

Business Opportunities in Iraq Explored during Trade Mission

Iraq is making strides to reestablish itself as a center of commerce in the Middle East. Recently, representatives from 14 U.S. businesses explored business opportunities firsthand during a three-day trade mission to Iraq that was led by officials of the International Trade Administration.

As Iraq works to rebuild its economy and infrastructure after years of war and internal strife, the engagement of U.S. businesses will be an important factor in the success of those efforts. Some of the groundwork for that engagement was laid this past October 5–7, 2010, when representatives from 14 U.S. companies joined Francisco Sánchez,

under secretary for international trade, in a three-day trade mission to Baghdad.

“The United States and Iraq have entered a new phase of commercial engagement, and I am confident that [this] recent transition will lead to a stronger economic relationship between our two nations,” said Sánchez during the visit. “This trade mission ... marks the beginning of [a] new commercial relationship.”

Representatives from major U.S. businesses, including GE, Boeing, and Bell Helicopter, met with key Iraqi public- and private-sector decision-makers to explore opportunities and to enter or expand their presence in Iraq. They also took part in nearly 200 matchmaking meetings with potential Iraqi buyers and pursued investment and sales opportunities. The trade mission was the first to Iraq since the end of U.S. military operations.

A Growing Market

During the past several years, in the face of many political challenges, Iraq’s economy has made impressive strides. Iraq’s gross domestic product, which was \$57 billion in 2007, is estimated to grow to more than \$80 billion in 2010. In its 2010–2014 national development plan, Iraq’s government has budgeted more than \$186 billion for some 2,700 projects, including

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During a trade mission to Iraq on October 5–7, 2010, Francisco Sánchez (left), under secretary for international trade, met with senior U.S. and Iraqi officials to discuss business opportunities for U.S. companies. (U.S. Department of Commerce photo)

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“This trade mission... marks the beginning of [a] new commercial relationship.”

large projects related to construction, highways, railways, telecommunications, and security and defense. In 2009, the United States exported about \$1.8 billion in goods and services to Iraq. That amount is expected to grow even more during the coming years.

Bilateral Cooperation, Rule of Law

During the mission, Sánchez held bilateral meetings with several Iraqi officials, including Hussain Al-Shahristani, Iraq’s minister of oil and acting minister of electricity, and Sami Al-Araji, chair of Iraq’s National Investment Commission.

In his meeting with Al-Shahristani, Sánchez advocated for continued negotiations between Iraq’s federal and provincial governments on energy issues and for passage of Iraq’s hydrocarbons and electricity laws. Those actions would establish the rule of law in the energy sector and

would support a legal and regulatory environment that is more conducive to international investment in these sectors in Iraq.

“These reforms should encourage more U.S. companies to enter Iraq, as the reduction in risk and further clarity would lower the costs of operating there,” Sánchez noted.

Sánchez encouraged Al-Araji to consider the benefits of ratifying several outstanding bilateral agreements with the United States that would further Iraq’s work to achieve a sound investment climate and expand regulatory reforms to promote investment. The agreements include three that were signed in 2005: a trade and investment framework agreement, an Overseas Private Investment Corporation investment incentive agreement, and a memorandum of understanding for cooperation on supporting reform and capacity building in the agricultural sector. Sánchez also stressed the importance of continued efforts by Iraq to join the World Trade Organization so that the country can better integrate into the global trading system.



On October 5, 2010, during the trade mission to Iraq, representatives from U.S. companies and Iraqi officials gathered at the U.S. embassy in Baghdad to hear about business opportunities. They later participated in nearly 200 matchmaking meetings with potential business partners. (U.S. Department of Commerce photo)

Outgrowth of Investment Conference

The trade mission was a natural outgrowth of the successful U.S.–Iraq Business and Investment Conference that was held on October 20–21, 2009, in Washington, D.C. (See the November 2009 issue of *International Trade Update*.) That conference attracted more than 1,000 participants and highlighted the many opportunities for doing business in Iraq.

