LIMITLESS POTENTIAL: A DETAILED GUIDE TO THE U.S.-OMAN FTA

OMAN AMERICAN BUSINESS COUNCIL

AMCHAM OMAN

Contents

Disclaimer: This guide is not intended to replace legal or professional advice and should not be relied upon as such. Bilateral trade between the Sultanate of Oman and the United States is governed by the provisions of the Free Trade Agreement (FTA) and the applicable laws of both countries.

Please refer to the final text of the Free Trade Agreement from the following link:
FTA: https://ustr.gov/trade-agreements/free-trade-agreements/oman-fta/final-text

About this Guide

This Guide was developed through the efforts of the Oman American Business Council: AmCham Oman (OABC) as part of its Trade and Investment Initiative.

The collaborative effort led by OABC reflects the shared expertise and commitment of a variety of public and private sector entities in Oman and the U.S. to ensure that this guide is both practical and impactful for businesses in Oman and the United States.

In 2022, AmCham Jordan was engaged by OABC to provide expert assistance in gathering sector-specific statistics and success stories in Oman. This partnership was made possible through funding from the U.S. Embassy Muscat, who supported OABC's Spotlight on the U.S.-Oman FTA program.

Since this time, the OABC team dedicated significant time and resources to compiling data, success stories, and practical insights, creating a comprehensive resource for businesses seeking to leverage the U.S.-Oman Free Trade Agreement (FTA).

We extend a special thank you to Jason Buntin at the Office of the U.S. Trade Representative (USTR) for contributing key trade statistics.

The guide also drew inspiration from CIPE Bahrain's Economic Diversification and Access to Finance project, supported by the Middle East Partnership Initiative (MEPI) of the U.S. Department of State.

Launched in December 2024 to commemorate the 15 year anniversary of the U.S.-Oman Free Trade Agreement, the document will be updated regularly.

I. About the U.S. - Oman Free Trade Agreement:
15 Years of Growing Opportunities

The United States-Oman Free Trade Agreement (FTA) entered into force on January 1, 2009. The FTA is an agreement between the United States and Oman that outlines specific obligations affecting trade in goods and services, while providing protections for investors and intellectual property rights, among other topics. This agreement helps American and Omani companies to enter and compete more easily in each other's markets through zero or reduced tariffs and other provisions. The FTA reduces trade barriers and fosters a more predictable and transparent trading and investment environment. As a cornerstone of the bilateral commercial relationship, this is one of only 14 FTAs the U.S. has with other countries. The U.S.-Oman FTA has no expiration date.

On the day the FTA took effect, nearly all industrial and consumer goods traded between the United States and Oman became duty-free.

According to the Office of the U.S. Trade Representative (USTR), trade between both countries experienced significant growth since the FTA's implementation.

U.S. goods and services trade with Oman totaled an estimated USD 4.3 billion in 2023. U.S. exports were USD 2.4 billion; imports were USD 1.8 billion. The U.S. goods and services trade surplus with Oman was USD 583 million in 2023.

Goods Trading: Oman is currently the U.S.A's 74th largest goods trading partner with USD 3.5 billion in total (two way) goods trade during 2023. Goods exported from the U.S. to Oman totaled USD 1.9 billion; goods exported to the U.S. from Oman totaled USD 1.7 billion. The U.S. goods trade surplus with Oman was USD 211 million in 2023.

Services Trading: Trade in services with Oman (exports and imports) totaled an estimated USD 756 million in 2023. Services exports were USD 564 million; services imports were USD 192 million. The U.S. services trade surplus with Oman was USD 372 million in 2023.

U.S Oman Trade Statistics

U.S. EXPORTS TO OMAN

- Oman was the United States' 69th largest goods export market in 2023.
- U.S. goods exports to Oman in 2023 were USD 1.9 billion, up 25.3 percent (USD 376 million) from 2022 and up 19 percent from 2013. U.S. exports to Oman are up 34.8 percent from 2008 (pre-FTA).
- The top export categories (2-digit HS) in 2023 were: vehicles (USD 605 million), machinery (USD 203 million), precious metal and stone (gold) (USD 164 million), aircraft (USD 151 million), and mineral fuels (USD 132 million).
- U.S. total exports of agricultural products to Oman totaled USD 84 million in 2023. Leading domestic export categories include: ethanol (non-beverages) (USD 17 million), condiments and sauces (USD 12 million), poultry meat and products (excluding eggs) (USD 9 million), tree nuts (USD 6 million), and soybean meal (USD 5 million).
- U.S. exports of services to Oman were an estimated USD 564 million in 2023, 14.4 percent (USD 68 million) more than 2022, and 43 percent greater than 2013 levels. It was up roughly 186.3 percent from 2008 (pre-FTA). Leading services exports from the U.S. to Oman were in the financial services, technical and other services, and travel sectors.

OMAN EXPORTS TO THE U.S.

- Oman was the United States' 76th largest supplier of goods imports in 2023.
- Oman exports to the U.S. totaled USD 1.7 billion in 2023, down 39.1 percent (USD 1.1 billion) from 2022, but up 61 percent from 2013. Oman exports to the U.S. are up 93.8 percent from 2008 (pre-FTA).
- The top export categories (2-digit HS) in 2023 were: plastics (USD 396 million), mineral fuels (USD 332 million), aluminum (USD 252 million), precious metal and stone (jewelry) (USD 235 million), and special other (repairs and returns) (USD 108 million).
- Oman's total exports of agricultural products to the U.S. totaled USD 6 million in 2023. Leading categories include: essential oils (USD 3 million), baked goods, cereals, and pasta (USD 2 million), dairy products (USD 659 thousand), vegetable oils (USD 452 thousand), and other meat products (USD 169 thousand).
- Oman's export of services to the U.S. were an estimated USD 192 million in 2023, 18.2 percent (USD 36 million) more than 2022, and 21 percent less than 2013 levels. Service exports were up roughly 59.7 percent from 2008 (pre-FTA). Leading services imports from Oman to the U.S. were in the transportation, travel, and technical and other services sectors.

