



Trade Facts

Office of the United States Trade Representative
September 2005

www.ustr.gov

Summary of the U.S.-Oman Free Trade Agreement

New Market Access for U.S. Industrial, Agricultural, and Textile Products

- 100% of bilateral trade in industrial and consumer products will become duty-free immediately upon entry into force of the Agreement. In addition, Oman and the United States will provide each other immediate duty-free access on virtually all products in their tariff schedules and will phase out tariffs on the remaining handful of products within ten years.
- The Agreement covers all agricultural products. Oman will provide immediate duty-free access for current U.S. agricultural exports in 87% of agricultural tariff lines. The United States will provide immediate duty-free access for 100% of Oman's current exports of agricultural products to the United States. Both Oman and the United States will phase out tariffs on the remaining products within ten years.
- The FTA provides fully reciprocal market access for U.S. textile and apparel producers. The U.S. and Oman will eliminate tariffs on the same schedule on a product-by-product basis. For the majority of products, tariffs will be eliminated either immediately or in 5 years. The Agreement requires textile and apparel products to contain either U.S. or Omani yarn and fabric in order to qualify for duty-free treatment. However, in order to allow U.S. and Omani producers to develop and expand business contacts, the Agreement also provides, on a temporary basis, duty-free treatment for limited quantities of textile and apparel products that do not meet this requirement.

"This is a high-quality, comprehensive free trade agreement that will contribute to economic growth and trade between both countries."

USTR Rob Portman

Broad Commitments to Open Services Markets

- Oman will provide substantial market access across its entire services regime.
- Key services sectors include audiovisual, express delivery, telecommunications, computer and related services, distribution, healthcare, services incidental to mining, construction, architecture and engineering.
- The Agreement provides benefits for businesses wishing to supply services cross-border (for

instance, by electronic means) as well as businesses wishing to establish a presence locally in the other country.

- Strong and detailed disciplines on regulatory transparency supplement the Agreement's crosscutting transparency provisions.
- The Agreement secures new opportunities beyond the GATS for U.S. managers, professional, and specialty personnel by removing requirements that U.S. companies hire Omanis for these positions.

New Opportunities for U.S. Banks, Insurance, Securities, and Related Services

- U.S. financial service suppliers will have the right to establish subsidiaries, branches and joint ventures in Oman, to expand their operations throughout Oman, and to offer the full range of financial services.
- They will also enjoy the benefits of strong regulatory transparency, including prior notice and comment (to take effect within three years after the Agreement enters into force) and license approval within 120 days.
- Oman has committed to approve new non-life insurance products within 30 days and new life insurance products within 60 days.
- Oman will allow U.S.-based firms to supply insurance on a cross-border basis (through electronic means) for key markets including marine, aviation and transport (MAT) insurance, reinsurance, services auxiliary to insurance, and insurance intermediation.
- Oman will allow U.S.-based firms to offer services cross-border to Omanis in areas such as financial information and data processing, and financial advisory services. Oman will also allow U.S.-based asset managers (including insurance companies) to manage the portfolios of collective investment schemes established in Oman.

Important New Protections for U.S. Investors

- The Agreement establishes a secure, predictable legal framework for U.S. investors operating in Oman.
- All forms of investment will be protected under the Agreement, including enterprises, debt, concessions, contracts, and intellectual property.
- U.S. investors will enjoy in almost all circumstances the right to establish, acquire, and operate investments in Oman on an equal footing with Omani investors and with investors of other countries.

- Pursuant to the Trade Promotion Authority Act of 2002 (TPA), the Agreement draws from U.S. legal principles and practices to provide U.S. investors in Oman a basic set of substantive protections that Omani investors in the United States currently enjoy under the U.S. legal system.
- Among the rights afforded to U.S. investors (consistent with those found in U.S. law) are due process protections and the right to receive a fair market value for property in the event of an expropriation.
- The Agreement also prohibits the imposition of certain restrictions on U.S. investors, such as requirements to buy Omani rather than U.S. inputs for goods manufactured in Oman.
- These investor rights are backed by an effective, impartial procedure for dispute settlement that is fully transparent. Submissions to dispute panels and panel hearings will be open to the public, and interested parties will have the opportunity to submit their views.

