

# U.S.-Bahrain Free Trade Agreement

## Key Market Access Results and Benefits

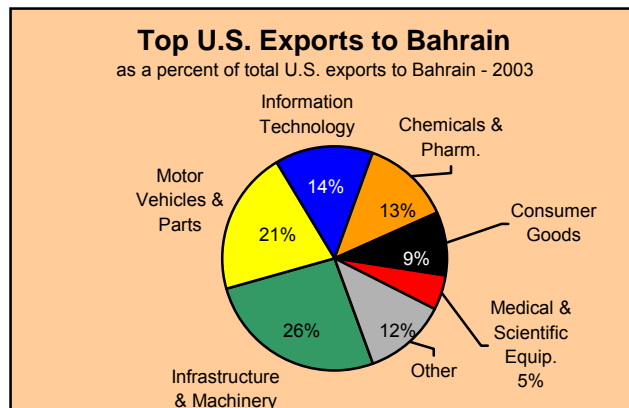
The United States and Bahrain concluded an historic and comprehensive free trade agreement (FTA) during May 2004. The Agreement, designed to eliminate and reduce tariffs and other trade barriers, will dramatically increase market access in Bahrain for U.S. manufacturers and service providers.

The U.S.-Bahrain Free Trade Agreement is the third FTA between the United States and a Middle Eastern nation. The United States has FTAs with Israel and Jordan, and recently completed an FTA with Morocco. It is a 21st Century, state-of-the-art agreement that reflects the modern globalized economy, opening markets and streamlining mutual access in intellectual property, services, government procurement, ecommerce, and investment. The Bahrain FTA is another step forward in the President's plan for a Middle East Free Trade Area (MEFTA) by 2013.

### Manufactured Goods

Two-way trade in goods between the U.S. and Bahrain totaled \$887 million in 2003. U.S. goods exports to Bahrain in 2003 reached \$509 million, and included such products as aircraft, machinery, vehicles, pharmaceutical products, and toys, games and sports equipment.

- 100% of bilateral trade in consumer and industrial products will become duty-free immediately upon entry into force of the Agreement.



- Bahrain and the United States will provide immediate duty free access on virtually all products in their tariff schedules and will phase out tariffs on remaining products within ten years.

### Textiles and Apparel

- Textiles and apparel trade will receive immediate duty-free treatment, promoting new opportunities for U.S. and Bahraini fiber, yarn, fabric and apparel manufacturing.

### Services

- Bahrain will accord substantial market access across its entire services regime, providing among the highest degree of market access of any U.S. free trade agreement negotiated to date. The FTA uses the so-called "negative list" approach, meaning that all sectors are covered unless specifically excluded.
- The Agreement results in increased market access for U.S. exporters in the following sectors: audiovisual, express delivery, telecommunications, computer and related services, distribution, healthcare, services incidental to mining, construction, architecture and engineering.
- *Financial Services.* U.S. financial service suppliers will have the right to establish subsidiaries, branches and joint ventures in Bahrain and enjoy the benefits of strong regulatory transparency, including prior notice and comment, and license approval within 120 days. Bahrain will allow U.S.-based firms to offer services cross-border to Bahrainis in areas such as financial information, data processing, and financial advisory services.
- *E-Commerce.* Digital products will receive non-discriminatory, duty-free treatment. For digital products delivered on hard media (such as a DVD or CD), customs duties will be based on the value of the media (e.g., the disc), not on the value of the movie, music or software contained on the disc.

### Government Procurement

- This FTA provides access to most procurement conducted by Bahraini government agencies. It also increases certainty for U.S. and Bahraini suppliers due to strong and transparent disciplines, including advance public notice of purchases and timely and effective bid review process.