Success Stories

Apex Transgulf Manufacturing L.L.C is a manufacturing business with a family-owned and run structure. This business is based in the Salalah Free Zone, a strategic location on the Arabian Sea with a direct U.S. shipping line that ensures the best lead times in the region. APEX specializes in the production of Polyethylene Plastic Blown Film and Textile Sewing Threads. U.S. sales have been driven by the significant impact of the Omani – U.S. Free Trade Agreement (OUSFTA), in which the co-founder played a vital role in the 2006 FTA as part of the industrial sector's working group. Today, their high-quality "Made in Oman" products have gained recognition and are utilized in over 35,000 hospitals, clinics, and nursing homes throughout North America. The Free Trade Agreement (FTA) has opened new doors for APEX, enabling them to effortlessly tap into the world's largest economy, making exporting to the U.S. much easier. In fact, a staggering 60% of their revenues now come from exporting to the U.S., highlighting the immense potential of this market. APEX is one of the few FDA-registered companies in the region, with the advantage of manufacturing FDA Class I and II Medical Devices, catering to the growing healthcare plastics industry, valued at a substantial USD 1.8 billion in the U.S.

TRADE BALANCE

- The U.S. trade balance with Oman shifted from a goods trade deficit of USD 1.2 billion in 2022 to a goods trade surplus of USD 211 million in 2023.
- The United States has a services trade surplus of an estimated USD 372 million with Oman in 2023, up 22.0 percent from 2022.

Because of the FTA, the United States has become one of Oman's top trading partners. In 2023, the United States was among Oman's largest import and export partners, showcasing the growing economic relationship between the two nations.
The U.S.-Oman FTA has significantly benefited businesses on both sides, creating opportunities for growth, innovation, and strengthened bilateral ties. Over a decade later, the FTA remains a key driver of the commercial relationship, unlocking even greater potential for trade and investment between the United States and Oman.

INVESTMENT

- U.S. foreign direct investment (FDI) in Oman (stock) was USD 2.3 billion in 2022 (latest data available), a 7.8 percent increase from 2021. There is no information on the distribution of U.S. FDI in Oman.
- Oman's FDI in the United States (stock) was USD 6 million in 2022. There is no information on the distribution of Oman FDI in the U.S.
- Sales of services in Oman by majority U.S.-owned affiliates were USD 761 million in 2021 (latest data available). There were no sales of services in the United States by majority Oman owned firms in 2021.

II. Advantages of the FTA

National Treatment: Under the U.S.-Oman FTA, each Party accords national treatment to the goods of the other Party. This means that foreign investors and service providers from the United States are to be treated no less favorably than domestic Omani investors and service providers in similar circumstances. The FTA provides substantial market access across various sectors, including services, where national treatment and most-favored-nation (MFN) principles apply. This covers a wide range of industries such as telecommunications, healthcare, and engineering.

Reduction or Elimination of Tariffs: The U.S.-Oman FTA eliminates customs duties on most originating goods traded between the two countries. Except as otherwise provided in the FTA, the agreement outlines the phased reduction or immediate elimination of tariffs on goods, as detailed in Annex 2-B of the FTA.

Intellectual Property Protection: The U.S.-Oman FTA establishes high standards for the protection and enforcement of intellectual property rights (IPR). Nationals of each Party are ensured the same treatment regarding the protection, enforcement, and enjoyment of intellectual property rights, including patents, copyrights, and trademarks, as well as any benefits derived from these rights.

Government Procurement: The FTA reinforces rules of fairness, transparency, and predictability in government procurement procedures. This includes requirements for advance public notice of purchases and timely, transparent decision-making and review processes for bids. Omani suppliers are granted National Treatment and non-discriminatory access to bid on contracts from various U.S. federal government entities and government-owned enterprises. Similarly, U.S. suppliers are granted non-discriminatory access to bid on contracts from Omani government entities, fostering open competition in public procurement markets.

III. Benefits to Key Sectors

Since the implementation of the U.S.- Oman Free Trade Agreement (FTA) in 2009, trade between the United States and Oman has evolved significantly, with several key products dominating the exchange.

Statistics Reflecting FTA Benefits

Bilateral trade volume: In 2022, total goods trade between the U.S. and Oman reached USD4.2 billion, a significant increase since the FTA's implementation in 2009.

The FTA has also opened Oman's market to services trade, creating new opportunities for U.S. businesses in key sectors such as telecommunications, express delivery, and financial services. This has contributed to an increasingly balanced and diversified economic relationship between the two countries. Some of the top commodities traded between both countries are listed below.

Cars: U.S. exports of cars to Oman reached USD 292 million in 2022, making it the top exported product. This sector has experienced substantial growth, increasing from USD 206 million in 2017, reflecting a growth rate of approximately 42% over five years.

Petroleum Coke: Another major export from the U.S. to Oman is petroleum coke. The export was valued at USD 75.2 million in 2022, up from USD 58 million in 2017, marking a growth of about 29%.

Reaction and Catalytic Products: Exports of reaction and catalytic products from the U.S. to Oman totaled USD 52.6 million in 2022, highlighting the importance of chemical products in U.S.-Oman trade.

Gold: The U.S. exported gold worth USD 8.38 million to Oman in August 2024 (OEC World Stats), reflecting a growing interest in precious metals as trade items.

Other Construction Vehicles: Exports of other construction vehicles from the U.S. to Oman amounted to USD 6.61 million in August 2024 (OEC World Stats), indicating ongoing infrastructure development needs.

