



NATIONAL U.S.-ARAB CHAMBER OF COMMERCE

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## U.S. EXPORTS TO THE ARAB WORLD UP SLIGHTLY OVER THE PAST YEAR

***U.S. Merchandise Exports to MENA Region Are Slowing,  
But They Break Another Record: \$71.47 Billion***

***Results Across the MENA Region Are Mixed,  
But Sales of U.S. Goods Increase for Fifth Consecutive Year***

According to new U.S. Government data analyzed by the National U.S.-Arab Chamber of Commerce (NUSACC), exports of U.S. goods to the Middle East and North Africa (MENA) region set a new record in 2014, surpassing \$71 billion for the first time ever. The overall increase from year-end 2013 (\$70.957 billion) to year-end 2014 (\$71.465 billion) was modest, an increase of less than one percent.



U.S. exports to the MENA region showed mixed results, with the two largest destinations for U.S. goods – the United Arab Emirates and the Kingdom of Saudi Arabia – down ten percent and one percent, respectively. Conversely, among



some other major economies in the region, sales were up sharply, led by Algeria (up 43 percent), Kuwait (up 41 percent), Oman (up 28 percent), Lebanon (up 25 percent), and Egypt (up 25 percent). The biggest percentage increase in the region took place in Somalia, where U.S. exports jumped 121 percent, from \$16 million in 2013 to \$35 million in 2014.

“The U.S. - Arab commercial relationship faced some unprecedented challenges last year, but overall export trends remain positive,” said David Hamod, President & CEO of the National U.S.-Arab Chamber of Commerce. “Some of those challenges included disruptions and dislocations attributable to the Arab Spring, a stronger dollar putting pressure on the competitiveness of U.S. goods in overseas markets, and the plummeting price of oil – which translates into a slowdown in government expenditures in the Arab world.”



Despite these challenges, Hamod suggested, “The U.S. – Arab commercial relationship remains healthy, especially when it comes to infrastructure development, at which U.S. companies excel.”

### “Top Ten” Export Destinations in the Arab World

Placement among the “Top Five” U.S. export destinations in the Arab world have not changed in recent years, led by the United Arab Emirates (\$22.11 billion in 2014), Saudi Arabia (\$18.679 billion), Egypt (\$6.49 billion), Qatar (\$5.174 billion), and Kuwait (\$3.65 billion).

As in previous years, imports of U.S. goods were led by Gulf Cooperation Council (GCC) nations, especially the United Arab Emirates and Saudi Arabia, which together accounted for sales of \$40.79 billion – almost 60 percent of all U.S. merchandise exports to the Arab world. Overall, the six countries of the GCC, which also includes the UAE and Saudi Arabia, accounted for almost 75 percent of total sales of goods to the 22 countries of the Arab world.



U.S. exports to Egypt rebounded strongly in 2014, enabling that nation to retain its position as the third largest Arab market for U.S. goods. As in 2012 and 2013, Qatar and Kuwait filled out the rest of the “Top Five” importing nations. The “Second Five” tier of importing nations was led by Algeria (which jumped three places to #6), Iraq, and three countries that enjoy a Free Trade Agreement with the United States: Morocco, Jordan, and Oman.



Boeing deliveries to Emirates Airline, Etihad, Qatar Airways, and other Arab airlines have helped to make Washington the #2 exporting state in the United States.

The largest category of goods exported was Transportation Equipment, including commercial aircraft, which constituted \$ 24.8 billion (34.7 percent) of total U.S. goods shipped to the Arab world. Other “Top Five” export sectors included Non-Electrical Machinery (\$9.5 billion, 13.3 percent), Computer & Electronic Products (\$6.9 billion, 9.7 percent), Chemicals (\$4.3 billion, 6 percent), and Food and Kindred Products (\$3.2 billion, 4.5 percent).



## MENA Regional Trends are Affecting U.S. Exports

New data released today by the U.S. Census Bureau suggest that U.S. merchandise exports to the MENA region, while still record-breaking, have begun to slow – a reflection of the economic trends buffeting the Middle East. The price of oil has dropped by half in the past year, for example, which means that energy-producing nations in the Arab world have somewhat lower funding levels with which to purchase goods and services.

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A 50 percent drop in the price of oil in the past year has affected MENA purchases of U.S. goods and services.

Defense sales are a mainstay of the U.S. – Arab commercial relationship, yet they are trending downward in the medium-term. In 2014, for example, the pipeline of U.S. Foreign Military Sales (FMS) to MENA countries contracted by 12.9 percent to \$24.5 billion. This came on the heels of a contraction of 22.2 percent in 2013.

Sales of civilian aircraft, another mainstay of U.S. exports to the MENA region, were also affected somewhat by the economic downturn. Overall aircraft exports declined five percent from \$10.8 billion in 2013 to \$10.3 last year. However, a surge in orders by Oman (\$297 million), Jordan (\$733 million), and Iraq (\$326 million) helped to take up slack as Saudi and Emirati buying eased.



Infrastructure development is still a major economic driver in the Arab world but, with oil prices down, some projects are being slowed down or drawn to a halt.

Lower oil prices also affect countries that are not major energy producers, especially nations that benefit from the largesse of those producers. Sometimes this resembles a “good news / bad news” scenario for the United States. Egypt is spending heavily on U.S. goods, for example, which is good news for U.S. exporters. A significant portion of the funding for Egypt’s purchases, however, is probably coming from Arabian Gulf countries, which means that those Gulf nations will

have somewhat less money available to buy American goods and services.



These data are consistent with recent forecasts by the Economist Intelligence Unit (EIU), which anticipates a 19 percent drop in revenues from Saudi exports from 2014 (\$346.8 billion) to 2015 (\$280.8 billion). This decrease follows a drop in Saudi export revenues of almost ten percent from 2013 to 2014.

The EIU forecasts for the UAE are a little better, but the medium-term slowdown in revenues from UAE exports – and re-exports, presumably – is still evident. Following export revenue growth of six percent from 2013 (\$378.6 billion) to 2014 (\$400.1 billion), these revenues are on track to slow to three percent (to \$412.6 billion) through 2015.

### “Top Three” Exporting States

The “Top Three” exporting States to the Arab world remained the same in the past year: Texas, Washington, and California. Texas goods exports to the Arab world decreased slightly to \$11.3 billion, a drop of 3.97 percent over last year, with the largest percentage of its exports going to Saudi Arabia. Washington goods exports to the Arab world also decreased slightly to \$7.8 billion, a drop of 5.43 percent over last year, with the UAE as its top market in the Arab world. California goods exports to the Arab world increased to \$5.7 billion, a gain of 28.31 percent from last year, with the largest percentage of its exports going to the United Arab Emirates in the form of transportation equipment and agricultural products.



The Port of Houston is the busiest port in the United States in terms of foreign tonnage, second-busiest in the United States in terms of overall tonnage, and **thirteenth-busiest** in the world.

Full data for each of the 22 Arab countries and each of the 50 U.S. states will be available on the [NUSACC website](#) soon. To review preliminary data, [click here](#) to see a ranking of the 22 countries of the Arab world by sales volumes, by percentage of change from 2013 to 2014, and alphabetized by country.

*The National U.S.-Arab Chamber of Commerce, widely regarded as the voice of American business in the Arab world, is in touch with business communities across the United States and serves as the U.S. point of contact for the national chambers of commerce in the 22 Arab nations. On a daily basis, NUSACC works closely with leaders throughout the Arab world, as well as high-level decision makers in the U.S. business community, public policy research centers, multilateral institutions, nongovernmental organizations, media, and the U.S. Government.*