

Salaalah - Sept 2024

# Maximizing the U.S.-Oman FTA



غرفة تجارة وصناعة عُمان  
OMAN CHAMBER OF  
COMMERCE & INDUSTRY  
فروع محافظة ظفار  
DHOFAH GOVERNORATE BRANCH



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# History of U.S.-Oman Relations

- The friendship between **the United States and Oman** dates back **over two hundred years** when the American ship, the *Boston Rambler*, sailed to the port of Muscat in 1790.
- The two countries formalized their relationship when they signed the “**Treaty of Amity and Commerce**” in **1833** — the first bilateral accord between the U.S. and an Arab Gulf state. In **1840**, **the Sultan’s envoy Ahmad bin Na’aman** sailed to New York on the *Sultanah*, and bin Na’aman became the first Arab diplomat accredited to the U.S. *The Sultanah* was also the first Arab ship to sail to the United States. In **1880**, the U.S. established its first Consulate in Muscat in order to strengthen political and economic ties with Oman.
- Oman and the United States expanded their trade and diplomatic relations in 1958, when they signed the “**Treaty of Amity, Economic Relations, and Consular Rights**” in Salalah. In 1972, the United States opened its Embassy in the capital of Muscat and the Sultanate opened its embassy in Washington D.C. the following year. Oman and the United States signed a **military cooperation agreement** In 1980, which was revised and renewed in 2010, continuing its close military partnership.



# History of the FTA

The Free Trade Agreement (FTA) between the United States and Oman is a significant milestone in the economic relationship between the two countries.

- Negotiations for the U.S.-Oman FTA began in earnest in 2004. Both countries were motivated by a desire to deepen their economic ties.
- The negotiations were part of a broader U.S. effort to establish a Middle East Free Trade Area (MEFTA) by 2013.
- The FTA was signed on January 19, 2006, by the U.S. Trade Representative Rob Portman and Oman's Minister of Commerce and Industry Maqbool bin Ali Sultan.
- The agreement officially came into force on January 1, 2009.
- The U.S. - Oman FTA has no expiration date.



# Key Provisions of the FTA

- **Tariff Elimination:** The agreement called for the immediate elimination of tariffs on nearly all consumer and industrial products traded between the two countries.
- **Investment Protections:** The FTA provided protections for U.S. investors in Oman, including guarantees of fair treatment, the right to repatriate profits, and protection against expropriation.
- **Services:** The agreement opened up markets for services, including telecommunications, banking, insurance, and construction.
- **Intellectual Property Rights:** The FTA included provisions for the protection of intellectual property, which were intended to encourage innovation and investment.
- In 2016, the United States and Oman signed the U.S.-Oman **Science and Technology Cooperation** Agreement further expanding bilateral cooperation.



# Free Trade Agreements in Force for Oman + U.S.

- **Oman** is one of the few countries in the world which have an FTA with the **U.S.**, the largest economy in the world. This significantly increases the consumer base for Omani exporters.

## Free Trade Agreements in Force for Oman and the U.S.

Oman	U.S.
1. EFTA - Gulf Cooperation Council (GCC)	1. Dominican Republic - Central America - United States Free Trade Agreement (CAFTA-DR)
2. Gulf Cooperation Council (GCC)	2. Korea, Republic of - United States
3. Gulf Cooperation Council (GCC) - Singapore	3. United States - Australia
4. Pan-Arab Free Trade Area (PAFTA)	4. United States - Bahrain
5. United States - Oman	5. United States - Chile
	6. United States - Colombia
	7. United States - Israel
	8. United States - Jordan
	9. United States - Morocco
	10. United States - Oman
	11. United States - Panama
	12. United States - Peru
	13. United States - Singapore
	14. United States-Mexico-Canada Agreement (USMCA/CUSMA/T-MEC)

Source: WTO Regional Trade Agreements Database, 2023



# What are Tariffs?

Tariffs (more commonly known as customs duty) are taxes or duties imposed by a government on imported goods. They are typically used to:

**Protect Domestic Industries:** By making imported goods more expensive, tariffs can make domestically produced items more competitive in terms of price, thus protecting local businesses and jobs from foreign competition.

**Generate Revenue:** Tariffs can be a source of income for governments. By charging taxes on imports, governments can raise funds to finance various public projects and services.

