

FACT SHEET

Accession of the Kingdom of Saudi Arabia (KSA) to the World Trade Organization (WTO)

The United States and the Kingdom of Saudi Arabia (KSA) have completed bilateral negotiations on the terms of KSA's market access commitments as part of its WTO accession package. The United States will work with other trading partners to complete the multilateral negotiations in Geneva.

Highlights for U.S. Manufacturing and Agricultural Interests

- Saudi Arabia will bind its tariffs on over three-fourths of U.S. exports of industrial goods at an average rate of 3.2 percent; many key exports will face even lower bound rates of duty:
 - KSA joins other major WTO members by accepting key sectoral initiatives such as the Information Technology Agreement (ITA); chemical harmonization; and pharmaceuticals; and will eliminate all duties on aircraft and parts.
- KSA will comply fully with the WTO standards "TBT" Agreement, including eliminating burdensome pre-market approval requirements for imports (ICCP program) and implementing a non-discriminatory, post-market surveillance mechanism (random sampling) applicable to domestic and imported goods to ensure compliance with the rules.
- Tariffs on over 90% of agricultural tariff lines will be bound at 15% or lower:
 - Products of interest to the United States, including bulk and processed products, corn, rice, corn oil, soybean meal, almonds, apples, raisins, cheeses, frozen potatoes and a variety of baked goods, will face low bound rates of duty.
- KSA commits not to use agricultural export subsidies, binding its schedule at zero.
- KSA will implement a science-based regime for sanitary and phytosanitary measures to all agricultural products. It also addressed long-standing issues of concern to the United States:
 - Eliminating prohibitions on hormone treated beef, resolving to mutual satisfaction barriers to meat and poultry exports and removing the ban on live birds; and
 - Eliminating unreasonable "shelf-life" requirements for processed agricultural products, and consistent with international practice, relying on manufacturer-determined use-by dates.

Highlights for U.S. Services Providers

- KSA's services commitments are comprehensive and forward-looking, reflecting KSA's determination to diversify its economy and open its market to foreign services providers as part of its broader strategy for economic development through trade and investment. Areas of U.S. interest include:
 - Financial services, including banking, securities and insurance, including direct branching for insurance services;
 - Basic and value-added telecom services;
 - Energy-related services;

- Professional services (foreign legal consultancy, accounting and auditing, architectural and engineering);
- Business and related services (computer and related services, advertising services, management consulting);
- Express delivery;
- Distribution services (including wholesale and retail trade and franchising); and
- Audiovisual services, locking in current liberal access U.S. exporters presently enjoy.

Highlights of Key Changes to KSA's Trade Regime

- Saudi Arabia will implement all WTO rules upon accession, without recourse to transition periods. Key changes to its trade regime include:
 - Implementing a fully TRIPS-compliant trade regime, including eliminating the backlog of pending patent applications by 2006 and ensuring protection of undisclosed test data;
 - Commitments to ensure transparency of its trade regime, including prior notice and comment periods; KSA also recognizes the rights of trade associations (as well as individuals and enterprises) to provide such comments; and
 - Ensuring that state-owned or controlled enterprises or those with special or exclusive privileges will make purchases and sales of goods and services based on commercial considerations, and that firms from WTO members will be allowed to compete for sales to, and purchases from, these Saudi enterprises on non-discriminatory terms.

Background

KSA has been negotiating its terms of accession to the GATT, and then the WTO, since 1993. Accession negotiations proceed on two tracks: (1) bilaterally to open up KSA's markets to U.S. exports and investment; and (2) multilaterally to focus on WTO rules issues that include agriculture, customs, protection of intellectual property rights (IPR), treatment of state-owned enterprises, and services. The final WTO accession package will include: (1) all of the commitments made in bilateral negotiations on market access for goods, agriculture, and services that are provided to all WTO Members and set out in KSA's schedules; and (2) KSA's commitments to revising its trade regime to adhere to WTO rules that will be included in a multilaterally agreed Working Party (WP) report and protocol.

The United States is the last WTO Member to conclude a bilateral market access agreement with KSA. This Fall, the Working Party will resume its deliberations on the revised Working Party report and verify the market access schedules. Once finalized, the Working Party will recommend that the General Council approve the accession package. Approval may take place in the General Council or the Ministerial Conference. KSA will become a Member of the WTO thirty days after it presents the WTO with its instrument of acceptance. KSA has confirmed that it will not invoke the non-application provision of the WTO Agreement and thus will have WTO relations with all WTO Members. KSA has also confirmed that it will not apply the secondary and tertiary aspects of the Arab Boycott of Israel.

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