“Iraq has done a great job of getting the word out that it is open for business, and it has held high-profile events around the world to demonstrate the vast opportunities available [there],” said Sánchez. “[It] must now begin to make the reforms necessary to ensure that these efforts produce real and tangible investment.”

BALTIMORE-AREA BUSINESSES HEAR ABOUT OPPORTUNITIES IN IRAQ

BY SETH MADDOX

Current and potential U.S. exporters interested in doing business in Iraq don't need to travel thousands of miles to do so. Thanks to the efforts of the Department of Commerce and its partners, information on Iraq is being made available closer to home.

Representatives from more than 50 U.S. companies attended a workshop held in Baltimore, Maryland, on October 27, 2010. The all-day event, "Corporate Briefing: Iraq Is Open for Business," featured speakers and panelists from the Iraq embassy, the Department of Commerce's Iraq Investment and Reconstruction Task Force, the Overseas Private Investment Corporation, the Export-Import Bank of the United States, and the U.S. Chamber of Commerce, as well as members of the business and legal community who are already conducting business in Iraq.

The topics covered included entering the Iraqi market, finding an Iraqi business partner, navigating the Iraqi banking system, identifying the strongest industry sectors, financing possibilities, managing risk, and complying with local laws and regulations.

According to attendee William Hutton, president of Titan Steel Corp., the event was an excellent opportunity to learn about the realities of doing business with Iraq. "There were presentations not only by the U.S. and Iraqi governments, but also by companies actually doing business in Iraq today," noted Hutton. "The advice provided was from government and industry practitioners with actual field experience. Opportunities as well as obstacles and risks were given a full hearing."



Janeé Pierre-Louis, commercial officer with the U.S. Export Assistance Center in Baltimore, Maryland, addressed attendees at an October 27, 2010, conference on doing business in Iraq. (U.S. Department of Commerce photo)

After the program, U.S. and Iraqi government representatives held one-on-one consultations with attendees to further address some of their individual questions.

The event was organized by the Baltimore U.S. Export Assistance Center. It was hosted and sponsored by Whiteford Taylor Preston LLP and Women in International Trade-Baltimore.

The Iraq Investment and Reconstruction Task Force plans to organize similar events across the country as part of its continuing effort to make U.S. exporters and investors aware of opportunities in the Iraqi market. For more information, visit the task force's Web site at www.trade.gov/iraq.

Seth Maddox is an intern with the Department of Commerce's Iraq Investment and Reconstruction Task Force.

For More Information

The Iraq Investment and Reconstruction Task Force of the U.S. Department of Commerce works closely with the U.S. embassy in Baghdad, other U.S. government agencies, Iraqi government agencies, international organizations, and the U.S. business community to coordinate activities in support of Iraqi economic development. For information on doing business with Iraq, visit the task force's Web site at www.trade.gov/iraq.

In Seven Emirates, Many Opportunities for U.S. Exporters

The United Arab Emirates, a federation of seven states on the Arabian peninsula that was formed in the 1970s, is the largest single market for U.S. goods in the Middle East and North Africa. With new, large-scale infrastructure projects coming on line, this market will continue to provide opportunities to U.S. exporters.



Laurie Farris (center), the Department of Commerce's senior commercial officer in the United Arab Emirates, attending the Abu Dhabi International Petroleum Exhibition and Conference in November 2010. (U.S. Department of Commerce photo)

Although not immune to the effects of the economic downturn that began in 2008, the United Arab Emirates (UAE) offers many opportunities to U.S. companies looking for new export markets. Laurie Farris, senior U.S. and Foreign Commercial Service officer in the UAE, recently spoke with Doug Barry of the Trade Information Center about the opportunities from her office in Abu Dhabi.

Barry: *Sometimes we in the United States get a little confused about what states make up the UAE. Which one has oil? Which one has debt?*

Farris: Many people get confused on this point. The UAE is a collection of seven emirates that were confederated in the early 1970s. Of them, Dubai is the logistics and business services hub, but it is also the one that recently has had trouble with too much debt. In Abu Dhabi, it's a different situation.