**Influence Trade Policy:** Tariffs can be used as a tool in trade negotiations. By imposing tariffs on certain goods, a country may try to encourage other nations to lower their tariffs or trade barriers in return.

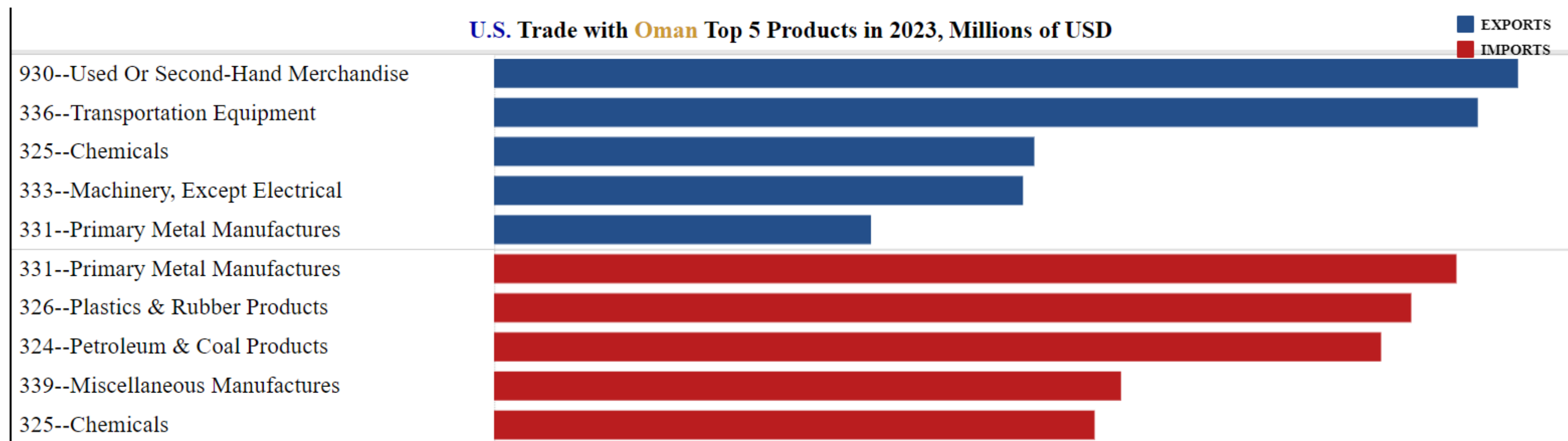
**Address Trade Imbalances:** Tariffs can be imposed to reduce a trade deficit by discouraging imports and encouraging local production.

**Oman** benefits from the FTA as most of its products are exempt from tariffs when importing to the US.



# U.S.-Oman Trade Data

U.S Exports to Oman in 2023	USD 1,862 million (OMR 719 million)
Oman Exports to U.S. in 2023	USD 1,651 million (OMR 637 million)
Trade Balance	USD 211 million (OMR 81.5 million)





# U.S.-Oman Trade Data

## U.S. Trade with Oman based on Product Group

Product Group	Export (US\$ Thousand)	Import (US\$ Thousand)
Capital goods	362264.92	14423.4
Consumer goods	541649.96	631642.68
Intermediate goods	209669.15	1287346.93
Raw materials	37088.8	15931.23
Animal	16301.67	3630.06
Chemicals	96661.1	326622.03
Food Products	44566.11	2962.93
Footwear	1380.23	9.17
Fuels	22087.96	208264.8
Hides and Skins	289.99	1.48
Mach and Elec	264139.23	14170.45
Metals	44365.46	550564.43
Minerals	1234.81	280.68
Miscellaneous	99506.09	48939.97
Plastic or Rubber	66242.06	609826.65
Stone and Glass	17158.33	221783.93
Textiles and Clothing	4493.98	137.78
Transportation	691267.1	67.3
Vegetable	24440.95	1475.89
Wood	5354.86	8.51



# Dhofar Region and the FTA

The Dhofar region is an industrial powerhouse overlooking the open ocean with developed infrastructure for manufacturing, road network and an advanced port. Some of the advantages Salalah has to utilize the FTA to export to the U.S. are:

1. In proximity of the Salalah and Mazunah Free Zones
2. Abundance in production of plastics and petrochemical byproducts
3. The Port of Salalah is one of four Secure Freight Initiative operations scanning cargo bound for the United States on a limited basis. Under this agreement, an officer of the United States Customs and Border Protection (CBP) is stationed at Salalah Port.
4. There are several high tariff items to import into the U.S. available in the Dhofar region, which can be exported duty free under the FTA. (Eg: watermelons, cantaloupes, seafood, medicines, medical devices)
5. In normal circumstances, a cargo vessel reaches from Salalah to the East Coast of the U.S. in 17 days on average. This provides a significant lead time advantage for U.S. customers ordering from Salalah.