An Open and Competitive Telecommunications Market

- Each government commits that all service suppliers will have reasonable and nondiscriminatory access to the network, thereby preventing local firms from having preferential or “first right” of access to telecom networks.
- U.S. phone companies will have the right to interconnect with a dominant carrier in Oman at nondiscriminatory, cost-based rates.
- U.S. firms seeking to build a physical network in Oman will have nondiscriminatory access to key facilities, such as telephone switches and submarine cable landing stations.
- U.S. firms will be able to lease lines from Omani telecom networks on nondiscriminatory terms and to resell telecom services of Omani suppliers to build a customer base.
- The commitments in the Telecommunications Chapter will help to lower prices and increase the quality of services that will benefit all companies doing business in Oman.

E-Commerce: Free Trade in the Digital Age

- Each government commits to nondiscriminatory treatment of digital products and agrees not to impose customs duties on digital products transmitted electronically.
- For digital products delivered on hard media (such as a DVD or CD), customs duties will be 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.
- The e-commerce commitments will help Oman to increase its productivity, and spur innovation and participation in the global digital economy.

Copyrights: Protection for Copyrighted Works in A Digital Economy

- The Agreement ensures that authors, composers, and other copyright owners have the exclusive right to make their works available online. The Agreement also ensures that copyright owners have rights to temporary copies of their works on computers, which is important in protecting music, videos, software, and text from widespread unauthorized sharing via the Internet.
- Each government commits to protect copyrighted works, including phonograms, for extended terms (e.g., life of the author plus seventy years), consistent with U.S. standards and international trends.
- The Agreement includes strong anti-circumvention provisions, requiring each government to prohibit tampering with technologies (like embedded codes on discs) that are designed to prevent piracy and unauthorized distribution over the Internet.
- Each government commits to using only legitimate computer software, thus setting a positive example for private users.
- The Agreement requires protection for encrypted program-carrying satellite signals (including the signal itself and the programming), to prevent piracy of satellite television programming.
- The Agreement sets out obligations concerning the liability of Internet service providers, reflecting the balance struck in the U.S. Digital Millennium Copyright Act between legitimate ISP activity and the infringement of copyrights.

Patents & Trade Secrets

- Patent terms can be adjusted to compensate for unreasonable delays in granting the original patent, consistent with U.S. practice.
- Grounds for revoking a patent are limited to the same grounds required to originally refuse a patent, thus protecting against arbitrary revocation.
- The Agreement provides protection for newly developed plant varieties.
- Test data and trade secrets submitted to a government for the purpose of product approval will be protected against unfair commercial use for a period of 5 years for pharmaceuticals and 10 years for agricultural chemicals.
- The Agreement ensures that government marketing-approval agencies will not grant approval to patent-infringing pharmaceuticals.

Trademarks: State-of-the-Art Protection in the Digital Age

- The Agreement requires each government to maintain a system to resolve disputes involving trademarks used in Internet domain names, which is important to prevent “cyber-squatting” with respect to high-value domain names.
- The Agreement applies the principle of “first-in-time, first-in-right” to trademarks and geographical indications, so that the first person who acquires a right to a trademark or geographical indication is the person who has the right to use it.
- Each government will be required to establish transparent procedures for the registration of trademarks, including geographical indications, and to develop an on-line system for the registration and maintenance of trademarks, as well as a searchable database.

IPR Enforcement: Tough Penalties for Piracy and Counterfeiting

- The Agreement requires each government to criminalize end-user piracy, providing strong deterrence against piracy and counterfeiting.
- Each government commits to having and maintaining authority to seize, forfeit and destroy counterfeit and pirated goods and the equipment used to produce them. IPR laws will be enforced against goods-in-transit, to deter violators from using U.S. or Omani ports or free-trade zones to traffic in pirated products. *Ex officio* action may be taken in border and criminal IPR cases, thus providing more effective enforcement.
- The Agreement mandates both statutory and actual damages under Omani law for IPR violations, which will deter piracy. Under these provisions, monetary damages can be awarded even if actual economic harm (e.g., retail value or profits made by violators) cannot be determined.

Transparent Sanitary and Phytosanitary Measures and Technical Barriers to Trade

- Oman’s commitments to a science-based regime for sanitary and phytosanitary measures and robust transparency procedures for developing and implementing technical regulations, conformity assessment procedures and standards serve as an excellent example for the rest of the Gulf region.

Strong Government Procurement Disciplines

- Under the Agreement, U.S. suppliers are granted nondiscriminatory rights to bid on contracts to supply most Omani government entities.

