



Trade Facts

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U.S.-Bahrain Free Trade Agreement: Textile and Apparel Provisions

A Yarn-Forward Rule of Origin:

- The U.S.-Bahrain Free Trade Agreement (FTA) contains the industry-supported "yarn forward." The free trade agreements (FTAs) with Israel and Jordan allow for the use of unlimited third-country yarn and fabric in apparel eligible for duty-free treatment.
- As with other FTAs (including Morocco, NAFTA, Singapore, and Chile), the agreement contains limited allowances for the use of yarn and fabric from a non-party under a Tariff Preference Level (TPL). But unlike NAFTA, the TPL in the Bahrain FTA is temporary. It is set at a level of 65 million square meters equivalent (sme) for the first 10 years of the FTA.
- The TPL is equal to 0.1 % of total U.S. imports of textiles and apparel . After the TPL expires, all trade under the Bahrain FTA must adhere to the yarn-forward rule of origin. U.S. exporters also have the same TPL access to Bahrain's market, allowing U.S. fabric and apparel exporters some flexibility in their inputs.

Reciprocal Market Access:

- The FTA provides fully reciprocal market access for U.S. producers. Tariffs on textiles and apparel trade will be eliminated immediately, promoting new opportunities for U.S. and Bahraini fiber, yarn, fabric, and apparel manufacturing.

A Special Textile Safeguard:

- Allows either party to re-impose MFN tariffs if imports from the other party damage domestic production.

Special Enforcement Provisions:

- The agreement contains special, state-of-the art customs enforcement and cooperation provisions for textiles, allowing the customs authorities of the parties to verify production in the event of a question, and ultimately to deny entry or deny duty preferences if production cannot be authenticated.