# Dhofar Region and the FTA

## Products available in Dhofar with high import tariffs in the U.S.

### Watermelons (fresh)

U.S. was the largest importer in 2022. The import was USD 826,659,000.

#### U.S Import Duty

HS Code	Description	Import Duty
08071100	If entered during period December 1, in any year, to the following March 31	9%
	Any other time of the year	17%

No duties on Omani exports to the U.S.

Source: United States International Trade Commission-Harmonized Tariff Schedule available at: <https://hts.usitc.gov/>

### Tomato Paste

U.S. was the 10<sup>th</sup> largest importer in 2022.

#### U.S Import Duty

HS Code	Description	Import Duty
20029010	Tomato Paste	11.6%

No duties on Omani exports to the U.S.

Source: United States International Trade Commission-Harmonized Tariff Schedule available at: <https://hts.usitc.gov/>

### Cantaloupe

U.S. was the largest importer in 2022

#### U.S Import Duty

HS Code	Description	Import Duty
08071910	If entered during period August 1 to September 15, in any year	12.8%
	Any other time of the year	29.8%

No duties on Omani exports to the U.S.

Source: United States International Trade Commission-Harmonized Tariff Schedule available at: <https://hts.usitc.gov/>

### Poly(ethylene terephthalate)

U.S. was the largest importer in 2022. The total import was USD 2,600,000,000.

#### U.S Import Duty

HS Code	Description	Import Duty
39076100	<u>Poly(ethylene terephthalate)</u>	6.5%

No duties on Omani imports in the U.S.

Source: United States International Trade Commission-Harmonized Tariff Schedule available at: <https://hts.usitc.gov/>



# Dhofar Region and the FTA

There are several opportunities for Omani companies who can invest in manufacturing and have a competitive advantage from the get go in the U.S. market using benefits from policies such as the Inflation Reduction Act (IRA), tariffs on Chinese products, Section 232 for metal imports.

