

Saudi Arabia's Accession to the World Trade Organization (WTO) Industrial Goods Market Access

General Agreement on Tariffs and Trade: Saudi Arabia will be taking on the obligations of the GATT 1994, which lays down core principles, such as non-discrimination and national treatment and which guides national trade policies, as well as the other "goods" agreements in Annex 1 to the WTO Agreement.

Tariff Reductions: When Saudi Arabia's goods schedule goes into effect at the time of its accession, U.S. and other foreign firms will realize increased market access through cuts in Saudi Arabia's tariffs on industrial goods. Although some reductions are implemented over five years, the majority of bound rate commitments will be in effect upon accession. 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.

Tariffs on industrial goods of greatest importance to United States exporters will be reduced as follows:

- Saudi Arabia has agreed to participate in the Information Technology Agreement, which requires the elimination of tariffs on computers, semiconductors, and other information technology products. Saudi Arabia's elimination of these tariffs will be completed by January 1, 2008.
- Saudi Arabia will eliminate tariffs on all pharmaceuticals as well as products covered by the WTO's Agreement on Trade in Civil Aircraft upon accession.
- Saudi Arabia will implement the tariff rates required by the WTO's Chemical Tariff Harmonization Agreement. Harmonization rates will be in effect for the vast majority of the 1,100-plus products covered by the Agreement upon accession. For a small number of products, reductions will take place in two phases and final harmonization rates will be in effect on January 1, 2010.

Removal of Non-tariff Barriers for Industrial Goods

- Saudi Arabia has committed to apply its rules and regulations in a manner that ensures that the market access achieved through the elimination of tariffs under the Information Technology Agreement will not be undercut by non-tariff barriers and will allow for free trade in commercially-traded information technology products such as cell phones, computers, PDAs, and cameras.
- Saudi Arabia has agreed to bind all other duties and charges on industrial goods at zero upon accession.
- Saudi Arabia has also agreed to charge fees for customs and port services on imports based on the cost of services rendered and committed to terminate its requirement that

- importers obtain certificates authenticating their customs documentation from Saudi Arabian consular officials no later than December 2007.
- Saudi Arabia committed to remove its export ban on all scrap metals prior to accession, and will not apply export duties to these products.

Import Licensing: As a result of taking on the obligations of the WTO agreement relating to import licensing procedures, Saudi Arabia has committed to implement a transparent and predictable import licensing system that does not act as a trade barrier and that complies with the principles of national treatment and non-discrimination. In its accession agreement, Saudi Arabia further committed not to condition the issuance of import licenses on performance requirements of any kind, such as local content, export performance, technology transfer or research and development, or on whether competing domestic suppliers exist.

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