GCC, including Kuwait. America’s presence in the region matters,” he suggested, particularly in a place like Kuwait, a key energy partner.

This commitment cuts both ways, Le suggested. In the recent “Invest in America Summit,” hosted by the U.S. Department of Commerce, there were more Kuwaiti delegates in attendance than any other Arabs. Moreover, he said, Kuwait’s investment in the United States is the thirteenth fastest growing among international investors.
Kuwait's relations with the United States run deep, Le said, with more than five generations of Kuwaitis studying in the USA. This was evident last year, when the U.S. Embassy in Kuwait organized a “Discover America Festival” at the country's largest shopping mall. Thousands of Kuwaitis visited the Festival, which highlighted American colleges and universities, technologies, and travel destinations.

Kuwait's merchant families have been traders for hundreds of years, Le noted, and they recognize quality when they see it. This helps to explain why Kuwait is the fifth largest market for U.S. goods and services in the Arab world, despite Kuwait's relatively small size, he said, and that is not likely to change anytime soon.

In order to succeed in the MENA region, Le suggested, businesses need to practice the “4Ps”: Patience, Persistence, Personal relationships, and a long-term Presence.

In his concluding remarks, Le stated, “The Middle East and North Africa are vital to American interests. This region occupies a critical geopolitical space: It's where Africa, Asia and Europe intersect; It's where the world’s energy resource are largely concentrated; It’s a hub for global finance and business; It’s a hotbed for terrorism with global reach. What happens in the MENA region has a direct impact on the world's economic, political, and social stage, and that is why we must fully engage.”

“We're All In”

The luncheon keynote on May 1 was delivered by Hon. Ken Hyatt, Acting Under Secretary of Commerce for International Trade. “We are in a critical moment in history,” Hyatt said, “with 80 percent of the world’s economic growth projected to take place outside the borders of the United States.” Roughly one-third of America’s economic growth since 2009 has come from exports, he noted, with approximately half of all U.S. goods exports going to Free Trade Agreement (FTA) nations. When it comes to promoting U.S. exports, he said, “We’re all in.”

Hyatt suggested that Foreign Direct Investment (FDI) into the United States has also become a high priority of the U.S. Government. “There has been a global shift to the United States,” he said, “because of external conditions facing other nations and because of America’s strong rule of law, track record in support of innovation, and lower energy prices.”
Hyatt noted that the International Trade Administration of the U.S. Department of Commerce is building its economic initiatives around four pillars:

1) Opening Markets to Level the Playing Field – This includes such market access issues as trade barriers, standards, government procurement policies, customs procedures, and the like.

2) Broadening and Deepening the U.S. Export Base – This includes reducing the costs and complexities of exporting, as well as raising awareness about the importance of exports by “embedding exporting into how Americans see the world.”

3) Promoting FDI in the United States – The U.S. Government role does not revolve around acquisitions of U.S. entities, Hyatt said; rather, the focus is on using FDI to add jobs in the USA and to help foreign investors navigate America’s complicated investment process.

4) Enforcing Trade Laws – This is an important part of the Commerce Department’s mission, Hyatt noted, as well as that of other U.S. Government entities, like the Office of the U.S. Trade Representative.

In his capacity as Acting Under Secretary, Hyatt leads the International Trade Administration (ITA), which participates in the development of U.S. trade policy; identifies and resolves market access and compliance issues; promotes American competitiveness and the strength of U.S. companies in the global economy; administers U.S. trade laws; and undertakes a range of trade promotion and trade advocacy efforts. Hyatt oversees the daily operations of ITA, which has an annual budget of $461 million and more than 2,200 employees worldwide.

Host City: San Antonio

The City of San Antonio is the seventh most populous city in the United States and the second most populous city in the state of Texas, with a population of 1.3 million. It was the fastest growing of the “Top Ten” largest cities in the United States during the period 2000 - 2010.

San Antonio is home to six Fortune 500 companies: Valero Energy Corp, Tesoro Corp, USAA, Clear Channel Communications, NuStar Energy, and CST Brands. H-E-B, the 14th largest private company in the United States, is also headquartered in San Antonio.
Other large companies that operate regional headquarters in San Antonio include
Nationwide Mutual Insurance Company, Kohl’s, Allstate, Chase Bank, Philips, Wells Fargo,
Toyota, Medtronic, Sysco, Caterpillar Inc., AT&T, West Corporation, Citigroup, Boeing, QVC,
and Lockheed Martin.

In 2013, San Antonio ranked No. 11 on the Forbes list of “Best Places for Business and Careers,” while also boasting a ranking of 9th best market for job growth.

San Antonio may be best known for The Alamo, a historic structure that witnessed one of
the most important American battles of the nineteenth century. There, in the early months
of 1836, Mexican forces overwhelmed more than 200 Texas settlers. The massacre became
a rallying cry in the United States and served as a catalyst for the Texas Revolution and,
later, the independence of Texas.