Nitrogenous Fertilizers: On the import side, Oman exported nitrogenous fertilizers valued at USD 503 million to the U.S. in 2022, up from USD 410 million in 2017, indicating a robust annual growth rate of 8.35% over five years.

Aluminum Plating: Oman's exports of aluminum plating to the U.S. totaled USD 450 million in 2022, increasing from USD 350 million in 2017, reflecting a growth rate of approximately 28.6%.

Raw Plastic Sheeting: With exports valued at USD 410 million, raw plastic sheeting remains a key product that highlights Oman's manufacturing strengths, having risen from USD 300 million in 2017, representing a growth rate of around 36.7%.

Aluminum Plating: The U.S. imported aluminum plating valued at about USD 450 million from Oman in 2022, further emphasizing Oman's role as a key supplier of aluminum materials.

Opportunities

Business Services:

The U.S.-Oman FTA covers a wide range of service sectors, including hydrocarbons, medical goods, chemicals, electrical equipment, healthcare, services incidental to mining, construction, architecture, and engineering. The agreement provides significant benefits for businesses supplying services cross-border (such as through electronic means) and for those wishing to establish a local presence in the other country.

The FTA employs a "negative list" approach, meaning that all service sectors are included unless explicitly excluded. This ensures broad coverage and reduces barriers to trade. All policies and measures affecting services trade are applied in a fair, objective, and non-discriminatory manner, enhancing market access for U.S. and Omani businesses alike.

Industrial and Agricultural Products:

Under the U.S.-Oman FTA, 100% of bilateral trade in industrial, consumer, and agricultural products is duty-free, providing immediate tariff elimination for most products. Key sectors benefiting from this agreement are:

- **Industrial goods**: Machinery, vehicles, electrical equipment, and chemicals.
- **Agricultural goods:** U.S. exports of agricultural products to Oman, such as grains, meat, and dairy, totaled USD 95 million in 2021 compared to USD 85 million in 2020 and USD 80 million in 2019, reflecting a significant increase due to the FTA's provisions.

Telecommunications:

The U.S.-Oman Free Trade Agreement (FTA) significantly enhances the telecommunications landscape between the two nations by establishing a framework that promotes transparency, non-discrimination, and open market access. This competitive environment is crucial for fostering growth in the telecommunications sector, which has seen notable advancements since the agreement's implementation.

Impact on Telecommunications

Market Access and Investment: The FTA allows U.S. companies to fully own their businesses in Oman without requiring local sponsorship, which is a significant advantage for foreign investors. This provision has encouraged U.S. firms to enter the Omani market, leading to increased investments in telecommunications infrastructure and services.

Growth of the Sector: Oman's telecommunications sector has been expanding rapidly, with mobile penetration reaching approximately 160% as of 2023, indicating that many individuals use multiple mobile subscriptions. The FTA has played a pivotal role in this growth by facilitating partnerships between U.S. and Omani companies, enabling the introduction of advanced technologies and services.

Regulatory Framework: The agreement includes provisions that enhance regulatory t ransparency and predictability, which are essential for businesses looking to invest in new markets. For example, it mandates that telecommunications regulations be applied fairly and without discrimination, creating a more stable business environment

Technological Advancements: U.S. firms have been particularly active in providing cutting-edge solutions in mobile networks and broadband services within Oman.
The FTA supports these initiatives by ensuring that both countries adhere to international standards and practices, thereby facilitating smoother cross-border operations.

Economic Benefits: The FTA not only benefits telecommunications companies but also contributes to broader economic growth. By liberalizing trade and investment in this sector, the agreement helps create jobs and improve service quality for consumers in both countries.

In summary, the U.S.-Oman FTA has established a robust framework for telecommunications that encourages investment, fosters innovation, and enhances service delivery through a competitive market environment.

E-Commerce:
The U.S.-Oman Free Trade Agreement (FTA) significantly enhances opportunities for e-commerce by eliminating barriers to digital trade and ensuring the free flow of information across borders while safeguarding personal data. This framework has catalyzed a notable increase in e-commerce activity in Oman, positioning it as a burgeoning market for U.S. businesses alike.

E-Commerce Growth in Oman

Market Potential: The Omani e-commerce market is projected to grow from approximately USD 0.57 billion in 2023 to USD 3.27 billion by 2027, achieving a compound annual growth rate (CAGR) of 9.8% during this period. This growth reflects the increasing adoption of online shopping among consumers and the expansion of digital services.

Rising Internet Penetration: With an internet penetration rate exceeding 80%, and a population of over 4.6 million, Oman is witnessing a surge in e-commerce participation. However, currently, only about 8% of the population engages in e-commerce, indicating substantial room for growth as consumer habits evolve.

Government Intiatives: The Omani government has launched a National E-Commerce Plan, which focuses on updating legislative frameworks and enhancing logistics services, among other initiatives. As of April 2024, 3,316 e-commerce licenses have been granted, underscoring the government's commitment to fostering a conducive environment for digital commerce.

Consumer Preferences: Omani consumers are increasingly gravitating towards online shopping for convenience, particularly in categories like clothing, electronics, and beauty products.
Electronics alone accounts for approximately 23% of e-commerce revenue in Oman.
This trend is supported by rising disposable incomes and urbanization, which are expected to fuel further growth.

Cross- Border Opportunities: The FTA has opened doors for U.S. businesses to access Oman's digital markets more effectively, allowing them to offer goods and services that cater to local preferences while also tapping into cross-border e-commerce opportunities.

In summary, the U.S.-Oman FTA not only facilitates trade but also plays a crucial role in shaping the future of e-commerce in Oman. With significant growth projections and supportive government initiatives, both nations stand to benefit from an increasingly interconnected digital economy.

