

U.S.- Saudi *business*

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Letter from the President



For another year, the U.S.-Saudi Arabian Business Council (USSABC) has taken pride in fulfilling its mission to foster, develop, and expand the strategic business alliance between the United States and Saudi Arabia by promoting trade, investment opportunities, and sustainable economic development. The USSABC and its distinguished members continue to believe it is the personal business-to-business contacts that make the greatest difference in the success of American companies who have chosen to enter the fastest growing economy in the Gulf. They further believe that all Saudis are benefiting from the rising tide of the Saudi private sector as it marches to overtake the hydrocarbon industry as the largest contributor to Saudi Arabia's long-term economic growth.

CONTINUED ON PAGE 10

USSABC Promotes Saudi Business Opportunities in Pacific Northwest

As part of an ongoing effort to expand the tremendous trade and investment opportunities between the United States and Saudi Arabia, Mr. Edward Burton, President and Managing Director of the U.S.-Saudi Arabian Business Council (USSABC), traveled to the States of Washington and Oregon in January of this year. The goal of his visit was to familiarize the business community in the two states with the \$1 trillion worth of business opportunities that the Saudi Government has earmarked through 2020.

Throughout his trip, Mr. Burton met with local, state, and regional agencies in order to develop and implement collaborative efforts aimed at improving the commercial relationship between the two countries. The USSABC has worked closely with local, state, and regional agencies since its founding in 1993. In 2007, the USSABC entered into strategic alliances with Pennsylvania and Virginia. During his visit, Mr. Burton met with a diverse group of small and medium-sized enterprises (SMEs) from a wide range of fields, all of which were interested in learning more about the booming Saudi market.

On January 16, Mr. Burton delivered a presentation entitled *Saudi Arabia: Economic Powerhouse of the Gulf* at an event organized by the World Trade Club of Seattle in collaboration with other local, state, and regional organizations. He spoke about Saudi Arabia's changing business climate

CONTINUED ON PAGE 8

Newsletter Now Online

The current issue of the *U.S.-Saudi Business Brief* may be accessed online at www.us-sabc.org. Beginning with the next issue, nonmember companies may only access the newsletter online. Member companies will continue to have the option of receiving a hardcopy or electronic version. If you wish to receive email notification of the latest *Brief*, please provide your email address on the form at the back cover of this newsletter.

USSABC Receives Television News Coverage on Both U.S. and Saudi TV

As part of the U.S.-Saudi Arabian Business Council's (USSABC) ongoing efforts to encourage U.S. companies to participate more aggressively in Saudi Arabia's booming economy, President and Managing Director Mr. Edward Burton has recently appeared on several media outlets that aired in the United States and the Kingdom of Saudi Arabia.

On February 7, 2008, Mr. Burton appeared on *The New Hampshire Business Report* hosted by respected New Hampshire business analyst Fred Kocher. The show, which aired on WMUR-TV (the ABC affiliate Channel 9), was designed to familiarize American companies, particularly those in New Hampshire, with the overwhelming \$1 trillion worth of trade and investment opportunities in Saudi Arabia.

CONTINUED ON PAGE 9

The USSABC's wide range of successful programs and activities for 2007, along with our strategy for 2008, continues to underscore our deep and enduring commitment to our mission.

In 2007, the USSABC led a record five business development missions of American companies to Saudi Arabia. Comprised of more than 100 U.S. firms, the majority of which were visiting the Kingdom for the first time, these missions represented the largest number of visiting delegations ever brought to the Kingdom by a U.S.-based organization.

Since becoming president of the Business Council two years ago, I have delivered numerous presentations to business audiences around the country. American companies are beginning to learn what their European and Asian competitors have discovered several years ago, that the economic muscle of the Arabian Gulf is Saudi Arabia. Comprising over half of the Gulf's GDP, Saudi Arabia's economy is churning out lucrative contracts on a weekly basis across virtually all business sectors. By the Saudi Government's own accounting, every three and a half years, Saudi Arabia will spend over \$300 billion dollars until the year 2020 to build one of the world's most technologically advanced and industrially pioneering economies.

Our business development missions and participants are designed and selected to be short-tracked to the abundance of profit-making opportunities inside Saudi Arabia. We continue to receive highly favorable reports from our 2007 mission members relating their follow-up trips to the Kingdom and actual sales realized. Each contractual sale and partnership agreement signed by our client companies further demonstrates how the USSABC is enhancing its reputation as the entity of choice for those seeking to do business in the Kingdom.

Although Saudi Arabia has made steady progress in growing and diversifying the universe of its leading trading partners, the U.S. is still the Kingdom's most strategically important trade and investment partner. The impetus for the bilateral commercial relationship between the U.S. and Saudi Arabia resides in technology. Across all industries, Saudi Arabia has been as much a purchaser of the world's leading technologies as its buying power and private sector appetite will allow. Where will Saudi Arabia get the advanced technologies that the country needs in order to maintain its upward trajectory towards non-hydrocarbon regional dominance? Significantly, the U.S. continues to fill that need in more industrial sectors collectively than any other nation.

Research and Development (R&D) is performed and funded primarily by a small number of developed nations. In 2002 (the latest year of available data), global R&D expenditures totaled nearly \$813 billion, of which 45 percent was accounted for by the U.S. and Japan. In fact, more money was spent on

R&D activities in the U.S. in 2004 than in the rest of the G-7 countries combined. U.S. business is actively engaged in profiting globally from their developed technologies. Trade in research, development, and testing services is a relatively new indicator of international knowledge and technology flows. Quite simply, many of the industrial technologies of tomorrow are being created and commercialized at U.S. universities, private companies, and the American defense complex today.

The USSABC recognizes it is one thing to have American leading-edge technologies available to the world; it is quite another navigating the maze of U.S. Government technology export regulations. At periodic meetings with various U.S. federal departments and agencies, the USSABC has forcefully articulated the concerns of our members to high-level government officials relating to the issue of "Releasability." In 2006 and 2007, the USSABC organized several roundtable discussions to address the business obstacles that result from the perceived onerous regulatory regimes. These meetings included American secretarial and Saudi ministerial level officials, American Embassy in Riyadh commercial, political, and military affairs counselor officials, as well as some of America's largest defense and security firms.

Over the past year, the USSABC has spent a considerable amount of time developing its new *State Program Initiative*. As part of its efforts to expand cooperative efforts between the U.S. and Saudi Arabia, the USSABC entered into strategic alliances with state government trade offices from the States of Virginia and Pennsylvania. These agreements allow the Business Council to serve more companies across all sectors in these states. In 2008, we expect to sign two additional agreements with the States of New Hampshire and Oregon.

In the next year, the USSABC hopes to lead a delegation of Saudi business leaders to the U.S. seeking trade and investment prospects. This mission would focus on trade and investment projects in Saudi Arabia and the potential for tremendous profits not currently being pursued by American firms. The USSABC is also planning a number of business development missions of American companies to the Kingdom. The best way to stay informed about the timing of these activities is to become a member of the Business Council, stay involved by frequently visiting our website and reading our bi-monthly newsletter, and keeping us apprised of your market needs.

Throughout 2008, the USSABC will continue to serve both U.S. and Saudi companies seeking out trade and investment opportunities. Through our renowned publications and business development services, we will do our part to strengthen the historic ties between the U.S. and Saudi Arabia. Please contact us at: www.us-sabc.org and let us show you what we can do for you. ■