



Doing Business in Oman:

2014 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Oman

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Market Overview

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The United States and the Sultanate of Oman share a strong bilateral relationship based on a joint commitment to the security, stability, and prosperity of the region. Oman is a regional actor as a member of the Arab League as well as the Gulf Cooperation Council (GCC), which includes Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, and Bahrain. The government of Oman is a monarchy with a population of approximately 3.8 million (including about 1.8 million foreign workers), ruled by Sultan Qaboos bin Said Al Said since 1970. During his more than forty years as Oman's leader, Sultan Qaboos has transformed a nation of subsistence farmers and fishermen with a total of six kilometers of paved road into a thriving state with modern infrastructure and continuing economic and social investment.

Oman is a middle-income country with an economy based primarily on limited overall hydrocarbon resources, notwithstanding a few significant recent gas finds. Oil and gas accounted for about 85% of the government's revenue in 2013. High oil prices in recent years have bolstered Oman's budget, trade surpluses, and foreign reserves. Increased subsidies and expenditures since 2011 associated with the "Arab Spring" and job creation initiatives offset income from increased oil revenues, although high oil prices helped Oman maintain a budget surplus. Oman enjoyed an estimated 3% GDP growth in 2013, due in large part to an average oil price around \$100 per barrel. The financial system is well capitalized with a very low number of non-performing loans. Oman has a stable A1 credit rating as well as very low external debt; at 3-4% of GDP it is one of the lowest in the world. According to the Public Authority for Investment Promotion and Export Development (PAIPED), new FDI in Oman jumped to RO 5billion, about \$16 billion, in 2010, from just RO 980million (\$2.5 billion) in 2003.

Oman acceded to the World Trade Organization in 2000, is a member of the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS), and entered into a Free Trade Agreement (FTA) with the United States in 2009. The lack of market competition due to the prevalence of family-owned and parastatal oligarchies has resulted in inflated price levels for its mainly imported food and consumer products.

U.S. exports to Oman totaled \$1.5 billion in 2013 and U.S. imports from Oman totaled \$1.02 billion. Both Oman and the United States seek an expanded trade relationship and are working to leverage their Free Trade Agreement (FTA) to that effect. The U.S.-

Oman FTA removed most customs duties; the remainder will be phased out over the next few years.

Due to its limited energy reserves, Oman is diversifying its economy beyond oil and gas production. The government is working to diversify the Omani economy by encouraging foreign investment, implementing a robust strategy for small and medium enterprise (SME) development, conceiving anti-trust regulations, boosting industrialization, building modern infrastructure, and expanding privatization. Oman actively seeks foreign investment, especially in the industrial, food processing, logistics, information technology, tourism, healthcare, fisheries, and higher education sectors. The Government of Oman (GoO) has set a goal of 81% of GDP by 2020 for the non-oil sector, with the private sector representing 91% of the economy by that year. The government views expanding Oman's infrastructure as vital for economic growth and continues to allocate a substantial portion of its budget toward investments in ports, rail, airports, highways and petroleum facilities. The government has also sharply increased spending in the education and health sectors in recent years. According to Middle East Economic Digest (MEED), project spending has averaged \$7billion per year in the last decade, and is set to continue, mostly focused on airports, a new rail system, highways, power and water plants, and tourism-related facilities.

On October 2, 2013, the Central Bank of Oman further reduced the cap on personal interest rates from 7% to 6%. (In 2012, the Central Bank of Oman (CBO) had introduced a number of regulations, such as reducing the interest rate ceiling on personal loans to 7% (from 8%) and placing a cap on the debt-to-burden ratio paid by the borrower at 50% of one's monthly salary for personal loans and at 60% for housing. The tenure for loans was capped at a maximum of ten years for personal loans and 25 years for housing.) All of these measures were aimed at reducing the debt burden of consumers after a five-fold increase in personal indebtedness in the last decade. (Personal loans in Oman increased fivefold during the 2001 - 2012 period to about 6 billion Omani rials or RO.) Banks complained of slower credit growth as a result. In 2013, the CBO issued regulations instructing banks to target 5% of their lending portfolios to SMEs. (Banks traditionally lent only about 2% of total credit to SME's due to the relatively high risk, and required start-ups to demonstrate 200% collateral.)