Financial Services:
The U.S.-Oman FTA allows U.S. and Omani-based firms to offer cross-border financial services, including financial information and data processing, financial advisory services, and portfolio management. Both countries permit asset managers, including insurance companies, to manage portfolios of collective investment schemes established in Oman or the U.S.

Oman's financial sector, which includes both conventional and Islamic finance, can benefit from increased engagement with U.S. firms. The FTA ensures transparency and non-discrimination, enabling U.S. companies to compete fairly in Oman's banking and financial markets. In turn, Oman's access to U.S. expertise has contributed to the sector's modernization and growth.

Success Stories

Integrated Aviation Services L.L.C - was founded in 2006 and is headquartered in Muscat, Sultanate of Oman. The company specializes in providing efficient solutions for aircraft Engineering and ground support equipment for both commercial and military air operators in the region. Integrated Aviation Services has been utilizing the Free Trade Agreement (FTA) to maintain a competitive edge in the market. The company has been successful in marketing U.S. brands in Oman by providing additional technical support and after-sales services, which has enabled them to effectively leverage the benefits of the FTA. The 5% savings in customs duties also serve as a financial incentive for clients to purchase U.S.-made equipment, which reduces operational costs and minimizes overall equipment life cycle expenses.

Temporary Admission of Goods

Both the United States and Oman grant temporary duty-free admission to specific items, regardless of their origin. These goods are not held up by customs authorities and are allowed entry into the destination country upon the arrival of the individual carrying them. Goods are also permitted to enter and exit through different customs ports without incurring additional charges.

The following goods are eligible for temporary admission under the U.S.-Oman FTA:

- Professional equipment necessary for carrying out a business activity, trade, or profession by a businessperson eligible for temporary entry.
- Products intended for demonstrations or exhibitions.
- Commercial samples, advertising films, and recordings.
- Products intended for sports or sporting events.

Conditions for Temporary Admissions

The following conditions must be met for goods to qualify for temporary duty-free admission under the U.S.-Oman FTA:

- The good is used solely or under the supervision of an Omani or American citizen in their trade, profession, or sport.
- The goods are not leased or sold while in the host country.
- The good is accompanied by security equal to or less than the tariff that would be owed upon entry or importation.
- The goods can be identified upon exportation.
- The goods are exported before or when the individual using the goods leaves the host country.
- The good is imported in reasonable quantities for its intended use and is otherwise admissible under the country's import laws.

Benefits in Numbers

- **Trade in goods:** Bilateral trade between the U.S. and Oman has grown significantly since the implementation of the FTA. In 2021, total trade reached USD 4.2 billion, with key sectors such as telecommunications equipment, machinery, and chemicals benefiting from the duty-free provisions.
- **Temporary admissions for exhibitions and sports:** Oman frequently hosts international trade shows and sporting events, and the streamlined temporary admission rules have encouraged greater U.S. participation in these events.
- **U.S. exports to Oman in financial services:** The FTA has paved the way for U.S. firms to expand their presence in Oman's financial services sector, with exports of financial services valued at USD 330 million in 2021.

This framework has ensured mutual benefits, reduced trade barriers, and bolstered economic ties between the two nations, showcasing the success of the U.S.-Oman FTA in fostering international collaboration.

Goods Re-Entered After Repair or Alteration

According to Article 2.6 of the U.S.-Oman FTA, neither party may collect or apply a tariff to goods that are re-entered into its territory after being exported to the other party's territory for repair or alteration, regardless of the goods' origin or whether the repair or alteration could have been performed domestically. Similarly, neither party may impose a tariff on goods imported temporarily from the territory of the other party for repair or alteration, irrespective of the goods' origin.

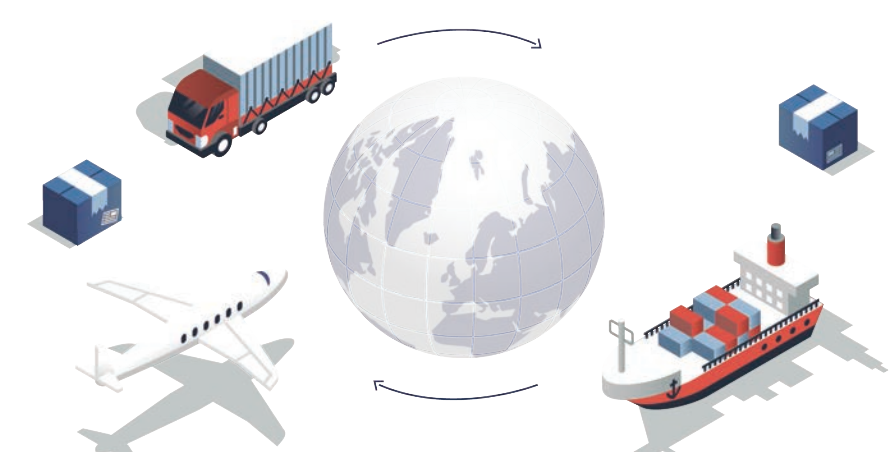
This provision has significantly reduced costs for businesses in both the United States and Oman by enabling seamless cross-border repair and maintenance services for industrial equipment, vehicles, and other critical goods.

Benefits in Numbers

- **U.S. exports to Oman for repair or alteration:** U.S. companies specializing in aerospace, automotive, and machinery repair have benefited from the duty-free provisions.
- **Omani exports to the U.S.:** Oman's industrial goods, such as metals and manufacturing components, have also benefited, with total Omani exports to the U.S. valued at USD 2.7 billion in 2022, a portion of which includes goods re-entered after repair or alteration.
- **Industries impacted:** The provision has been particularly advantageous for sectors like aviation, where the U.S. provides specialized repair services for Oman's fleet of commercial and defense aircraft, and oil and gas equipment, where advanced repairs are often completed in U.S. facilities.