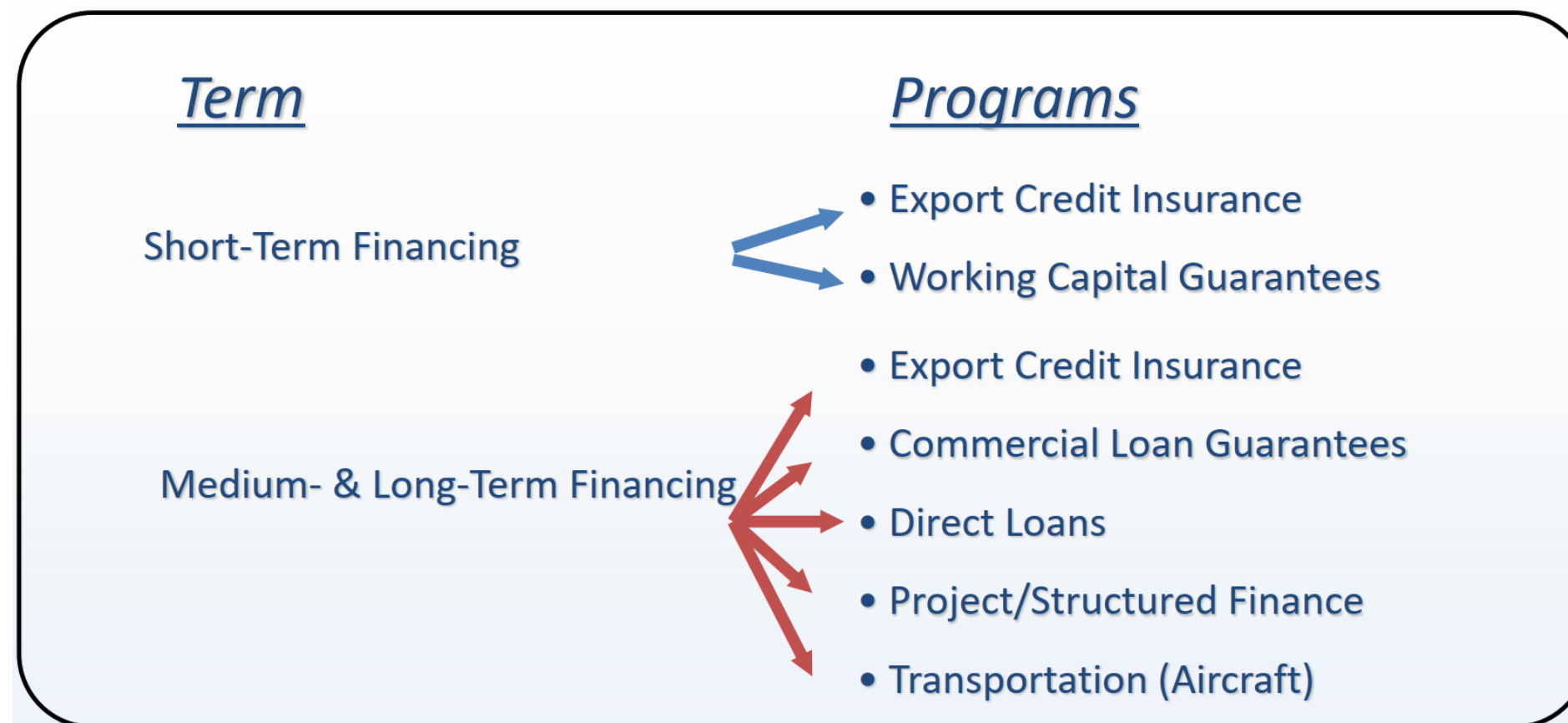
Some of the products from our research are:

1. Solar Panels-25% import duty for all countries, 50% on Chinese products.
2. Medical devices- Class 1, 2 and 3 devices. 5-25% import duty for all countries, 25-75% on Chinese products. U.S. imports most of its medical disposables from China.
3. Metals- Omani companies exporting steel and aluminum to the U.S. can be exempted from the Section 232 tariffs.
4. Batteries and renewable energy equipment- Under the Inflation Reduction Act, the U.S. Government is providing tax deductions for EV's and renewable energy equipment. Under which, up to 50% of the components of goods manufactured in the U.S. can be sourced from FTA partners.
5. We can support in getting guidance for your supplier to get EXIM financing for you to source equipment from the U.S.
6. Apparels and Textiles- There are tariffs of 5-15% on apparels and textiles on imports and Section 301 imposes 20-30% tariff on Chinese products.



# U.S. EXIM Bank's Support

- The U.S. EXIM bank is the Official Export Credit Agency (ECA) of the U.S. It is an independent federal agency to assist in financing the export of U.S. goods and services to international markets.
- In February 2023, Export-Import Bank of the United States signed a \$500 Million Memorandum of Understanding with the Sultanate of Oman. The MOU focuses specifically on furthering the goal of facilitating procurement of U.S. goods and services for projects in the Sultanate of Oman, specifically in the wireless communication, biotechnology, renewable energy, agriculture, and manufacturing sectors, among others.
- The EXIM bank provides funding/insurance/support to U.S. companies for American products exported to Oman.



# Dhofar Region and the FTA

Success stories of Omani companies exporting to the U.S. [Click here to watch](#)



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# How Can OABC Help?

OABC has launched 3 new programs to help Omani and American companies to export their products, source equipment and products, get funding and to navigate the intricacies of international trade to help your company reach the American shores. We ensure a one-stop-shop for our members to achieve success in their vision to enter the U.S. market.

Following are our programs:

1. U.S. Export Compass



2. U.S. – Oman Import Easy



3. Gateway Oman



# U.S. Export Compass



U.S Export Compass is an annual program for Omani companies to utilize the **FTA** and provide focused support for each step of the journey from A to Z. We can help you prepare your product for the U.S market, connect with logistics providers to find the right solutions, and organize meetings with U.S. buyers.