Market Challenges

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A number of constraints affect trade and investment in Oman. The country has a relatively small population and there is no high-value consumer market beyond the capital area. This situation is exacerbated by intense competition from nearby global trading hub Dubai and well-established industries in Saudi Arabia. In addition, other countries in the GCC typically offer higher industrial subsidies and lower quotas for hiring nationals.

While Oman is an attractive market for a number of products and services, at times it can present challenges for American firms to do business. Bureaucratic obstacles exist, including clearances for visas and permits for foreign workers, lengthy business

registration requirements for specialized consultancies, and a prohibition on real property rights for foreigners outside of Integrated Tourism Complexes. (Land ownership is not covered by the FTA.) The divide between the government and the private sector is not well-defined in Oman, leading to potential conflicts of interest. Of note are the oligarchic, closely-held businesses with familial ties to government officials. Government decision-making is often opaque. Firms that have been successful in Oman usually have previous experience in the Middle East or a full-time in-country representative or office.

Of particular concern for many international firms in Oman is the “Omanization” process, wherein the government sets quotas for Omani employment on a sectoral basis. Although the FTA provides for limited exceptions for specialized upper management, U.S. companies are responsible for complying with most Omanization requirements. Many companies, both Omani and international, have noted that some of the quotas are difficult to satisfy. Further, obtaining labor clearances for new foreign workers can be a challenge. Despite considerable government efforts to replace expatriate workers with Omanis, Oman still heavily depends on South Asian and other foreign labor. The total number of expatriates registered in Oman as of April 2014 was 1.8 million; approximately 44% of the population. Around 80% of expatriate workers have only secondary education or lower, and the majority work in low-skill construction and manufacturing jobs. The Omanization drive intensified in 2011 as a result of “Arab Spring” demonstrations demanding more opportunities for Omanis. The government estimates needing up to 50,000 new jobs per year to absorb new labor force entrants. Companies are encouraged to meet their Omanization quotas, turn over management jobs to Omanis, and create training programs for new hires, which can be costly. In 2013, the Ministry of Oil and Gas codified “In Country Value” requirements, including Omanization and local content measurements into tender-weighting criteria for the petroleum sector.

The following outstanding issues are of most concern to U.S. companies:

- Duties continuing to be charged on American goods transshipped by road via Dubai despite the duty exemption advantage of the FTA
- Authenticated certificates of origin/shipping documents are at times still requested by Omani authorities despite not being required under the FTA
- Company registration can be slow, especially for consulting firms.
- Scarcity of natural gas feedstock for new projects, and lack of transparent criteria for gas allocations

Market Opportunities

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Oman offers stability, security, a predictable investment climate; respect for free markets, property rights, and rule of law; access to capital, good health care and schools, easy access to global markets through a modern infrastructure network, and a commitment to intellectual property rights enforcement.

Although oil and gas production will remain the backbone of Oman’s economy for years to come, the non-oil sector of the economy is making great strides. Growth areas include: infrastructure design and engineering; water and power projects; medical

equipment, services and supplies; higher education consulting and tuition; information technology; and aquaculture. The Ministry of Finance announced that, as part of the 2011-16 Eighth Five Year Plan, RO13billion (\$33.8billion) would be spent on infrastructure, e.g., ports, highways, rail and airports, with RO8billion (\$20.8billion) focused on financing oil and gas projects, to achieve 15-17% growth in the sector and RO3.4billion (\$8.84billion) for the electricity sector in order to keep pace with 7-10% annual demand growth fueled by tourism and industry. RO700m (\$1.8billion) has been allocated to the tourism sector, which is aiming for 11% growth, with a focus on meetings, industry conventions, and exhibitions (MICE); RO 500m (\$1.3billion) is directed toward resorts and conference centers while RO 200m (\$520million) is earmarked for infrastructure.

Under the “national treatment” provisions of the U.S.-Oman Free Trade Agreement, American companies may register as an Omani firm, with 100% American ownership, and no requirement for local ownership or partners. Other nationalities (outside the GCC) are bound by the Foreign Investment Law which limits foreign shareholding to 65% of any company.