Economic Impact

This aspect of the FTA has enabled smoother operations for industries that rely on specialized repair and maintenance services, reducing downtime and operational costs. By eliminating tariffs on re-entered goods, the agreement supports the flow of high-value goods and strengthens the integration of supply chains between the U.S. and Oman.



IV. Rules of Origin

Rules of origin determine the national source of a product and are central to qualifying for preferential duty treatment under the U.S.-Oman Free Trade Agreement (FTA). For a product to benefit from duty-free or reduced tariff access, it must satisfy the rule of origin requirements set forth in the agreement.

General Rules

- A product is considered originating and qualifies for preferential tariff treatment if it is wholly obtained or produced entirely in Oman, the United States, or both. For example, an agricultural product like fish or dates grown in Oman qualifies as a "product of Oman."
- For processed or manufactured goods, rules of origin become more complex, requiring specific conditions to be met, such as regional value content or substantial transformation criteria.

Textile and Apparel Products

- Under the U.S.-Oman FTA, all textile, apparel, and travel goods are duty-free provided they meet the FTA's rules of origin.
- These products are subject to a "yarn forward" rule, requiring that yarn production and all operations forward occur in either Oman or the United States, although the fiber can originate elsewhere.
- Exceptions exist for some products requiring "fiber forward" or "fabric forward" rules. Additionally, a de minimis rule allows up to 7% of the total weight of a product to be made up of non-originating fibers or yarns while still qualifying for preferential treatment.

Processed Agricultural and Manufactured Goods

The U.S.-Oman FTA uses three sets of rules of origin:

1. **Textile and Apparel (Annex 3-A)**: Ensures that Omani-origin textiles benefit from duty-free entry into the U.S., promoting Oman's growing textile sector.
2. **Agricultural Products (Annex 4-A)**: Covers specific processed agricultural products like dates, fish products, and dairy, enabling duty-free access.
3. **35% Regional Value Content (RVC)**: For all other goods, at least 35% of the product's value must originate from Oman, United States or both to qualify for duty-free status.

Success Stories

ChampionX- is a leading global provider of chemistry programs and services, artificial lift solutions, automation and optimization equipment, and drilling technologies for the upstream and midstream oil and gas industry. The company was established in Oman in 2010 under the FTA and is dedicated to providing innovative solutions to the oil and gas sector. ChampionX is a U.S. based company. One of their noteworthy achievements is the manufacturing of coiled rod products, the first of its kind in the region. This innovation has revolutionized oil field operations, providing greater efficiency and productivity. As a registered company under the Free Trade Agreement, ChampionX enjoys the privilege of importing high-quality, American raw and finished products duty-free for its manufacturing plant. This allows them to provide clients with top-notch products while maintaining cost-effectiveness. Furthermore, being treated as an Omani company under the FTA agreement grants the (American based) company substantial flexibility in their operations, enabling them to better serve clients.

Benefits and Impact on U.S.-Oman Trade

- **Agricultural Exports**: The FTA has bolstered Omani exports of seafood, which meet origin rules and enjoy duty-free access to the U.S. market. In 2021, Omani agricultural exports to the U.S. totaled USD 142 million, with seafood and processed foods leading the growth.
- **Textiles and Apparel**: The duty-free provisions have encouraged the development of Oman's textile and apparel industry, making it competitive in the U.S. market. In 2022, U.S. imports of Omani textiles was USD 476,330 which grew by 17% year-over-year.
- **Industrial Products**: Manufactured goods such as petrochemical derivatives benefit from clear origin rules, driving total U.S. imports from Oman to USD 1.2 billion in 2021.

Simplified and Transparent Trade

The rules of origin framework under the U.S.-Oman FTA ensures a streamlined and transparent trade process, making it easier for businesses in both countries to qualify for duty-free access. These provisions not only reduce costs but also foster stronger economic ties between the two nations.

Product-Specific Rules – Agricultural Products

Under the U.S.-Oman Free Trade Agreement (FTA), there are specific rules of origin for certain agricultural products, detailed in Annex 4-A of the agreement. These rules apply to products such as:

- **Dates**: A product which can have significant export from Oman to the U.S.
- **Fish and Seafood Products**: Including fishmeal and processed seafood.
- **Fruits and Vegetables**: Specific fruits like pomegranates, melons, and citrus fruits.
- **Food Preparations**: Various processed foods and ready-to-eat meals, which are gaining popularity in the U.S. market.

These agricultural goods must meet certain origin criteria to benefit from the preferential tariff treatment provided by the FTA. Specifically, non-originating inputs used in these products are limited, ensuring that the substantial portion of the product's value is derived from Oman or the U.S.

Regional Value Content (RVC) – Cumulation

Rules of origin with Regional Value Content (RVC) requirements allow goods to qualify for preferential treatment if they are substantially transformed within the territories of Oman, U.S. or both, even if some materials come from outside of the two countries.

Under the U.S.-Oman FTA, the "build-up" method is applied, allowing for the cumulation of inputs from both countries. This means that a product will qualify as an "originating good" and be eligible for preferential tariff treatment if the sum of:

- The value of materials produced in Oman, U.S. or both
- Direct costs of production incurred in either country is not less than 35% of the appraised value of the good at the time it is imported into the U.S. or Oman.

Example: Agricultural Products under the FTA

1. **Omani Dates**: Dates are one of Oman's top agricultural exports to the U.S. and benefit significantly from this rule. Under the FTA, Omani dates meet the RVC criteria because the majority of the product comes from Oman, with minimal inputs required from outside sources.
2. **Omani Fish Products**: Processed fish and seafood, including frozen fish and fishmeal, benefit from the RVC criteria as well. The processing of these products in Oman helps them qualify for preferential tariff treatment.