## The program offers:

1. Support to prepare your marketing material (website, brochures, business cards) to be apt for American customers. This will make your company more lucrative for clients and showcase the genuineness of your company.
2. Assessment of your plant, process, people. We can find gaps in in them to rectify for U.S. clientele. We will provide constant guidance to help your team to make sound decisions and changes in your company's facilities to make the end product or service more appropriate for the US market.
3. Preparation: Meetings with your export manager to discuss and negotiate with U.S. buyers. We will discuss about the advantages of the FTA, quick shipping time, container processing at Salalah Port.
4. Lists: a list of traders, partners and customers in the US will be provided to your team to study and filter. We will arrange video meetings with the selected companies (B2B, B2C).
5. We will hold informative sessions exclusively for your team to find any support system, schemes or incentives which can support your company to export to the U.S.
6. Support to visit industry trade shows and exhibitions in the U.S., Oman and the region.
7. OABC will help your company to understand certifications and compliance requirements to supply in the U.S. market.
8. Constant progress mapping with regular follow ups.





# U.S. – Oman Import Easy



**U.S. - Oman  
Import Easy**

Find the ideal American business partner to help your company grow. We understand the challenges of finding the right partner in a vast market like the United States. U.S. – Oman Import Easy takes the guesswork out of the equation, connecting you with the right American company to meet your specific needs.

1. Tell us about the specific product or service you seek from a U.S. company.
2. Our experts leverage extensive research and connections to identify American companies that perfectly align with your requirements.
3. You will receive detailed profiles of each company, including their address, email, phone numbers, and key contact person.
4. We arrange a convenient video call with the decision-maker at the American company, allowing you to discuss your needs directly.
5. For one month after the video call, OABC remains your reliable partner, following up with the American company on your behalf and ensuring smooth communication.
6. We support you to guide your U.S. partner to reach out to the U.S. EXIM Bank to pitch your proposal to source American products/equipment and use them for creating value (jobs, business) in the U.S. and Oman.
7. Learn about incentives you can get by sourcing from various American companies (FTA benefits, state benefits, support by the Omani Government)



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# Gateway Oman



A program for American companies to find the right partner in Oman for their market entry.

1. We support our members to connect with American companies entering Oman to discuss opportunities of mutual benefit for both of them.
2. We ensure they find the right partners in Oman to grow in this market.
3. We encourage you as our members to let us know the products and industries you have expertise in and want to expand into.
4. Your team can guide the American company to adapt and prosper in the Omani market.



# OABC Membership

As the largest networking organization in Oman with over 200 members hosting over 30 in person events every year, we encourage the Omani business community to engage in discussions for diversification and growth. It is the pathway to joining our programs,

We offer 2 types of membership to Omani companies.

## 1. Premium Membership

Attend exclusive events limited to premium members (U.S. Ambassador events, visiting delegations, VIP launches, etc)

Free entry to all of our regular events for up to 5 company representatives.

Get special introductions to other executives and decision makers.

## 2. Corporate Membership

Free entry to all of our regular events for up to 2 company representatives.

Listed in our OABC Membership Directory, including a link to your website.

Contact our team members to know about our membership and its benefits.



# Our Team

REBECCA OLSON  
CEO



Rebecca brings to OABC more than 20 years of experience serving nonprofit and for-profit organizations in Rochester, Boston, Nairobi, Ramallah, and Muscat. Rebecca joined OABC as Executive Director in 2017, helping to double the organization's membership and number of events annually. Promoted to CEO in 2023, Rebecca is passionate about serving OABC members, facilitating more trade between Oman and the U.S., and helping to make Oman an easy place to do business.



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# Our Team

**HARSHAL DUTIA**

**BUSINESS DEVELOPMENT MANAGER-U.S.AND OMAN MARKETS**



Harshal has over 10 years of experience in Oman in trade development, business development, and finance, having worked in the government sector, non-profit organizations, and private companies. From 2016, Harshal worked for an international trade development organization in Muscat for over 7 years, spearheading initiatives for several Power, defense oil and gas, water treatment, healthcare, IT projects in Oman aimed at promoting trade, attracting investments, and facilitating technology transfer. Harshal joined OABC in December 2023 to foster, develop, and facilitate trade between Oman and the U.S. This is mainly done through programs run by OABC to help Omani companies export to the U.S. navigating the intricacies of trade through connections, market research, and facilitating the utilization of the US-Oman Free Trade Agreement.



# THANK YOU!



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