

Mark Your Calendar! 24th Annual Oklahoma World Trade Conference to Be Held in Oklahoma City on April 25th at Oklahoma City University in the Meinders School of Business

Mark your calendar to attend the 24th annual Oklahoma World Trade Conference, April 25, 2007, at Oklahoma City University in the Meinders School of Business, 2501 North Blackwelder Avenue in Oklahoma City. The conference is sponsored by the Oklahoma District Export Council in coordination with the U. S. and Oklahoma Departments of Commerce. A conference of this nature—celebrating the Centennial of Oklahoma (1907-2007) and World Trade Month Conference (1983-2007) is important in our continuing efforts to support and expand international business activity in Oklahoma.

The topic of the morning session will be **Business Opportunities in Europe** - *This region is of enormous strategic and economic importance to Oklahoma and the United States.* The presentation by Dr. Carol A Howard, Associate Professor of

International Business - Oklahoma City University, will be followed by a discussion of three Oklahoma company panelists (including Larry Born, President of SCIFIT); and a question and-answer session.

Historically, U.S. exporters and investors have faced relatively low barriers to doing business in the European Union (EU). The United States and the EU, with its 27 Member States, enjoy a mature economic relationship that is characterized by massive two-way trade and an extensive investment relationship. In 2005, U.S. exports of goods and services to the EU-25 (prior to Romania and Bulgaria joining in 2007) were valued at \$186 billion, while U.S. imports from the EU-25 were valued at \$308 billion. European company affiliates employ more than 3.9 million Americans in the U.S., while 3.5 million EU citizens work for affiliates of U.S. companies

in Europe. U.S. goods are well regarded and **demand is driven more by quality and performance than by price.** However, the market of the European Union is a differentiated one, with each Member State market having supply, distribution, demand, cultural and legal characteristics that merit individual attention. Thus, while a pan-European business strategy, is a must, specific tactics for market entry or expansion should be considered for each country.

At the luncheon the **2007 Governor's Award for Excellence in Exporting** will be presented and **U. S. Department of Commerce Export Achievement Certificates** will be presented to several Oklahoma companies.

A high level international official will deliver the keynote address: **A China Focus in the Global Marketplace** – *Working Together for*

Success.

China's exceptional economic growth continues as the country further integrates with the global economy. U.S. companies are benefiting, as evidenced by rapid and sustained increases in U.S. exports to China. Over the past several years, increases of U.S. exports to China averaged well over 20 percent. In 2006, the increase of U.S. exports to China topped 30 percent, helping to make China the fastest growing foreign market for U.S. goods. China-U.S. total trade exceeds USD 260 billion, placing China as our second biggest trading partner behind Canada. Although U.S. imports of Chinese goods greatly exceeds U.S. exports to China, China is our fourth largest export market. U.S. exports to China passed USD 50 billion in 2006. China's robust economy, once again, hit a ten percent growth rate in 2006, according to China's National Bureau of Statistics. Inflation, although still relatively modest, is a chief concern among policy makers given the strain of such strong growth. Foreign investment is strong with China remaining as one of the largest receivers of foreign capital. American companies continue to have mixed experiences in China. Many have been extremely profitable, while others have struggled or failed. **To be a success in China, American companies must thoroughly investigate the market, take heed of product standards, pre-qualify potential business partners, protect intellectual property rights and craft contracts that assure payment and minimize misunderstandings between the parties.**

The afternoon session will be a discussion of **How Oklahoma Companies Succeed in International Business - Making Trade Work.** There will be presentations by 6 dynamic and innovative Oklahoma companies detailing their international business success. The companies and presenters are as follows: **Keith Kisling, Kisling Farms; Dr. S.D. Joshi, Johsi Technology International, Inc.; Doug**

Carson, President, Doug Carson & Associates, Inc; Mike Bergey, President, Bergey Windpower; Mike Heffron, International Sales, Ramsey Winch Company; and Rick Bott, Vice President of Exploration, Devon's International Division, Devon Energy.

Every company has a story of how they began exporting. The stories tell of successes and of opportunities to succeed. Companies are not always first-time successes in the products they choose to sell or markets they choose to enter. They go through a process of developing an approach to exporting, growing and refining their export presence, and improving their future ability to compete domestically and internationally. This process allows for continued evaluation for future success. The company and management challenge in the immediate future is to develop the strategic abilities to detect, anticipate, grow, and survive in an ever-changing world market.

These presentations will be followed by a discussion and a question-and-answer session.