The FTA defines the calculation for RVC as:
Value of Originating Materials + Direct Costs of Production ≥ 35% of the appraised value of the good.

Direct costs of production include labor costs, depreciation on machinery, research and development, inspection, and packaging costs. These costs help determine the percentage of value added within Oman or the United States.
However, simple processes like combining or packaging unrelated goods are not enough to meet the RVC requirement, as the product must undergo substantial transformation to qualify as originating.

Impact on Trade

The U.S.-Oman FTA has significantly benefited Oman's agricultural sector. The duty-free access granted to agricultural goods like dates and fish products has opened up new opportunities in the U.S. market, boosting Oman's exports while enhancing the competitiveness of Omani goods. For example, Oman's agricultural exports to the U.S. increased by 29.41% year-over-year from 2020 to 2021.

Transit and Transshipment

Under the U.S.-Oman Free Trade Agreement (FTA), goods shall not be considered as imported directly from the other Party if the goods undergo subsequent production, manufacturing, or any other operation outside the territories of Oman or the U.S. However, operations such as unloading, reloading, or other actions necessary to preserve the goods in good condition or to facilitate their transport are allowed.

A good may enter a warehouse or distribution center outside either Party and still be eligible for FTA benefits, provided that the product does not undergo any modifications and is simply waiting to be shipped to the U.S. or Oman. This ensures that goods can be temporarily stored or transshipped through third-party countries without losing their preferential status under the FTA.
For example:

- Omani goods, such as dates or fish products, can be stored in a regional hub (like the UAE) and then shipped to the U.S. without impacting their FTA benefits, provided no alterations are made during storage.

Re-Exportation to Other GCC Countries

As part of the FTA's provisions, U.S. origin goods that are exempted from customs duties upon entry into Oman are eligible for re-export to other Gulf Cooperation Council (GCC) countries, like the UAE, Saudi Arabia, Kuwait and Qatar. However, re-exported goods from Oman to other GCC countries will be subject to customs duties upon arrival at the final destination country, as these countries are not part of the U.S.-Oman FTA.
For instance:

- If U.S. manufactured goods, such as electronics or industrial machinery, enter Oman duty-free and are later re-exported to Saudi Arabia, they will incur Saudi customs duties upon arrival, as Saudi Arabia is not part of the agreement.

Impact on Trade and Logistics

This provision has benefitted Omani traders and U.S. exporters by allowing goods to be transported through regional hubs without losing the preferential tariff treatment. Oman's strategic position as a gateway to the Middle East and GCC markets has led to increased re-exportation of goods, boosting the overall trade volume between the U.S. and Oman.

- In 2022, Oman's total re-exports (including U.S. goods transshipped via Oman) reached USD 2.5 billion, marking a 12% increase over the previous year.
- Oman's export of U.S. goods to GCC countries has been growing steadily, as Oman is used as a hub for goods intended for broader regional markets.

V. Qualifying Claim of Preference

For qualifying goods under the U.S.-Oman Free Trade Agreement (FTA), the importer must make a claim of preference to request preferential duty treatment. Under the FTA, there is no requirement for the importer to provide a certificate of origin as part of the claim. However, both the importer and the exporter have the responsibility to generate supporting documentation to substantiate any claims for preferential treatment under the agreement.

Success Stories

G4S Security Solutions L.L.C - is the world's leading integrated security company, providing innovative and industry-leading solutions that protect and add value for customers with a global footprint, combining resources and expertise to create a comprehensive security approach. In Oman, G4S is a partnership between OHI SAOC and G4S, established in 1999, specializing in integrated security systems and facility management solutions. G4S Oman has greatly benefited from the Free Trade Agreement (FTA) by importing top-notch technologies created in the United States. The FTA has enabled them to save 5% on custom duty and offer more competitive pricing to their customers on high-value, low-margin products.

To claim preferential tariff treatment for a good under the U.S.-Oman FTA, the importer must submit, upon request by the customs authority of the importing party (either Oman or the U.S.), a signed declaration containing all pertinent information regarding the growth, production, or manufacture of the good. This declaration must provide details that verify the good's eligibility for preferential duty treatment.
For instance:

- Omani exporters of products like aluminum or fertilizers must ensure that all supporting documentation is in place to verify the origin of these goods, especially when entering the U.S. market to benefit from the preferential tariff rates under the FTA.

Required Data Elements for U.S. Customs and Border Protection (CBP)
When claiming preferential treatment, U.S. Customs and Border Protection (CBP) may request the following data elements from the importer:

1. **Description of the Good:** The importer must provide a detailed description of the goods, including the tariff classification and relevant product specifications.
2. **Origin Criteria:** Information about the goods' origin, including whether the goods meet the origin requirements stipulated under the FTA (for example, whether the goods were wholly produced or substantially transformed in Oman or the U.S. as per the rules of origin).
3. **Production or Manufacture Details:** A declaration on the processes involved in the production or manufacture of the goods, such as whether they were produced entirely in Oman or the U.S., or if they meet the Regional Value Content (RVC) requirement.
4. **Supporting Documents:** Documentation may include invoices, contracts, bills of lading, and any other relevant evidence that can substantiate the claim.
5. **De Minimis and Cumulation Information:** In the case of agricultural products, the de minimis rule (for instance, the percentage of non-originating materials that do not exceed 7%) must be properly documented.

