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

March 14, 2012

Hon. Dave Camp, Chairman
House Ways and Means Committee
U.S. House of Representatives
1102 Longworth HOB
Washington, DC 20515

Dear Mr. Chairman:

The National U.S.-Arab Chamber of Commerce (NUSACC) is pleased and honored to present the following views to the Committee for possible inclusion in the record of your hearing on President Obama's Trade Policy Agenda, held on February 29, 2012.

NUSACC was disappointed that virtually no discussion occurred during the hearing on the increasingly important issue of U.S. trade with the Middle East and North Africa (MENA). For much of the past century, this region has had an outsized influence on U.S. strategic interests around the globe. In recent decades, the Arab world has become one of America's most reliable markets, and our Chamber would argue that the advent of the Arab Spring makes it more important than ever that U.S. trade policies serve to satisfy increasing demand in the region for "Made in the USA" goods and services.

Every year, NUSACC analyzes trade data collected by the U.S. Census Bureau. Preliminary findings for last year indicate that U.S. goods exports to the MENA region increased from $48.77 billion in 2010 to $56.18 billion in 2011, an increase of 15.2 percent and the highest single-year sales volume ever. The initial results of the Chamber's research suggest that U.S. exports to the Middle East and North Africa continue to grow steadily, despite the economic turbulence of this past year. We are very encouraged by these numbers, and we are cautiously optimistic that America's export trends to the region will continue to move in the right direction.

On a biennial basis, the Chamber releases a three-year trade forecast, entitled *U.S.-Arab Trade Outlook*, which analyzes U.S. export potential for the 22 nations of the Arab world. The data referenced above are consistent with NUSACC's forecasting through the end of next year. According to our Chamber's research, U.S. exports of goods and services to the Arab world are on track to grow to nearly $117 billion by the end of 2013, an unprecedented level of U.S. sales that marks growth of nearly 85 percent during the 2009 – 2013 period. Equally significant, the U.S. share of total market demand is expected to grow from 8.9 percent in 2009 to 11.2 percent by 2013.

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These trade data bode well for job creation in the United States. Applying National Export Initiative (NEI) metrics, U.S. goods and services to the Arab world are on track to sustain more than one million American jobs -- 340,000 direct and 683,000 indirect jobs -- by the end of next year.

Additional research conducted by our Chamber suggests that four regional demand factors are the core drivers for U.S. exports to the MENA region: infrastructure buildout, upstream energy development and downstream petrochemical projects, consumer spending, and enhanced investments in defense.

- Large, ongoing infrastructure projects are generating significant demand for U.S. goods and services exports to the Arab world. Substantial regional reinvestment in local MENA economies is sustaining the growth of such representative projects as six economic cities being built from scratch in Saudi Arabia, 22 business parks and specialized business zones being developed in Morocco, massive buildout in Qatar as that nation prepares to host the 2022 FIFA World Cup, and the establishment in Abu Dhabi of Masdar City, which will rely entirely on solar energy and other renewable energy sources, with a zero-carbon, zero-waste ecology.
- Satisfying world energy demand requires massive, ongoing regional investments in oil and gas. American exports of equipment and technology will continue to play a crucial role in huge upstream energy development and downstream petrochemical projects.
- Discretionary consumer spending across the MENA region has recovered strongly since the onset of the global financial downturn. Growing confidence among the Arab world's high growth market of some 350 million consumers, many of whom spend at much higher levels than their Western counterparts, holds great promise for U.S. exports to the region.
- Increased security needs in the region have led to major outlays for U.S. defense goods and services. Announcements of pending or intended purchases indicate that the MENA region could purchase defense systems and upgrades valued at up to $146 billion through 2013.

Youth constitute approximately 70 percent of the Arab world's population, a stunning figure that has huge implications for the Middle East and North Africa for decades to come. With an eye on this demographic bulge, which has been accentuated during this past year's Arab Spring, leaders in the MENA region are investing heavily in education as a means of enhancing employment prospects, spurring economic growth and, ultimately, creating a higher quality of life for the people of the Arab world. U.S. colleges and universities have been second to none in setting up new campuses in the MENA region, particularly after the tragic events of 9/11, when Arab students stopped coming to the United States.

As a result of these historic shifts, U.S. institutions of higher learning are helping Arab nations to make the gradual – but critical – transition from hydrocarbon-based economies to knowledge-based economies. Nowhere has this been more prevalent, for example, than in the establishment of such institutions as Education City in the State of Qatar, Smart Village in Egypt, King Abdullah University for Science and Technology (KAUST) in Saudi Arabia, and Dubai International Academic City in the United Arab Emirates.

American companies are doing unprecedented levels of business with the Arab world, but our businesses and our government cannot afford to rest on our laurels. Commercial relationships between the MENA region and Asia are flourishing, for example, and all too often these new commercial bridges are being built at the expense of U.S. firms. (It is worth noting that China has out-sold the United States as the top provider of goods to the Arab world for the past several years.) For U.S. companies to hold their own against newfound competition from these growing Asian powers, we need to capitalize on America's commitment to high quality, open our nation's doors wider to trade and investment opportunities, overhaul America's cumbersome and sometimes humiliating visa processes, and engage the U.S. Government at the highest levels to serve unabashedly as an advocate for U.S. business in overseas markets.

The MENA region today may be the most dynamic place in the world. The Arab Spring has created a host of challenges, to be sure, but it has also created remarkable new opportunities. It is heartening to note that, in general, the observable decline in shipments to certain countries in the Arab world this past year has been more than offset by overall gains in U.S. exports to the MENA region. This bodes well for U.S. competitiveness in the region and for growth in employment opportunities here at home.

The National U.S.-Arab Chamber of Commerce thanks you for the opportunity to share these observations about the Arab marketplace, Mr. Chairman, and we look forward to working with you in the months ahead to highlight this increasingly important destination for U.S. goods and services.

Sincerely,

David Hamod
President & CEO