*****BREAKOUT SESSION*****

Attention: Chamber Executives, Economic Development Specialists and City Government Officials.

A concurrent afternoon breakout session for Chambers of Commerce and other economic development agencies will focus on **Reaching for the World Market - "Get in the Game of Global Trade!"**

This special session has been developed to provide chambers, economic development specialists, Mayors and City Managers tangible tools which will allow them to assist their local businesses and communities to break into the international marketplace.

The panel of experts moderated by Shawnee Mayor **Chuck Mills**, President, Mills Machine Company, Inc.; will include: **Danny George**, Executive Director, Oklahoma Municipal League; **Marc Nuttle**, Attorney and economic development consultant; **Dick Rush**, President/CEO, The State Chamber.

Topics covered will be: **Sister City Relationships- How They Aid in Community Economic Development; How to Thrive Locally & Succeed Globally; Make Friends Globally- Develop a Chamber to Chamber Relationship Internationally;** and hear how one globally minded community is **Scoring in the International Game.**

Don't miss this important event to get your Chamber, City and business community in the game!

Mark your calendar today! Mayors: Bring your Chamber and E.D. leaders. Chamber Execs and E.D. Leaders: Bring your Mayor!!!

Registration Fees:

Registration - \$85.00

Student - ID required - \$25

Luncheon program only - \$35

Corporate Table (8 Attendees) - \$595

Corporate Contributory Sponsorship (4 Attendees) - \$500

Display Table (Includes Registration for 2 Attendees) - \$270

Registration fees include information packets, continental breakfast, and luncheon. **For secure on-line registration and credit card payment go to: www.acteva.com/go/okdecowtc2007.**

We accept Visa, MasterCard, Discover, and American Express. For off-line registration make your check payable to the Oklahoma District Export Council and mail your check and registration to 301 N.W. 63rd Street, Suite 330, Oklahoma City, Oklahoma 73116. You may also register and pay at the door. **For your convenience, a registration form is included on page 3 of this newsletter.**

Cancellation policy is a full refund until April 17th. From April 18-24, refunds will be subject to a \$35.00 cancellation fee per registrant. No refunds will be given the day of or after the event. For further information or registration, call 405/608-5302 in Oklahoma City, 918/581-7650 in Tulsa or 800/879-6552, extension 223. E-mail: oklahomacity.office.box@mail.doc.gov.

Trade Winds: Africa, Europe and India

May 15-16, 2007 - Hyatt Regency - Arlington, VA

Trade Winds at a Glance:

What: Identify Export Market Opportunities and Contacts in Europe, Africa and India!

Where*: Hyatt Regency, 2799 Jefferson Davis Highway, Crystal City, Virginia

When: Tuesday, May 15 and Wednesday, May 16, 2007

**If requesting lodging at the Hyatt Regency, please reference "U.S.*

Commercial Service" event to receive the conference rate! Note: Conference rate good through April 20 only.

More About Trade Winds:

Trade Winds Forum, presented by the U.S. Department of Commerce, will feature **33 U.S. Senior Commercial Service Officers** arriving from U.S. Embassies across Europe, Africa and India. Each of these Senior Commercial Officers (SCO) is in a unique position to deliver the most up-to-date information on developing opportunities for U.S. business. Trade Winds Forum will also feature leading experts from the private sector and key U.S. government officials addressing important industry trends and trade topics critical to all

successful U.S. exporters.

Participants will be able to customize their conference experience by selecting from over **8 regional panel sessions** and **17 industry and trade topic panel sessions**. (For a list of industry and trade topics go to <http://www.buyusa.gov/southcarolina/industryandtradetopics.html>). This two-day event will feature networking opportunities with panel speakers, as well as several keynote addressees on the opportunities and challenges globalization presents to the U.S. international business community.

Agenda:

For complete agenda information including schedule of events, session overview descriptions and speakers, please go to <http://www.buyusa.gov/southcarolina/agenda.html>.

Cost:

****Early Bird Registration Open Until April 1st****

\$395 – Full 2-Day Program with Evening Reception (\$495 after April 1st)

\$495 – Full 2-Day Program with Evening Reception and *Pre-scheduled Private Consultations* (See information

below.) (\$595 after April 1st)

\$75 – Attend only the May 15th Evening Networking Reception

To register, go to <http://www.regonline.com/Checkin.asp?EventId=122734>.