U.S. Customs and Border Protection https://www.cbp.gov/trade/free-trade-agreements/oman/faqs

U.S. Customs and Border Protection Requirements for Tariff Exemption

United States Customs and Border Protection (CBP) has similar requirements for the exemption of tariffs on qualifying goods under the U.S.-Oman FTA:

1. **Claim of Preference:** To claim preferential treatment under the FTA, the importer must use the Special Program Indicator (SPI) on the entry summary. For goods originating from Oman, the SPI is "OM."
2. **Customs Declaration:** The importer must request an exemption from customs duty by stating in the customs declaration that the imported goods meet the conditions for tariff exemption under the FTA. The declaration should include the phrase:
   "The goods satisfy the provisions of the U.S.-Oman Free Trade Agreement."
3. **Record-Keeping:** Oman Customs authorities may verify a claim of preferential treatment up to five years after the date of importation. It is, therefore, recommended that both importers and exporters maintain relevant documents regarding the importation of the goods and all supporting documentation for at least five years.

Directorate General of Customs-Royal Oman Police Requirements for Tariff Exemption

In general, DG of Customs requirements for the exemption of tariffs on qualifying U.S. goods are as follows:

- Purchase Invoice: It shall include the details of the goods, the most important of which are the country of origin, tariff code (H.S),, weights and numbers.
- Bill of lading
- Preferential Treatment: A letter from the importer requesting preferential treatment stating that the goods are eligible for the conditions of preferential treatment.

For more detailed information about the required documentation and steps for Omani importers, visit the Royal Oman Police Customs website: https://www.customs.gov.om/en/agreement/america/

VI. Customs Administration

The U.S.-Oman FTA includes commitments to ensure transparent and efficient customs administration, with both parties working to ensure the timely publication of laws and regulations and the establishment of streamlined customs clearance procedures. Both governments have agreed to share information to combat the illegal transshipment of goods and implement special customs cooperation measures to prevent fraud.

Advanced Rulings: Both U.S. and Omani customs authorities are required to issue written advance rulings before a good is imported to the other's territory, upon written request from the importer, exporter, or producer of the other country within 150 days of the initial request. This process allows users to submit requests for tariff classification or to determine whether a good qualifies as an originating good under the rules of origin. Rulings are made publicly available, subject to each country's confidentiality laws.

Rulings are based on facts and circumstances established by the requester and shall include:

- Tariff classification,
- The application of customs valuation criteria,
- The refund of any customs duties, taxes, or fees paid (duty drawbacks),
- Whether the good qualifies as an originating good under the rules of origin,
- Whether the goods qualify for duty-free treatment under Special Regime 2.6 (Goods Re-Entered After Repair or Alteration).

Any ruling may be revoked if, upon review, the facts and circumstances that were submitted are found to be inaccurate or incorrect. In such cases, the importing country may apply appropriate penalties or sanctions, including civil, criminal, or administrative actions.

U.S. Customs and Border Protection (CBP) provides a searchable database of rulings called the Customs Ruling Online Search System (CROSS), accessible at: https://rulings.cbp.gov/home.
Royal Oman Police Customs also issues a guide to advance rulings and facilitates similar procedures to ensure that the claims made under the FTA are consistent with the agreed rules and regulations.
https://www.customs.gov.om/en/advance-rulings/

VII. Key Resources and Support Services

Office of the United States Trade Representative

The United States Trade Representative (/USTR.gov/) plays a pivotal role in the U.S.-Oman Free Trade Agreement (FTA), which was implemented on January 1, 2009, to enhance trade and economic relations between the two nations. By negotiating and overseeing the agreement, the USTR has facilitated the elimination of tariffs on nearly all goods, thereby providing immediate duty-free access for U.S. exports and solidifying Oman's commitment to trade liberalization. This framework not only generates export opportunities for U.S. goods and services but also strengthens Oman's economic diversification efforts away from oil dependency, encouraging investment in various sectors such as agriculture, textiles, and services.

The Ministry of Commerce, Industry and Investment Promotion

The Ministry of Commerce, Industry, and Investment Promotion (MOCIIP) in Oman is responsible for driving economic growth through policies that enhance trade, investment, and industrial development. It actively works on improving the business environment, supporting industrial sectors, and promoting foreign investments aligned with the country's Vision 2040 goals. MOCIIP is responsible for promoting trade, supporting industrial development, and encouraging investment in Oman.

U.S. Commercial Service at the U.S. Embassy, Muscat, Oman

The U.S. Commercial Service, located within the U.S. Embassy in Muscat, is dedicated to facilitating trade and investment between the United States and Oman. The U.S. Commercial Service works diligently to ensure U.S. companies can fully leverage the advantages of the FTA. They advocate on behalf of U.S. businesses to ensure a fair and transparent trading environment.

Embassy of the Sultanate of Oman, Washington, USA

The Embassy of the Sultanate of Oman in Washington, D.C. serves as a bridge between the Sultanate of Oman and the United States, fostering strong diplomatic, economic, and cultural relations. The Embassy promotes investment and trade opportunities between the two countries, highlighting Oman's strategic location, business-friendly policies, and abundant natural resources.

International Trade Administration (ITA)

The ITA (https://www.trade.gov/), part of the U.S. Department of Commerce, offers a variety of export solutions tailored to assist businesses engaging in trade with Oman. Their resources include a suite of exporter tools and services to facilitate market entry and compliance with trade regulations. The ITA's website provides comprehensive information on exporting, including best practices and guidelines for utilizing the U.S.-Oman Free Trade Agreement (FTA) effectively (International Trade Administration, n.d.).

Oman Chamber of Commerce and Industry (OCCI)

The OCCI (https://omanchamber.om/) plays a crucial role in supporting Omani businesses looking to export products to the United States. It provides various services such as networking opportunities, and guidance on regulatory requirements. The OCCI also helps foreign companies establish a presence in Oman by facilitating connections with local businesses and promoting investment opportunities.