It is the emirate with oil, and it covers about 85 percent of the UAE. So Abu Dhabi really is dominant—in terms of physical presence and of resources.

Barry: *How big of a market is the UAE for U.S. exporters?*

Farris: In 2009, the UAE was the largest U.S. export market in the entire Middle East and North Africa region, and the 19th largest globally.

Barry: *In Saudi Arabia and Qatar, another Gulf state, there is an unbelievable amount of construction that's taking place right now: new hospitals, schools, hotels, and universities. Is this happening in the UAE as well?*

Farris: Yes, that is the case in the emirate of Abu Dhabi. Clearly, things in the construction sector in Dubai and in the northern emirates have slowed dramatically. And it would be highly misleading to say anything different, for the time being at least. But in Abu Dhabi, things are moving very dynamically in sectors such as infrastructure. The country has been through a hard year like everybody else around the world. But a bad day in Abu Dhabi looks a lot like a good day in many other markets.

Barry: *How can exporters find more information about opportunities in Abu Dhabi?*

Farris: I would recommend that they look up a couple of documents on the Web. The Abu Dhabi Department of Economic Development, for example, has issued an economic plan for 2030 that shows where the government wants to take the emirate's economy in the coming decades. The department also has an urban plan for 2030, and it's very detailed. If a company is doing business in the fields of property development or project management or is offering architectural and engineering services, it will want to look at these plans.

Barry: *Are there any other areas that are good prospects for U.S. firms in Abu Dhabi?*

Farris: Abu Dhabi has gone forward with its civil nuclear energy program. The emirate has also been significantly expanding its oil and gas [infrastructure]. Abu Dhabi is also—curiously, for an oil state—a leader in alternative energy. It's currently developing a zero-carbon city called Masdar City.

Barry: *A zero-carbon city? Does that mean mostly solar power, or what?*

Farris: Yes, solar, but also new construction techniques for building energy-neutral or energy-positive buildings ... also, alternative energy generation. There's a lot of really cutting-edge work that's being done there.

Barry: *Tell us a little bit about the trade delegations you've organized to bring UAE businesspeople to trade shows in the United States.*

Farris: With Abu Dhabi's moves to implement sustainable construction requirements, it seemed to be a business opportunity for U.S. companies. I was able to convince several very senior officials from the emirate to accompany us to the Green Build show last year in Phoenix, Arizona. Accompanying them were 120 representatives from the private sector. They were able to see for themselves what U.S. companies have to offer in the sustainable construction sector. The trip was a big success, and we are doing it again this year, when the show goes to Chicago.

Barry: *So it would seem that an effective business development strategy would include keeping in touch with your office to find out who from the UAE is coming to the United States and then arranging to meet them.*

Farris: Yes, absolutely. Other delegations we've organized include one to Waste Expo in Atlanta, Georgia, and another to the Offshore Technology Conference in Houston, Texas.

Barry: *What about the UAE's new rail project?*

Farris: The UAE is one of the few countries in the world that had absolutely no rail system whatsoever until the Dubai Metro opened in 2009. So they have launched a very ambitious project to develop a complete freight rail system that includes intermodal port facilities. The new rail line will go through the whole of the UAE and will connect to Saudi Arabia and Oman. They're very interested in having U.S. companies participate in this project.

Barry: *What would be your advice to U.S. businesses when it comes to the cultural realm—that is, avoiding cultural faux pas, understanding the role of women, and other kinds of cultural factors—that need to be taken into consideration when doing business in the UAE?*

Farris: About 85 percent of the people who live in the UAE are from another country, so it has one of the most diverse populations anywhere in the world. In that respect, it's amazing how open and tolerant and relaxed they are with people from elsewhere—and that includes women. I've had no problems dealing with any of the Emiratis that I've met, [but] this is a conservative society. It's important to have at least a basic understanding of Islam and, just as important, to do a little bit of homework to understand the difference between each emirate. If you say, "Oh, I've set up my office in Dubai," and you want to develop business with the folks in Abu Dhabi, they will not necessarily be impressed.