Pre-scheduled Private Consultations with Senior Commercial Officers (SCO):

While at the conference you will have the opportunity to meet privately with the U.S. Senior Commercial Officers to discuss business opportunities for your company. For more information, please visit <http://www.buyusa.gov/southcarolina/consultations.html>.

Marketing Partner Opportunities:

Interested in becoming a marketing partner for the Trade Winds Forum? Act now to play a leading role in this important event! Please go to <http://www.buyusa.gov/southcarolina/categories.html> for more information or contact Greg Sizemore at Greg.Sizemore@mail.doc.gov or via phone at 704-333-4886, ext. 229.

For secure on-line registration and credit card payment go to: www.acteva.com/go/okdecowtc2007

Registration:

Oklahoma World Trade Conference

April 25, 2007

Oklahoma City, OK

❖ Make Checks Payable to Oklahoma District Export Council

Mail to: 301 N. W. 63rd St., Suite 330; Oklahoma City, OK; 73116 **Fax to:** (405)608-4211 or (918)581-6263 **E-mail to:** oklahomacity.office.box@mail.doc.gov

Name: _____ Firm: _____

Address: _____ City: _____

State: _____ Zip: _____ Telephone: _____

Fax: _____ E-mail: _____

Website: _____ Number of Attendees: _____

Corporate Table: _____ Contributory Sponsorship: _____ Display Table: _____

Economic Development Session: _____ Pay at door: _____ Amount Enclosed: \$ _____

Saudi Arabia: Market of the Month

Introduction

The Saudi economy is growing rapidly. Since 2002, Saudi Arabia has enjoyed budget surplus every year and the country carries large cash reserves. Saudi Arabia is the largest free market economy in the region and is expected to produce more than two-fifths of the GCC (Gulf Cooperation Council) GDPs in 2006. Saudi Arabia nominal GDP was expected at \$346.6 in 2006, 4.2 percent more than in 2005. Likewise, per capita GDP was expected at \$15,000 in 2006, up 15 percent from 2005. The current population of Saudi Arabia is 23 million people.

The Saudi government has announced large infrastructure projects entailing total investments of \$283 billion over the next three years. These projects will offer tremendous opportunities for U.S. companies to tap into this large market. Saudi Arabia remains the U.S. largest trading partner in the ANESA and the 16th largest worldwide, while the U.S. tops other country investors in Saudi Arabia. Total bilateral trade between the United States and Saudi Arabia in 2006 was estimated at \$38.4 billion.

U.S.- Saudi Relationship

The foundation of the U.S.-Saudi Arabian commercial relationship remains sound. Close to twenty thousand Americans reside and work in Saudi Arabia, employed by hundreds of Saudi companies and joint venture companies. Thousands more derive their livelihood from making the U.S. goods exported to the Saudi market. The United States and Saudi Arabia share common concerns about regional security and stability, oil exports and imports, and sustainable development. Close consultations between the United States and Saudi Arabia routinely take place on international, economic, security and development issues. Both nations share important strategic interests in the Gulf.

Saudi Arabia and Gulf Cooperation Council (GCC)

On January 1, 2003, the GCC formally instituted its Customs Union. A five percent common external tariff now applies to imported products while goods of local origin may freely move within the GCC. Some exceptions apply and the member

states are still in the process of coordinating their Customs services, thus resulting in a few bumps in the implementation process. Nonetheless, the GCC is moving forward with its plan for greater economic integration and with ambitious plans to establish a monetary union, a common market, and a unified currency.

Saudi Arabia is also a member party in the following regional organizations and agreements: African Development Bank, Arab Bank for Economic Development in Africa, Arab Fund for Economic and Social Development, Arab Gulf Program for United Nations Development Organization, Arab Monetary Fund, Gulf Cooperation Council, League of Arab States, Organization of Arab Petroleum Exporting Countries, Economic and Social Commission for Western Asia, Islamic Development Bank.

Business Outlook

American firms are expected to make significant inroads into the areas of education and training and financial services, which have been opened up to foreign companies. Desalination plant construction, power generation, public transportation, and mining represent other major growth areas for U.S. companies.

The Saudi Government has initiated several new policies and laws that have enhanced the business climate for American companies in the Kingdom. Transparency in public procurement has improved as bids for contracts and contract awards are publicized. Saudi Arabia continues to make progress in integrating international standards. Strengthening standards in Saudi Arabia will positively affect American firms in many sectors including food, electrical goods, construction, chemicals, pharmaceuticals, and telecommunications.