U.S. Customs and Border Protection (CBP)

CBP (https://www.cbp.gov/) provides essential guidance and resources for utilizing the FTA, including FAQs and tools like the CROS advance rulings tool, which assists exporters in understanding their obligations under the agreement.

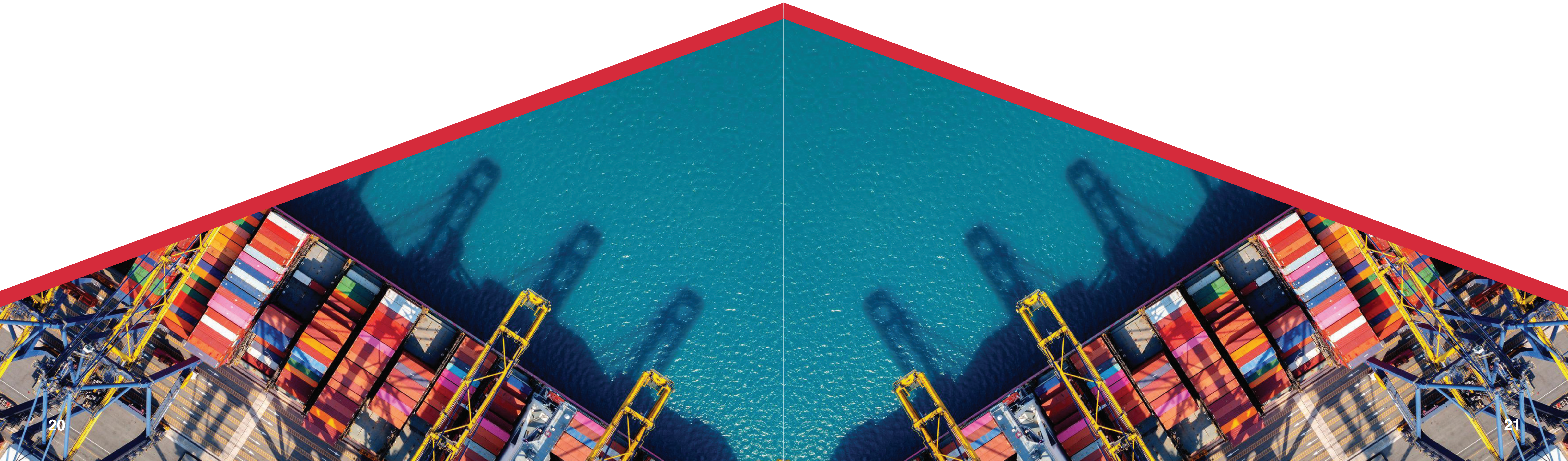
As part of their initiative with the Department of Homeland Security, the seaport at Salalah, Oman was designated a Secure Freight Initiative (SFI) Phase 1 port in December 2006, after becoming a Container Security Initiative (CSI) port in November 2005.

Royal Oman Police – Directorate General of Customs

The ROP DG of Customs (https://www.customs.gov.om/en) offers guidance on FTA-related issues and customs requirements for companies engaged in trade. They provide a streamlined process through the Single Window system, which integrates various regulatory entities to facilitate trade operations and the movement of goods.

Oman American Business Council (AmCham Oman)

The OABC (https://oabc.org/) is a non-profit business organization and the official affiliate of the U.S. Chamber of Commerce. With over 200 member companies, OABC's goal is to expand two-way trade and strengthen economic cooperation. The organization facilitates networking, information sharing and advocacy to ease doing business in Oman, while consistently promoting the benefits of the FTA.



About OABC

The Oman American Business Council: AmCham Oman (OABC) was founded in 2003 to foster the development of commercial activity between Oman and the United States, and to support the Oman business community through programs and events focused on professional development, thought leadership, and high-level networking.

As the official affiliate of the US Chamber of Commerce in Oman (AmCham Oman), the OABC promotes understanding, partnerships & other matters of mutual economic interest between business communities in Oman and the United States. The focal endeavor of the OABC is to provide a forum for the exchange of insights, information, ideas and direction with respect to increasing trade, commerce and investment between the two countries.

The OABC is Oman's most active business networking group, open to all nationalities. We hold business events every month, which are free for our members. Membership includes a variety of other benefits and opportunities and the invaluable connections made through our network.

OABC is committed to helping American and Omani companies fully utilize the benefits of the U.S.-Oman Free Trade Agreement. We offer a range of programs tailored to facilitate trade, drive growth, and foster cross-border collaboration:

1. **U.S. Export Compass**
This comprehensive program provides focused support at every stage of your export journey—from preparation to market entry in the United States. Key services include:
Market Readiness Support: Guidance to prepare your products for the U.S. market.
Logistics Connections: Assistance in finding the right logistics providers for seamless trade.
Strategic Matchmaking: Organized meetings with U.S. distributors, brokers, and buyers.
Compliance and Export Planning: Market research, export planning, and support to ensure your products and services meet U.S. trade compliance requirements.
Export Readiness Assessments: A full review to ensure your offerings are fully aligned with U.S. regulations.

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2. **Gateway Oman**
This program is designed to help American companies successfully enter the Omani market. Our services include:
Market Research Reports: Insights into demand and consumption trends for your products and services in Oman.
Buyer Matchmaking: Connecting your company with potential buyers, distributors, and partners in Oman.

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3. **U.S.-Oman Import Easy**
For Oman-based companies seeking specific U.S. products or services, this program connects you with the perfect American provider. Through extensive research and our network of connections, we help you:
Define Requirements: Share your specific needs with OABC.
Expert Matchmaking: Leverage our expertise to identify and connect with U.S. companies that meet your exact requirements.

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OMAN AMERICAN BUSINESS COUNCIL

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