

The AES Corporation

## **United States - Oman Free Trade Agreement**

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Testimony Submitted by  
Robert Hemphill  
Executive Vice President  
The AES Corporation

Mr. Chairman, and distinguished members of the Senate Finance committee, I thank you for the opportunity to testify today. My name is Robert Hemphill and I'm executive vice president of the AES Corporation. I am here to provide testimony on behalf of the AES Corporation and tell the committee why the recently negotiated free trade agreement between the United States and the Government of Oman should be approved by Congress. I serve as the chief of staff of the AES Corporation where I have worked for over the last 23 years.

The AES Corporation is now a Fortune 300 company with some \$9.5 billion in annual revenue from world wide operations. Founded in 1981 and headquartered in Arlington, Virginia, we operate power stations, distribute electricity, and operate liquid natural gas facilities here in the United States and in 26 countries worldwide. In the United States, we have power stations or electricity distribution businesses in California, Texas, Wyoming, Colorado, Indiana, Oregon, Maryland, Pennsylvania, New Jersey, New York, & Connecticut, as well as the territory of Puerto Rico. In addition, we have projects under development in Florida, Massachusetts and elsewhere. Outside the United States, AES operates on four continents, Europe, Asia, Latin America, & Africa. From hydro-electric power stations in Argentina to coal power stations in India and from energy distribution in eastern Kazakhstan to the national utility of Cameroon, AES spans the globe in providing the world energy and energy services in the most responsible manner possible, delivering best value to all the stakeholders concerned.

Our interest in Oman began over 10 years ago, when we first visited the region and saw the tremendous potential the people and the country had

to offer. Several years ago, the Government of Oman began a comprehensive program to restructure its supply of electricity and related water industries and the AES Corporation was eager to participate. The new structure involves distribution companies, several generation and desalination companies, independent electricity & water transmission companies, and a central buyer of both water and power. In short, the re-structuring done by the Government of Oman showed foresight and vision to ensure that both local and foreign investors can compete for projects that bring quality service and sustainable development to the people of Oman.

After a competitive tender process, the AES Corporation was selected to build, own and operate (BOO) a 450 MW power station combined with a 20 million gallon per day desalination facility. Located some 60 km south of Muscat, construction was begun in 2001 and completed in June 2003 when the facility became fully operational. Called AES Barka, the facility employs some 53 people and the output of the facility is under contract with the government of Oman until 2018. The project company is a public company on the Omani stock exchange and when it was initially offered for trading, it was over subscribed by almost 17 times. This is a testament to the faith the Omani stock exchange puts in an American company operating there.

The AES experience in operating in Oman has been a success. In addition to bringing reliable power and clean water to the people of Oman, we have integrated our operations into the local community. We have supported local schools, added street lighting and have a trainee program in conjunction with Sultan Q University to develop young Omani's by allowing them to be exposed to a modern industrial environment. We have been a good corporate citizen in Oman and in return the Omani people have been gracious hosts, good neighbors as well as paying customers.

Passing the free trade agreement that is before Congress will directly contribute to further advance economic growth and trade between the two nations. This agreement will provide substantial market access across the entire services regime in addition to providing a stronger legal framework for US investors like the AES Corporation operating in Oman. The elimination of tariffs by the Government of Oman will increase the export opportunities for US companies, including ranchers and farmers, and it will directly contribute to the creation of jobs here in the United States. Our experience of operating in Oman over six years has convinced us Oman is committed to open and free trade. This agreement will augment the reform made to date and further strengthen the relations between our two countries.

In addition to the obvious economic benefits, the passage of the US/Oman Free trade agreement will directly contribute to increased opportunities not only in Oman, but in the region as well. With increased business activity comes the need for increased energy and energy services, a need the AES Corporation is proud to provide.