

Oman-U.S. Free Trade Agreement

The Basics

What is the Free Trade Agreement?

In force from January 1, 2009

Encourages investment and trade in goods and services by:

- Few tariff and nontariff barriers.**
- Delivering goods and services more quickly.**
- Stronger protections for investors.**

What is the Free Trade Agreement?

Protects:

- intellectual property rights,**
- labor and environmental standards, and**
- dispute settlement.**

Comprehensive document – covers all trade

It does not need to be renewed.

What it does for you:

- **Mark of approval – trusted trading partners**
- **Advantage for selling to U.S. market**
- **Cheaper U.S. products**
- **More partnership opportunities**

It is an agreement signed by governments, but it is up to businesses to use it.

It is a complicated legal agreement with 22 chapters.

But you can learn to use it.

Important Terms

- **National Treatment – treating foreigners and locals equally.**
- **Tariff Schedule – 2-10 digit codes covering all products. Most countries share 6 digits.**
- **Shall vs. Should – mandatory vs. voluntary**
- **Endeavor – try**
- **Publicly Available – you should be able to access it online or otherwise**

Chapter 1: General Definitions

- **Central vs. Regional level**
- **State enterprise – also includes businesses owned partially by the government**

Chapter 2: Market Access

Tariff schedule – Oman and United States

Goods vs. Services

- **For suppliers of American goods, the source and destination of the good is most important.**
- **For suppliers of American services, nationality of the company is most important.**

FTA-covered Goods

Two things to remember:

- **The company supplying the good does not need to be American.**
- **Not all goods supplied by American companies qualify – the good must be made with U.S. inputs.**

What is the HTS?

Harmonized Tariff Schedule

**Every product in the world that can be
traded has a number.**

Dates

Chapter 2 – vegetable products

08 – Edible fruit and nuts; peel of citrus fruit or melons

0804 – Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried

080410 – Dates

08041040 – Dates with no pits

Annex 2-B - Tariff Schedule of the United States

HTS Heading	HTS8	Brief Description	Base	Category
	08029015	Pecans, fresh or dried, shelled	17.6 cents/kg	A
	08029020	Pignolias, fresh or dried, in shell	0.7 cents/kg	A
	08029025	Pignolias, fresh or dried, shelled	1 cents/kg	A
	08029080	Nuts nesi, fresh or dried, in shell	1.3 cents/kg	A
	08029094	Kola nuts, fresh or dried, shelled	5 cents/kg	A
	08029098	Nuts nesi, fresh or dried, shelled	5 cents/kg	A
0803		Bananas, including plantains, fresh or dried.		
	08030020	Bananas, fresh or dried	Free	D
	08030030	Plantains, fresh	Free	D
	08030040	Plantains, dried	1.40%	A
0804		Dates, figs, pineapples, avocados, guevas, mangoes and mangosteens, fresh or dried.		
	08041020	Dates, fresh or dried, whole, with or without pits, packed in units weighing (with immediate container, if any) not over 4.6 kg	13.2 cents/kg	E
	08041040	Dates, fresh or dried, whole, with pits, packed in units weighing over 4.6 kg	1 cents/kg	A
	08041060	Dates, fresh or dried, whole, without pits, packed in units weighing over 4.6 kg	2.8 cents/kg	A
	08041080	Dates, fresh or dried, other than whole	29.80%	E
	08042040	Figs, fresh or dried, whole, in units weighing more than 0.5 kg each	7.9 cents/kg	A
	08042060	Figs, fresh or dried, whole, in immediate containers weighing with their contents 0.5 kg or less	6.2 cents/kg	A
	08042080	Figs, fresh or dried, other than whole (including fig paste)	8.8 cents/kg	B
	08043020	Pineapples, fresh or dried, not reduced in size, in bulk	0.51 cents/kg	A
	08043040	Pineapples, fresh or dried, not reduced in size, in crates or other packages	1.1 cents/kg	A
	08043060	Pineapples, fresh or dried, reduced in size	0.44 cents/kg	A
	08044000	Avocados, fresh or dried	11.2 cents/kg	B
	08045040	Guavas, mangoes, and mangosteens, fresh, if entered during the period September 1 through May 31, inclusive	6.6 cents/kg	A
	08045060	Guavas, mangoes, and mangosteens, fresh, if entered during the period June 1 through August 31, inclusive	6.6 cents/kg	A
	08045080	Guavas, mangoes, and mangosteens, dried	1.5 cents/kg	A
0805		Citrus fruit, fresh or dried.		
	08051000	Oranges, fresh or dried	1.9 cents/kg	A
	08052000	Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids, fresh or dried	1.9 cents/kg	A
	08054040	Grapefruit, fresh or dried, entered during the period August 1 through September 30, inclusive	1.9 cents/kg	A
	08054060	Grapefruit, fresh or dried, if entered during the month of October	1.5 cents/kg	B