The Saudi Government is pursuing individuals and companies that violate intellectual property rights. The Capital Market Law is expected to stimulate and expand Saudi Arabia's nascent stock exchange. The law will provide a legal and regulatory framework for capital-related activity and increase transparency and accountability in the market.

Best Prospects 2007:

Oil and Gas, Petrochemical, Power, Security, Telecom/Information Technology, Medical equipment, Architecture/Engineer-

ing, Railroad, Franchising, Automotive, Aviation, Pollution Control, Mining services, Financial services, and Water resources and equipment.

The Oil and Gas Sector

Being the largest producer and exporter of crude oil, Saudi Aramco, the national oil company, is augmenting capacity to maintain a surplus production of 1.5 – 2.0 million barrels per day. By the end of 2009, the company will invest in five major projects worth \$18 billion to enhance its production capacity. The company is also expanding its Master Gas System, building an NGL recovery plant, a new grass-roots gas plant, and enhancing capacity at an existing plant. Saudi Arabia is one of the top oil exporting countries, and Saudi oil export revenues were expected to reach \$194 billion in 2006.

Petrochemicals

Industry sources believe that more than \$70 billion in petrochemical projects are under development. The development of downstream, value added industry is a cornerstone of the government's efforts to diversify the economy away from oil and gas. The Saudi Government aims at consolidating the country's position as the leading bulk petrochemicals commodities producer of the 21st century; as such, a new wave of specialty petrochemical products is being developed, including polycarbonates, phenols, engineering plastics and thermoplastic olefins. Recent projects to produce specialty chemicals include the Saudi Kayan Petrochemical Company complex, which will produce the region's first polycarbonates and phenols; the mega Ras Tanura refinery upgrade and integrated petrochemicals complex, which will produce more than 300 different products, and the third-phase Saudi International Petrochemical Company (Sipchem) complex, which will produce synthetic fibers. Saudi Arabian Basic Industries Corp. (SABIC) is planning to increase its annual production volume of petrochemicals and steel to 64 million metric tons by the year 2008. The planned expansion at Jubail Industrial City II with around 20 petrochemical and infrastructure projects worth more than \$21.6 billion dollars will also bring various opportunities for U.S. petrochemical and engineering

companies, as well as to American U.S. manufacturers/suppliers of equipment, parts, supplies, and services related to the petrochemical industry.

Construction

All trends point to massive investments in the construction sector, with billions of dollars of investment still to come in real estate, industry and the hydrocarbons sector. Oil revenue surpluses are boosting the government budget and overall spending. In 2007, the Saudi Government allocated more than \$42 billion for various projects and programs in its 2007 budget. In the private sector, investments in the industrial sector, especially in petrochemicals, will require construction investments reaching more than \$500 billion over the next 10 years depending on the project and construction time frame. Like the rest of the Gulf, the kingdom's construction boom has reached unprecedented levels in 2006 and expected to gain more momentum in 2007 and beyond. Work is available for most companies, but many contractors are already fully booked. Contractors are unlikely to see the boom calm down any time soon, and international contractors are returning to the market. Total banks lending to the construction sector went up more than 36 percent during the third quarter of 2006, from \$7.1 billion to \$9.7 billion.

Financial Services

The Saudi banking system remains one of the strongest and most profitable in the region. By the end of the third quarter of 2006, total assets of the Saudi banking sector went up 13.5 percent, from \$195.4 billion to \$221.8 billion. Net income surged by more than 41 percent to \$7.3 billion during the third quarter of 2006. Eleven majority Saudi-owned banks and five GCC banks are licensed to operate in Saudi Arabia. In addition, licenses were also granted to Deutsche Bank, BNP-Paribas, State Bank of India, National Bank of Pakistan, and J.P. Morgan Chase. So far, only Deutsche Bank and BNP-Paribas are operational. As of January 2007, the Capital Market Authority has licensed 45 foreign and local companies to provide financial services and brokerage services from dealing and managing portfolios to arranging and advisory services. The kingdom's stock market continued its 2006 losing run into 2007. The Tadawul All-Share Index (TASI) ended 2006 at 7,933,

down by more than half the 2005 record. Trading volumes continue to be extremely high in relation to the number of stocks. At the end of 2006, the total value of traded shares went up by more than 27 percent to \$1,403 billion in 2006, while overall market capitalization dropped almost 50 percent in 2006, from \$650 billion in 2005 to \$327 billion in 2006.