Barry: *What about the style of business negotiation?*

Farris: They're tough—they negotiate hard. You should be prepared and not take it personally when you think you're being pushed really hard. It's just the way they do business here. But a lot of the times you won't necessarily be dealing with Emiratis, because there are so many expatriates who conduct much of the business here.

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International Trade Update is published monthly by the Office of Public Affairs of the U.S. Department of Commerce's International Trade Administration (ITA). You can read or download the newsletter from ITA's Web site at www.trade.gov. To receive notification by e-mail when new issues are published, visit www.trade.gov, click on International Trade Update, and then click on the "Subscribe" link.

For more information and news, visit ITA's Web site at www.trade.gov or contact the Office of Public Affairs, International Trade Administration, 1401 Constitution Avenue NW, Washington, DC 20230; tel.: (202) 482-3809.

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U.S. Government Printing Office, Creative Services Division

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December 2010

November 30– December 3

Pollutec 2010

Lyon, France

www.export.gov/eac/show_detail_trade_events.asp?EventID=30514

This show is one of the world's leading environmental technology events. More than 2,400 exhibitors from 42 countries and 75,000 visitors from around the world are expected to participate. A U.S. clean technology trade mission to Belgium and France will be making a stop at the show. For more information, contact Michael Thompson of the USFCFS, tel.: (202) 482-0671; e-mail: michael.thompson@trade.gov. (202) 482-2026; e-mail iraqmission@trade.gov.

December 8

Webinar: A Basic Guide to Exporting— Taking Advantage of NAFTA

www.export.gov/eac/show_detail_trade_events.asp?EventID=31356

Participants in this one-hour Webinar will learn how to qualify their U.S.-manufactured products under the trade rules of the North American Free Trade Agreement (NAFTA). Other topics will include complying with recordkeeping responsibilities and how to determine and document that a product qualifies for NAFTA benefits. For more information, contact Anthony Hill of the USFCFS, tel.: (916) 566-7011; e-mail: anthony.hill@trade.gov.

December 14–16

PowerGen 2010

Orlando, Florida

www.export.gov/eac/show_detail_trade_events.asp?EventID=29401

This show is for electric utilities, independent power producers, project developers, architectural and engineering firms, waste-to-energy plant operators, financial and legal firms, cogenerators, self-generators, and other suppliers in the power generation sector. More than 18,000 trade visitors are expected to attend. For more information, contact Amanda Ayvaz of the USFCFS, tel.: (202) 482-0338; e-mail: amanda.ayvaz@trade.gov.

December 1

Partnering to Double Exports

Washington, D.C.

www.export.gov/eac/show_detail_trade_events.asp?EventID=16732

This two-hour conference will provide details about the Market Development Cooperator Program (MDCP). Trade associations and other businesses can receive MDCP awards from the Department of Commerce of up to \$500,000 for projects that help U.S. firms export. The conference will feature remarks from Secretary of Commerce Gary Locke, Senator Amy Klobuchar, and past MDCP awardees. For more information, contact Brad Hess of the ITA, tel.: (202) 482-2969; e-mail: brad.hess@trade.gov.

December 9

Navigating the Foreign Corrupt Practices Act

Huntsville, Alabama

www.export.gov/eac/show_detail_trade_events.asp?EventID=31401

The Foreign Corrupt Practices Act (FCPA) makes it illegal to bribe foreign officials for the purpose of obtaining or retaining business. This morning seminar will help attendees navigate the FCPA by understanding its reach and elements and by assisting them in developing a plan to comply with the law's requirements. Speakers will include several former federal prosecutors. There is a \$30 fee to participate. For more information, contact Robert Stackpole of the USFCFS, tel.: (205) 731-1333; e-mail: robert.stackpole@trade.gov.

