

## Trade Policy

# Progress on Agreements

**A** number of trade agreements have been completed or are under negotiation in the Middle East and Africa. Here's a quick list of agreements and the status of each.

### Agreements in Effect

- **U.S.-Jordan FTA.** This free trade agreement has been in effect since December 2001. Virtually all tariff and non-tariff barriers to bilateral trade in all agricultural products will be eliminated within 10 years. U.S. products that are expected to benefit from the agreement include grains such as wheat, corn and rice; soybean meal; poultry; beef; dairy products; apples; honey; and grocery products. U.S. exports to Jordan in 2004 were \$133 million, while imports were about \$2 million.

- **U.S.-Israel Free Trade Area.** This agreement, which took effect in 1985, allows the two countries to protect sensitive agricultural subsectors. Although the United States maintains a significant agricultural trade surplus with Israel, virtually all Israeli agricultural exports to the United States entered duty free in 2002, versus 88 percent of U.S. agricultural exports to Israel.

In 2004, building on efforts that began in 1996, a five-year ancillary ATAP (Agreement on Trade in Agricultural Products) was implemented to address U.S. concerns. The new ATAP provides additional access for U.S. apples, pears, raisins, almonds, dairy and wines. U.S. exports to Israel reached \$554 million in 2004, while imports were \$201 million.

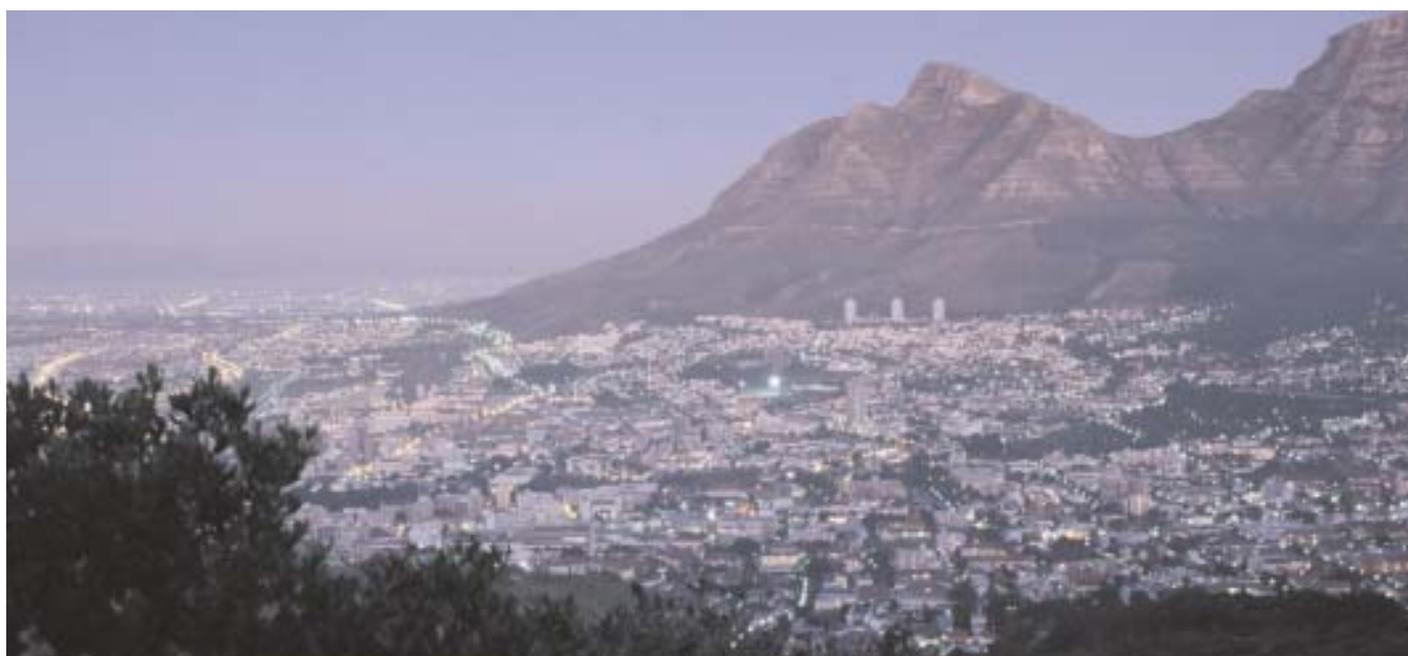
### Awaiting Approval

- **U.S.-Morocco FTA.** The U.S. Congress approved the U.S.-Morocco

FTA and President Bush signed the implementing legislation in August 2004. However, Morocco's Parliament is not expected to approve the FTA until later this year. In 2004, the United States exported \$175 million in agricultural products to Morocco, while importing over \$67 million in agricultural products from that country.

The two countries agreed to work together in the WTO (World Trade Organization) toward elimination of export state trading enterprises. They will also establish a forum for addressing bilateral agricultural trade issues.

