



U.S.-Middle East Free Trade Coalition



U.S. – Oman FTA Task Force Co-Chairs

Ian Davis, Occidental Petroleum Corporation

Diana Keegan, American International Group

Lisa Schroeter, Dow Chemical Company

Background on the US-Oman Free Trade Agreement

The U.S.-Middle East Free Trade Coalition strongly supports the swift Congressional passage of the comprehensive and commercially meaningful Free Trade Agreement (FTA) between the United States and Oman. This agreement expands opportunities for U.S. exports of goods and services and provides investment opportunities in both countries. It stimulates economic growth and advances significant economic reforms in Oman.

This FTA will strengthen an increasingly important bilateral relationship between the U.S. and Oman and represents a significant step toward achieving the goal of a U.S.-Middle East Free Trade Area by 2013. Through the FTA, Oman will exemplify the benefits and strategic importance of trade liberalization and security cooperation, all of which furthers the national interests of the United States and its strategic allies.

The U.S. – Oman FTA is a Comprehensive and High-Standard Agreement

- High-standards are provided for, including comprehensive protection for intellectual property rights, government procurement transparency and trade facilitation.
- Developing a high quality FTA with Oman will establish a high standard that other Gulf Cooperation Council members will be required to meet. Consequently, the FTA represents a significant benefit to U.S. trade that extends well beyond those benefits currently existing in Oman.
- The FTA establishes a secure, predictable legal framework for US investors in Oman, and includes high-standard legal protections that are modeled on U.S. legal principles, such as substantive due process and the ability to comment on proposed laws and regulations.



U.S.-Middle East Free Trade Coalition

Background on the US-Oman Free Trade Agreement

-Page 2-

The FTA Creates and Expands Opportunities for U.S. Goods and Services

- The U.S.-Oman FTA will broaden and strengthen the bilateral commercial relationship between the United States and Oman beyond the approximate \$748 million generated in two-way trade during 2004. 100% of bilateral trade in consumer and industrial products will become duty-free under this agreement.
- The U.S.-Oman FTA will build upon the Trade and Investment Framework Agreement signed between our two countries on July 7, 2004, and will spur continued growth of U.S. foreign direct investment, which in 2003 was \$358 million, a substantial increase from \$193 million in 2002.
- In addition, the FTA will increase the competitiveness of U.S. exporters and service providers in the Omani market, providing for an increased market share for U.S. manufacturers and service providers. In 2004, U.S. goods exports were \$330 million, up 2.3% from 2003.
- Oman is a likely market for U.S. oil and gas equipment and services, transportation equipment, water and environmental technology, medical equipment, electrical and mechanical equipment, power generation and transmission equipment and services, telecommunications equipment and services, franchising and U.S. poultry and beef.

Encourages Greater Political and Economic Reforms

- In 1997, Omani laws were enacted; guaranteeing Omani women equal rights in both education and employment. Women have the right to vote and run for office in Consultation Council elections which are held every 4 years.
- In 1992, in an attempt to balance growth in the non-oil sector with concern for its natural resources, Oman developed a national conservation strategy, which was subsequently approved by the Council of Ministers and spells out the need and procedures for incorporating environmental considerations into development plans.



U.S.-Middle East Free Trade Coalition



Background on the US-Oman Free Trade Agreement

-Page 3-

- In 1994, Oman became a member of the International Labor Organization (ILO) and has satisfied various labor-related accession requirements for membership in the WTO. In 2003, for example, the government adopted its first comprehensive labor law that allows workers the right of association and to pursue labor disputes in court. That law abolished the 1973 prohibition on the right to strike.
- The U.S.-Oman FTA advances modernization programs implemented by Sultan Qaboos bin Said al Said. In accordance with its accession to the WTO in 2000, Oman announced its intention to eliminate mandatory shelf-life standards for shelf-stable foods and to adopt internationally recognized Codex standards for the labeling of prepackaged food. Additionally, as part of its WTO accession, Oman has adopted derogations to the Gulf Cooperation Council patent law to comply with its obligations under the TRIPS Agreement and has committed itself to begin negotiations to join the WTO Agreement on Government Procurement. In 2004, Oman removed its temporary ban on imports of U.S. poultry and poultry products.

Supports an Important Strategic Ally in the War on Terrorism and Increases Momentum for a Middle East Free Trade Agreement by 2013

- The United States has maintained relations with the Sultanate since the early years of American independence. A treaty of friendship and navigation, one of the first agreements of its kind with an Arab state, was concluded between the United States and Muscat in 1833.
- Oman supported the 1979 Camp David accords and was one of three Arab League states that did not break relations with Egypt after the signing of the Egyptian-Israeli Peace Treaty in 1979. In April 1994, Oman hosted the plenary meeting of the Water Working Group of the peace process, the first Gulf state to do so.
- Oman occupies a strategic location on the Strait of Hormuz at the entrance to the Persian Gulf. Following the Iranian Revolution and the Soviet invasion of Afghanistan, Oman was the first of the Gulf States to formalize defense ties with the U.S. Oman has been a party with the U.S. to a military cooperation agreement since 1980, which was recently renewed in 2000. The Oman-U.S. Facilities Access Agreement proved crucial to the protection of Kuwaiti tankers in 1987-



U.S.-Middle East Free Trade Coalition

Background on the US-Oman Free Trade Agreement

-Page 4-

- 1988. During the Persian Gulf crisis, Oman assisted the U.N. coalition effort. Military bases in Oman were used in 2001 by U.S. coalition forces involved in ground raids against both the Taliban in Afghanistan and Osama bin Laden.
- The U.S.-Oman FTA is a key building block towards a broader Middle East Free Trade Area, which is consistent with the 9/11 Commission's observation and recommendation that "The U.S. government has announced the goal of working towards a Middle East Free Trade Area, or MEFTA, by 2013 . . . A comprehensive U.S. strategy to counter terrorism should include economic policies that encourage development, more open societies, and opportunities for people to improve the lives of their families and to enhance prospects for their children's future." Moving swiftly to ratify a FTA with Oman will underscore America's steadfast commitment to free trade in the region and build momentum for the Middle East Free Trade Area initiative.