December 15

Webinar: Franchise Trade Mission to India

www.export.gov/eac/show_detail_trade_events.asp?EventID=31453

This one-hour Webinar will highlight market opportunities for U.S. franchisors in India, especially in the food, education, retail, beauty salons/cosmetics, fitness, business services, apparel, and travel/tourism sectors. There will also be a discussion of the Commerce Department's upcoming trade mission to India in April 2011, which will be an opportunity for participating U.S. companies to build partnerships with Indian companies. For more information, contact Linda Abbruzzese of the USFCFS, tel.: (202) 482-1086; e-mail: linda.abbruzzese@trade.gov.

December 6–8

Energy and Infrastructure Trade Mission to Saudi Arabia

Dhahran and Riyadh, Saudi Arabia

www.export.gov/eac/show_detail_trade_events.asp?EventID=30438

This mission to Saudi Arabia will include representatives from a variety of U.S. energy and infrastructure industry suppliers and service providers and will introduce them to Saudi end-users and prospective partners. The mission will include appointments, briefings, and receptions in Dhahran and Riyadh, Saudi Arabia, which are primary energy and infrastructure industry hubs. It will be led by Francisco J. Sánchez, under secretary for international trade. For more information, contact Sean Timmins of the USFCFS, tel.: (202) 482-1841; e-mail: sean.timmins@trade.gov.

December 14

Webinar: China Medical Market

www.export.gov/eac/show_detail_trade_events.asp?EventID=31479

This Webinar will feature in-country and industry experts from the Department of Commerce alongside a private-industry professional to discuss opportunities in China's medical market as well as the current regulatory environment for this sector. Also participating will be a representative from the U.S. Patent and Trademark Office, who will discuss the protection of intellectual property rights. For more information, contact Kellie Jarman of the USFCFS, tel.: (503) 326-3002; e-mail: kellie.holloway@trade.gov.

December 17

Webinar: Explore Your Export Opportunities in Central America

www.export.gov/eac/show_detail_trade_events.asp?EventID=31388

Central America is an important market for U.S. exporters. The region is the 17th largest market worldwide for U.S. exports, purchasing \$24 billion in U.S. goods in 2008. Fifty percent of the region's imports come from the United States. This one-hour Webinar will gather the expertise of USFCFS staff who cover six markets in Central America: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. For more information, contact Diego Gattesco of the USFCFS, tel.: (304) 243-5493; e-mail: diego.gattesco@trade.gov.

Here is a list of selected international trade events of interest, including ITA-sponsored events and upcoming international trade fairs. The U.S. and Foreign Commercial Service (USFCFS) maintains a comprehensive listing of industry shows at www.export.gov.

A fee may be charged for participation in some of these events. For more information, see the full event listing on the Web or contact the staff person listed in the event description.

On The Horizon

January 6–9

International Consumer Electronics Show

Las Vegas, Nevada

www.export.gov/eac/show_detail_trade_events.asp?EventID=30797

This event is the world's largest trade show for consumer technology. It is expected that more than 2,000 exhibitors will attend this year, showcasing 20,000 products spanning 30 different categories. The show will feature on-site international business centers, which offer private meeting rooms, Internet stations, a lounge area, and registration assistance. In addition, representatives from the Department of Commerce will be available to assist U.S. companies with any export-related questions and to help match U.S. sellers with international buyers. For more information, contact Stephane Croigny of the USFCS, tel.: + 32 (2) 508-2456; e-mail: stephane.croigny@mail.doc.gov.

January 12–15

Heimtextil 2010

Messe Frankfurt, Germany

www.export.gov/eac/show_detail_trade_events.asp?EventID=16584

This show will feature an extensive international range of home textile and industry service products. The USFCS in Frankfurt is supporting U.S. firms visiting or exhibiting at the show by conducting a promotional campaign in Germany and around the world. It will also be providing information to U.S. exhibitors on intellectual property rights. For more information, contact Catherine Mayer of the USFCS, tel.: +49 (69) 7535-3159; e-mail: catherine.mayer@mail.doc.gov.