For U.S. exporters, Morocco will provide preferential market access on all agricultural products according to product-specific schedules. U.S. products expected to benefit from improved market access include beef; grains such as corn and corn products, wheat, sorghum and oats; dairy products; distilled spirits; fruits; vegetables; nuts;



## AFRICA AND THE MIDDLE EAST

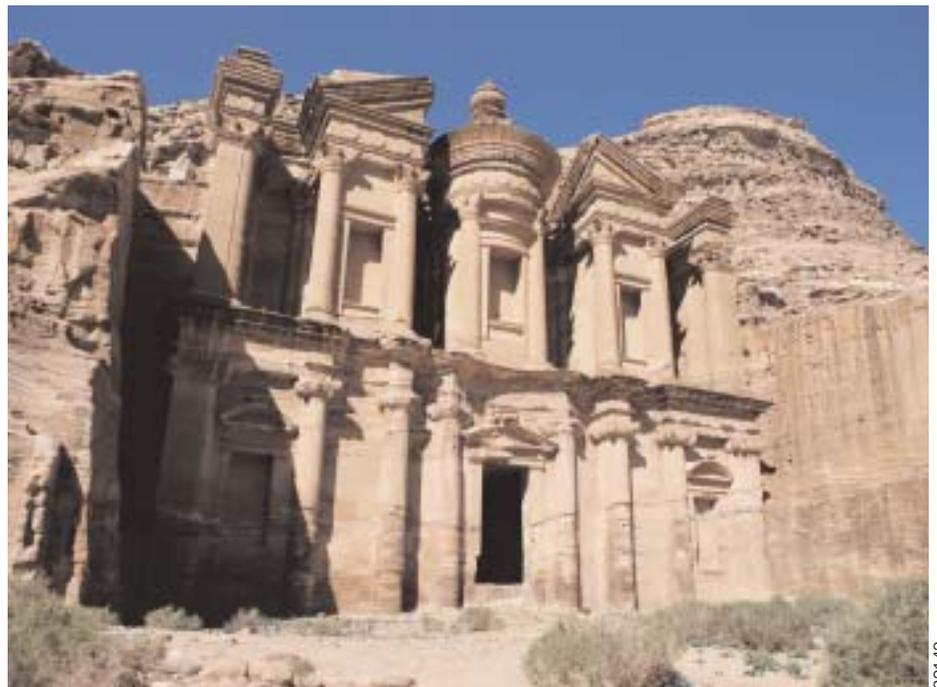
poultry; processed foods; planting seeds; soybeans and other oilseeds; sugar; and wines.

- **U.S.-Bahrain FTA.** This FTA was signed Sept. 14, 2004, and is awaiting Congressional approval. In 2004, the United States exported over \$22 million in agricultural products to Bahrain. Upon implementation of this agreement, 81 percent of U.S. agricultural exports to Bahrain will be duty free. Tariffs on the remaining agricultural products will be phased out within 10 years. This agreement should expand opportunities for U.S. exports of meats, fruits and vegetables, cereals and dairy products.

### Agreements in Negotiation

- **U.S.-SACU FTA.** The United States and the five member countries of the SACU (Southern African Customs Union, made up of Botswana, Lesotho, Namibia, South Africa and Swaziland) launched negotiations toward an FTA in 2003. Although progress toward conclusion of an agreement has been slow, discussions continue. U.S. agricultural exports to SACU members were \$211 million in 2004, while imports reached \$201 million.

SACU duties are high for several products of interest to U.S. exporters, including beef, pork, poultry, horticultural products, processed foods, grains and oilseeds. For many of these products, EU (European Union) exporters enjoy special tariff preferences in the South African market under the EU-South Africa trade agreement.



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- **U.S.-Oman FTA and U.S.-UAE FTA.** On Nov. 15, 2004, the U.S. Congress was officially informed of the Administration's intent to negotiate FTAs with Oman and the UAE (United Arab Emirates). Negotiations are expected to begin in March 2005. The United States exported over \$360 million to the UAE and over \$24 million to Oman in 2004.

### WTO Accessions

There are currently 148 members of the WTO, with 21 countries waiting to join. The most important U.S. market on this list in the Africa and Middle East region is Saudi Arabia. U.S. exports to Saudi Arabia were over \$353 million in 2004, with imports totaling about \$3 million. Agricultural negotiations between

the United States and Saudi Arabia have been ongoing. Recent talks have focused on Saudi Arabian compliance with the WTO sanitary and phytosanitary agreement as well as the technical barriers to a trade agreement. In addition, negotiations continue on tariffs.

U.S. negotiators are providing technical assistance to Algeria to strengthen that country's efforts to join the WTO. Other countries in the Africa and Middle East region that have applied for WTO membership include Azerbaijan, Cape Verde, Ethiopia, Seychelles and Sudan. ■

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