Water & Power

Ample opportunities for Independent Water and Power Projects (IWPP). The first of four IWPP contracts was signed in 2005 for the Shuaiba-3 Desalination plant with a Saudi-Malaysian group of companies at a total cost of \$2.43 billion. Saudi Arabia plans to launch ten independent water and power projects (IWPPs) by 2016 at a total investment of \$16 billion.

Private investment in this sector is also a key component of the development plan of the two major industrial cities of Jubail and Yanbu. In the summer of 1999, the Saudi government officially approved the creation of the joint-stock Water & Electricity Utility Company named (MARAFEQ). On December 20, 2006, MARAFEQ signed a contract with Suez Energy International to develop a Combined cycle gas turbine plant on a BOOT (build, own, operate, transfer) basis in Jubail. MARAFIQ IWPP plant's capacity is estimated at 2,750MW, and 800,000 cubic meters of water per day. The first phase of the project will deliver 660 MW and 300,000 cubic meters per day starting in summer 2009, with full capacity being achieved in March 2010.

Saudi Arabia will need close to \$93 billion in investments in the water and sewage treatment sector and another \$91 billion for power projects over the next 20 years.

Telecommunications

The telecommunications sector continues to be among the most active sectors in Saudi Arabia. Since its privatization in 1998, the Saudi Telecommunications Company (STC) has been carrying out major telecommunication projects kingdom-wide, gradually taking over this role from the Ministry of Post, Telephone and Telegraph (PTT).

In line with its liberalization process, the Saudi Government will be inviting more foreign companies to invest in the information and communications sector, especially in the field of fixed and mobile telecommunications services. Revenues from the

kingdom's GSM market will soar to \$2.37 billion in 2007, due to the partial privatization of Saudi telecom and increased competition. A new study projected that the demand for landlines will drop an average of 7.6 percent annually over the next five years, largely due to the migration to mobile service.

ADSL and other broadband technologies will open the door to voice over broadband services in the country, and that will help mitigate the effects of the contracting circuit-switched telephony market. The Communications and Information Technology Commission is finalizing plans to issue a third GSM license and a 3G license, two additional licenses to qualified firms to provide data services, a license to provide bulk SMS services, a license for Global Mobile Personal Communications by Satellite, a license to provide automatic vehicle locator, and a license for a mobile broadband satellite service.

Railroad Equipment and Services

The Saudi Railway Organization (SRO) is prepared for a radical change in its services after a 50-year absence of new railway construction in the country. The SRO has initiated a large expansion of the rail network all over the Kingdom of Saudi Arabia. It is planned to upgrade and significantly expand the existing railway network by implementing separate, but interconnected, new railway projects.

Marketing U.S. Products and Services

There are three major marketing regions in Saudi Arabia: The Western Region, with the commercial center of Jeddah; the Central Region, where the capital city Riyadh is located; and the Eastern Province, where the oil and gas industry is most heavily concentrated. Each has a distinct business community and cultural flavor, and there are only a few truly "national" companies dominant in more than one region.

U.S. exporters may find it advantageous to appoint different agents or distributors for each region having significant market potential. Multiple agencies and distributorships may also be appointed to handle diverse product lines or services. Multiple agencies and distributors can present logistical and management difficulties, so often U.S. firms, particularly in the franchise sector, choose to appoint a master franchiser or

distributor for the Gulf region. However, finding a master regional distributor can be just as problematic as dealing with half a dozen or more for some very small countries and markets as the Gulf States often compete in commercial sectors.

Many Saudi companies handle numerous product lines (sometimes even competing product lines), making it

difficult to promote all products effectively. Saudi agents typically expect the foreign supplier to assume some of the market development costs, such as hiring of dedicated sales staff (especially for high-tech or engineered products), setting up workshops and repair facilities, and funding local advertising. Foreign suppliers often detail a sales person to the

Saudi distributor to provide marketing, training, and technical support. Absent such an arrangement, U.S. firms should expect to make frequent, periodic visits.

Contacts

For additional information please visit www.buyusa.gov/saudi-arabia or contact either one of the Oklahoma offices.

April 2007 Calendar of Events

<i>Date</i>	<i>Event</i>	<i>Contact</i>
April 3, 2007	Minority and Women's Breakfast Metro Tech Conference and Banquet Center, Oklahoma City	Aquilla Pugh 405/427-4444
April 25, 2007	2007 Oklahoma World Trade Conference Oklahoma City University, Oklahoma City	405/608-5302 918/581-7650 or 800/879-6552, extension 223

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