January 17–20

World Future Energy Summit 2011

Abu Dhabi, United Arab Emirates

www.export.gov/eac/show_detail_trade_events.asp?EventID=31147

Since its inception in 2008, this international gathering has evolved to become one of the world's foremost annual meetings for the renewable energy and environment industry. It will include two exhibitions, a young future energy leaders program, roundtable discussions, industry and investment seminars, corporate meetings, and networking events. In 2010, the Summit hosted 600 exhibiting companies from 38 countries and attracted 24,792 attendees. For more information, contact Kevin Haley of the USFCS, tel. (202) 482-6434; e-mail: kevin.haley@trade.gov.



King Hussein mosque, Amman, Jordan. (photo © Jason Kandel/iStock)

Featured Trade Event

Clean Tech and Health Care Technologies Trade Mission to Israel, Jordan, and the West Bank

February 20–24, 2011

Amman, Jordan; Eilat, and Tel Aviv, Israel

www.export.gov/jordanisraelwestbank

This trade mission is targeted at U.S. firms active in health care and clean technologies (that is, technologies that support increased productivity or profitability while reducing resource consumption or pollution). In addition to stops in Amman, Jordan and Tel-Aviv, Israel, there will be a stop in Eilat, Israel, for companies involved in the renewable energies sector. Francisco Sánchez, under secretary for international trade, will lead the mission.

Long-standing free trade agreements between the United States and Israel (which came into force in 1985) and between the United States and Jordan (which came into force in 2001) have eliminated duties and tariffs on nearly all U.S. goods and services to those two markets. Hence, they are excellent markets for U.S. exporters looking to expand.

Jordan had a gross domestic product (GDP) of \$33 billion in 2009 and a per capita GDP of \$5,300. It is transforming itself into an internationally competitive market-based economy. In 2009, the country purchased \$1.2 billion in U.S. goods and services. The leading U.S. exports to Jordan include passenger vehicles, rice, aircraft parts, and aircraft. In general, clean technologies are a top priority for the Jordan government. The water sector is of particular concern because of Jordan's growing population and limited renewable water resources.

Israel has a diversified, technologically advanced economy with a strong high-tech sector, especially in clean technology, medical technology, and biotechnology. The United States is Israel's largest single trading partner, with U.S. exports totaling \$8.6 billion during the first 11 months of 2009. With a favorable dollar exchange rate, U.S. equipment suppliers currently enjoy a price advantage over European Union-based manufacturers.

Participants in the trade mission will benefit from customized on-site services and opportunities, including one-on-one prescreened business appointments, detailed information on market access and business opportunities, and networking events to meet government and industry decision-makers.

The cost to participate is \$3,900 for large firms and \$3,100 for small and medium-sized firms (500 employees or fewer). There is a \$650 fee for each additional company representative. Mission participants are responsible for travel, lodging, most meals, and incidentals. Applications must be received by December 27, 2010. For more information about the trade mission, contact Karen Dubin of the USFCS, tel.: (202)-482-3786; e-mail: karen.dubin@trade.gov.



Opportunities for U.S. Exporters

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Barry: *I understand that your office is staffed by a collection of individuals from all over the region and all over the world.*

Farris: Yes, we have folks from India, Jordan, Turkey, and Yemen. We have staff from all over. That's typical of the workforce here.

Barry: *And what can they do for U.S. exporters? And what would you suggest to companies interested in the UAE?*

Farris: I hope that U.S. companies will give us a call and let us guide them on what the opportunities are and how we can help them enter the market. The UAE is the 19th largest market for U.S. exports and the biggest single market in the region. There are huge opportunities there.

For More Information

U.S. companies looking for export counseling can turn to the Trade Information Center by visiting www.export.gov or by calling 1-800-USA-TRAD(E) (1-800-872-8723). More detailed information on the Middle East can be obtained from the Middle East and North Africa Business Information Center at www.export.gov/middleeast.

International Trade UPDATE

available on the Web at www.trade.gov

Sender: OPA, H-3416

U.S. Department of Commerce
International Trade Administration
Washington, DC 20230

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