



STATE OF DELAWARE

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Middle East Regional Market Assessment January 2018



Israel Market Opportunities

Thanks to a long standing Free Trade Accord (1985) with the United States, coupled by an advanced and thriving economy, Israel is a key market for American goods.

Hi-tech, defense and **aerospace** dominate Israel's trade numbers, and Israel remains a global center for hi-tech design and R&D. Via the U.S. Foreign Military Funding (FMF) program in Israel, there are opportunities for US companies to partner in local defense projects. Hi-tech provides opportunities for partnerships, specifically in **ICT technologies** including cyber security, safety and security equipment and services, defense equipment, medical technologies and biotechnology products. Power generation and education/training also represent good opportunities. The BIRD Fund also supports bilateral joint commercial projects in all sectors.

Exports of U.S. goods to Israel in 2016 were worth \$13.2 billion, compared to \$13.6 billion in 2015 and \$15.1 billion in 2014. U.S. imports from Israel were \$22.2 billion in 2016, \$24.5 billion in 2015 and \$23 billion in 2014.



Jordan Market Opportunities

Jordan is strategically positioned at the crossroads of the Middle East-North Africa (MENA) region, centrally located between Europe, Asia, and Africa. Jordan will also be a central base of operations for the reconstruction of Syria and Iraq. The U.S.-Jordan Free Trade Agreement (FTA), which came into full effect in 2010, continues to create opportunities for U.S. exporters who can sell high-quality products at more attractive prices.

Jordan's economy is extremely dependent on imports; specifically mineral fuels and petroleum products, industrial machinery, transportation equipment, processed food and manufactured goods such as rubber products, yarns and specialty chemicals. The largest exporters to Jordan include the European Union (20% of total imports),

Saudi Arabia (20%), China (11%) and the United States (6%). The following sectors offer the best opportunities for U.S. firms in the Jordanian market:

- Energy/Power, including Renewable Energy.
- Healthcare, including Medical Devices, Medical Tourism.
- Information Communication Technology (ICT).
- Safety & Security.
- Environmental Technologies/Water.



United Arab Emirates - Market Opportunities

Home to some of the world's leading trade events and exhibitions, the United Arab Emirates (UAE) is a significant U.S. export market and an important regional gateway for American companies doing business in the Arabian Gulf and Southern Asia. Falling oil revenues may have blunted some opportunities, but overall, the economies of the region remain vibrant. The U.A.E. has a population of approximately 9.5 million, out of which some 85% is expatriates.

The fall in oil revenues and pressure from the IMF has prompted the UAE, in conjunction with the rest of the GCC, to impose a Value Added Tax at the rate of 5% as of 1 January 2018. Additional fiscal restraints and revenue-generating measures (e.g., energy price reforms, subsidy reforms, wage freezes, prioritization of capital spending, and expansion of non-oil tax revenues) have included the delay of major infrastructure projects, including the second phase of the national railway network by Etihad Rail and the Sheikh Khalifa Medical Hospital.

Leading sectors for American exporters include medical devices, pharmaceuticals and related health applications. There is also marked demand for aerospace products and associated parts; electric machinery, telecommunications equipment and environmental or green products.

In terms of U.S. trade, the U.A.E. is a leading export market for American exports in the Middle East. In 2016, U.S. exports to the U.A.E. totaled \$22.4 billion, a slight drop from 2014's \$23 billion. U.A.E. exports to the United States grew to in 2016 to \$3.37 billion from \$2.46 a year earlier. As of December 2017, the US already had a \$11.4 billion surplus with the UAE.



Egypt Market Opportunities

After many years of economic and political turmoil, Egypt's situation is starting to improve. As the economy grows, so will the number of opportunities for US companies in this market. Egypt's flotation of the Egyptian Pound in November 2016 led to a significant devaluation, leaping from some EGP 8.8 = \$1 to EGP 17.5 in late 2017. The move did enable a significant IMF loan, a replenishing of foreign currency reserves and burgeoning export revenues.

With these new revenues, Egypt has relaxed foreign currency controls and overall, expectations for the economy remain sanguine. Egypt's population continues to grow at an increasing rate (+1 million new Egyptians every 9 months); it now stands at some 98 million at home and between 3 – 5 million overseas.

Best sectors include the renewable energy equipment market and other environmental applications for clean air and water. Dependent mostly on the government, access to these and other state related projects (such as in the medical, laboratory and health sectors) can only be accomplished with the assistance of a skilled and well connected local partner.

French, British and Italian companies pose acute competitors to US companies, as well as rising Russian competition. This is attributable to the fact that they operate through Egyptian agents, instead of trying to operate on their own. Overall U.S. market share is about 20% (not counting direct US aid or via US NGOs).

US exports to Egypt were worth \$3.5 billion in 2016, while they were worth \$4.76 billion in 2015.



Morocco Market Opportunities

Since the advent of the Arab Spring, in comparison to its neighbors, Morocco has remained stable, introducing a reform framework to address the concerns of Moroccan demonstrators. This culminated in the 2011 Constitution, which the Moroccan Government has continued to implement. The Constitution, combined with Morocco's emphasis on developing industrial clusters, are credited in addressing the country's economic and social concerns. Morocco continues to expand economically in a promising way that bodes well for the future.

The U.S.-Moroccan Free Trade Agreement (FTA), signed in 2006, eliminated tariffs on 95% of currently traded consumer and industrial goods. Duties on most remaining qualifying products were phased out in 2016. The FTA provides enhanced protection for U.S. intellectual property, including trademarks and digital copyrights, expanded protection for patents and product approval information and tough penalties for piracy and counterfeiting.

In recent years, Morocco invested more than \$15 billion in its transportation infrastructure, building roads, highways, ports, and other transportation services. This infrastructure development supports Morocco's overarching economic development plan to leverage its location along the Strait of Gibraltar between Spain and Africa to transform the country into a regional hub for North, West and Sub Saharan Africa. Indeed, a priority for King Mohammad VI is to convert Morocco into the gateway to West Africa.

US exports to Morocco in 2016 were worth \$1.93 billion, up from the \$1.6 billion sold in 2015. Morocco actually has a \$900 million trade deficit with the US, up 48% from the previous year. Morocco is the 26th largest trading partner for the United States.

Exports to Morocco from the United States totaled \$1.9 billion, led by aircraft and aviation parts; fuel oil; cereals and animal feed.

Moroccan businesspeople are increasingly developing a more international outlook on doing business, opting to expand their opportunities beyond the historically close relations with French business interests. There is growing recognition of the importance of English language training. This is especially encouraged in the growing travel and tourism sector where more often than not English is the second language of travelers from all over the world.

If you should have any further questions, or if we may be of any additional assistance, please feel free to contact our office at Tel: +972-2-571-0199 or via e-mail: seth.vogelman@atid-edi.com.

Best Regards.

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