- The Agreement requires that covered Omani government purchasers not discriminate against U.S. firms, or in favor of Omani firms, when making covered government purchases in excess of agreed monetary thresholds.
- U.S. and Omani suppliers will have increased certainty due to transparent, predictable and fair procurement procedures, such as requiring advance public notice of purchases, as well as timely and effective bid review procedures.
- The Agreement provides integrity in procurement practices, including by requiring laws that make bribery of procurement officials a criminal or administrative offense.

Streamlined and Transparent Customs Procedures

- The Agreement requires transparency and efficiency in customs administration, including publication of laws and regulations on the Internet, and procedural certainty and fairness.
- Both governments agree to share information to combat illegal transshipment of goods. In addition, the Agreement requires special customs cooperation measures to prevent fraud in the textile and apparel sector, and customs procedures designed to facilitate the rapid clearance through customs of express delivery shipments.
- Strong but simple rules of origin will ensure that only U.S. and Omani goods benefit from the Agreement. Rules are designed to be easy to administer and are consistent with other U.S. free trade agreements in the region.

Commitments and Cooperation to Protect the Environment

- The Agreement fully meets the environmental objectives set out by the Congress in TPA. Environmental obligations are part of the core text of the Agreement.
- Each government is required to effectively enforce its environmental laws, and this obligation is enforceable through the Agreement's dispute settlement procedures.
- Each government commits to establish high levels of environmental protection, and to not weaken or reduce environmental laws to attract trade or investment.
- The Agreement also promotes a comprehensive approach to environmental protection. Procedural guarantees that ensure fair, equitable, and transparent proceedings for the administration and enforcement of environmental laws are married with provisions that promote voluntary, market-based mechanisms to protect the environment.
- As a complement to the Agreement, the governments will sign a Memorandum of Understanding on Environmental Cooperation that will establish a Joint Forum on Environmental Cooperation, develop a plan of action, and set priorities for future environment-related projects.

- Priority areas for cooperation include development and implementation of Oman’s environmental laws and its capacity to conduct environmental impact assessments.

Commitments and Cooperation to Protect Worker Rights

- The Agreement fully meets the labor objectives set out by the Congress in TPA. Labor obligations are part of the core text of the Agreement.
- Each government reaffirms its obligations as a member of the International Labor Organization (ILO), and commits to strive to ensure that its laws provide for labor standards consistent with internationally recognized labor rights. The Agreement makes clear that it is inappropriate to weaken or reduce domestic labor protections to encourage trade or investment.
- Each government is required to effectively enforce its labor laws, and this obligation is enforceable through the Agreement’s dispute settlement procedures.
- Procedural guarantees in the Agreement require each government to provide access for workers and employers to fair, equitable and transparent labor tribunals or courts.
- The Agreement includes a cooperative mechanism to promote respect for the principles embodied in the ILO Declaration on Fundamental Principles and Rights at Work and ILO Convention 182 on the Worst Forms of Child Labor. The labor ministries, together with other appropriate agencies, agree to establish priorities and develop specific cooperative activities. Cooperative activities may include:
 - Discussions of legislation, practice, and implementation related to the core elements of the ILO Declaration on Fundamental Principles and Rights at Work;
 - Improvement of working conditions, including occupational safety and health;
 - Human resources development and education; and
 - Improving systems for the administration and enforcement of labor laws.

Transparent Rule-Making and Procedural Protections for Traders

- Each government must publish its laws and regulations governing trade, and publish proposed measures in advance and provide an opportunity for public comment on them.
- Each government commits to apply fair procedures in administrative proceedings applying trade measures in a way that directly affects the interest of a trader from the other country.
- Each government must ensure that a trader from the other country can obtain prompt and fair review of a final administrative decision affecting its interest.

Commitments to Combat Bribery

- The Agreement requires each government to prohibit bribery, including bribery of foreign officials, and establish appropriate criminal penalties to punish violators.
- Each government also agrees to work toward adopting or to maintain measures protecting whistle-blowers.

Tools to Enforce the Trade Agreement

- All core obligations of the Agreement, including labor and environmental provisions, are subject to the dispute settlement provisions of the Agreement.
- Dispute panel procedures set high standards of openness and transparency:
 - Open public hearings;
 - Public release of legal submissions by governments; and
 - Opportunities for interested third parties to submit views
 - Emphasis is on promoting compliance through consultation and trade-enhancing remedies.
 - The Agreement includes strong enforcement mechanisms, including the ability to suspend trade concessions or establish monetary assessments.