Tariff Elimination

Category A: Immediate duty-free entry – includes virtually all US goods

Category B: 5-year phase-out of duties – includes primarily agriculture, fish, milk and dairy, textiles, and apparel

Category C: 10-year phase-out of duties – includes primarily textiles and apparel

Category D: Already duty-free – various agricultural products, medications, medical supplies

Category E: Duty-free beginning year 10 – includes primarily bananas, dates, lemons

Category H: Free of duty beginning year 10, but regulatory measures and fees may apply – includes alcohol, tobacco, and swine

Category I: Free of duty beginning year 10, but subject to prohibition - includes live swine and illicit drugs

All qualifying tariffs are will be eliminated as of December 31, 2018.

Chapter 3: Textiles and Apparel

- **Products must contain either U.S. or Omani yarn and fabric for duty-free treatment.**
- **Until December 31, 2018, duty-free treatment for limited quantities of textile and apparel products without U.S. or Omani content.**

Chapter 4: Rules of Origin

Substantial Transformation – very different than how it started (35%)

Value of Material + Direct Cost of Processing x 100
Appraised Value

- **Value of a Material produced in either the United States or Oman**
- **Direct Cost of Processing operations**
- **Appraised value of the good at the time it is imported to the United States or Oman**

Chapter 5: Customs Administration

- **Publication**
- **Release of Goods**
- **Express Shipments**
- **Review and Appeal**
- **Advance Rulings**

Chapters 6 & 7: SPS and TBT

Sanitary and Phytosanitary Measures and Technical Barriers to Trade

- Science-based rules
- Transparent procedures for developing and implementing:
 - technical regulations,
 - conformity assessment procedures, and
 - standards

An excellent example for the rest of the Gulf region.

Chapter 8: Safeguards

If a imported product is a large threat to a domestic industry producing a similar or directly competitive good.

Chapter 9: Government Procurement

- **Transparent, predictable and fair procurement procedures:**
 - **advance public notice of purchases**
 - **timely and effective bid review procedures.**
- **Requires laws that make bribery of procurement officials illegal.**

Chapter 10: Investment

- **National treatment at all stages of an investment.**
- **Fair and equal treatment and full protection and security.**
- **Free transfer of capital and other transfers related to an investment without delay.**
- **No trade-distorting performance requirements.**
- **No need to hire senior managers of a particular nationality.**

Chapter 11: Cross Border Trade in Services

- **Remember: For suppliers of American services seeking FTA benefits, nationality of the company is most important**
- **Benefits for all types of services businesses**
- **Even stronger transparency**

Chapter 12: Financial Services

- **National treatment**
- **Most-Favored-Nation treatment**
- **Market access for financial institutions**
- **Cross-border trade**
- **New financial services**
- **Disclosure of confidential information**
- **Transparency and administration of certain measures**
- **Senior management and boards of directors**

Chapter 13: Telecommunications

- **Access to the network.**
- **Interconnection between carriers.**
- **Market liberalization initiatives.**

Chapter 14: Electronic Commerce

To assist Oman.

- **Nondiscriminatory treatment of digital products**
- **No customs duties on digital products transmitted electronically.**
- **For DVDs CDs, customs duties are based on the value of the media (for instance, the disc), not on the value of the movie, music or software contained on the disc.**

Chapter 15: Intellectual Property Rights

The Agreement ensures that authors, composers, and other copyright, patent, and trademark owners have the exclusive right to make their works available, including online.

- Protection for works in a digital economy**
- Patents and trade secrets**
- Tough penalties for piracy and counterfeiting**

Chapter 16: Labor

Each government is required to enforce its labor laws effectively, and this obligation is enforceable through the Agreement's dispute settlement procedures.

Chapter 17: Environment

- **Each government commits to establish high levels of environmental protection**
- **Not weaken or reduce environmental laws to attract trade or investment.**
- **Memorandum of Understanding on Environmental Cooperation:**
 - **three year plans of action,**
 - **outline specific areas for cooperation.**

Chapter 18: Transparency

- **Publish measures in advance.**
- **Opportunity to comment.**
- **Eliminate bribery and corruption.**

Chapter 19: Administration of the Agreement

Establishes the Joint Committee

Supervises the implementation of the FTA and review the trade relationship.

Chapter 20: Dispute Settlement

Shall make every attempt through cooperation and consultations to come to a mutually satisfactory resolution.

Chapter 21: Exceptions

SECURITY

Nothing that would jeopardize security interests; or

Maintenance or restoration of international peace or security or the protection of security interests

TAXATION

Except what is covered in this chapter, nothing in this Agreement shall apply to taxation.

Chapter 22: Final Provisions

The signature page

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