In summary, advantages of investing in Oman include:

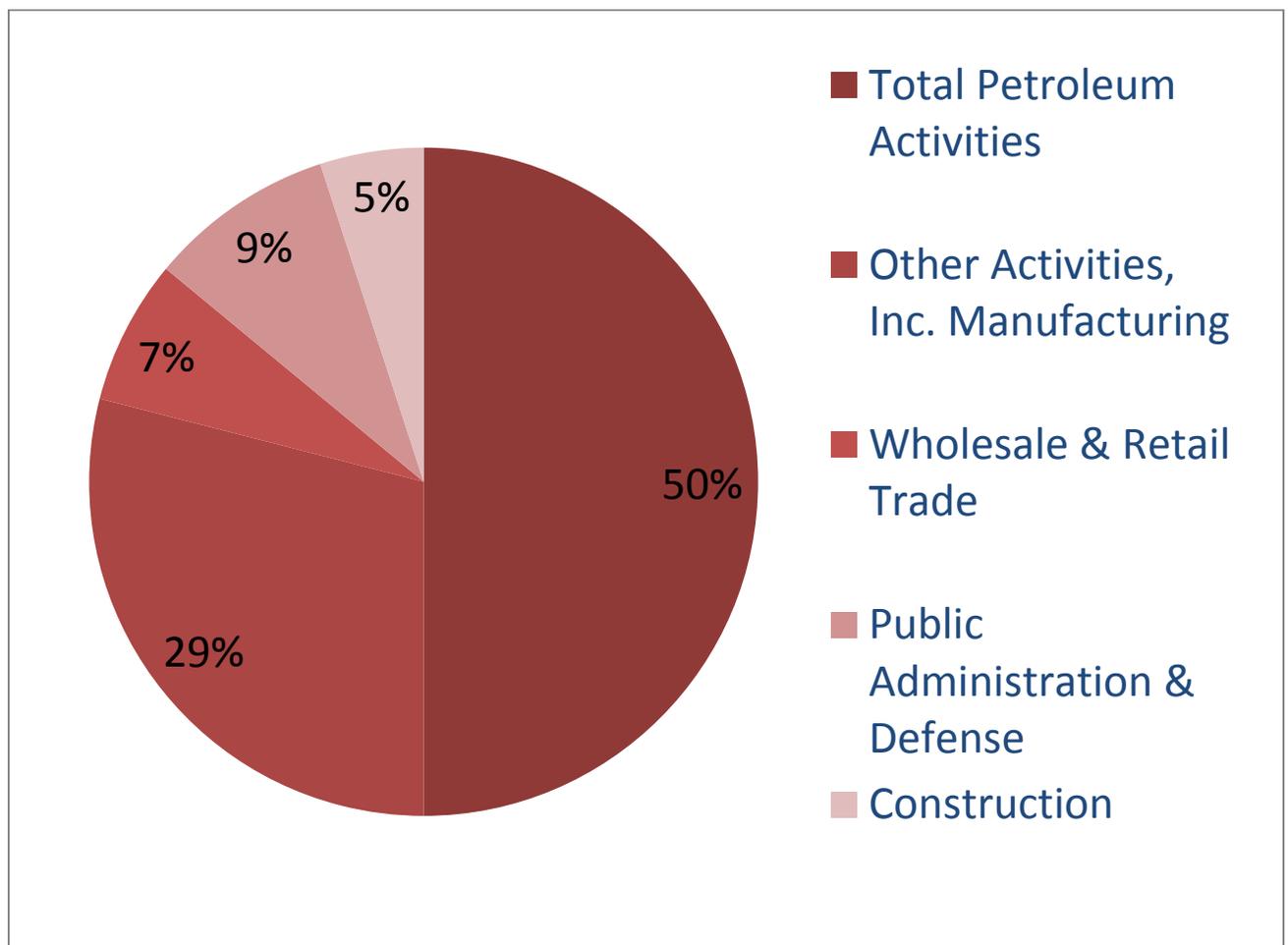
- Strong macroeconomic situation
- Business friendly environment
- Stable, secure nation in a volatile yet strategic region
- Considerable investment in first world infrastructure
- Educated and largely bilingual workforce
- Strategic geographic location outside the Strait of Hormuz and at the crossroads of the Middle East, Africa, and Asia

- An American company may wish to consider registering as a fully U.S.-owned company under the FTA to avoid profit-sharing and potential disputes with a local partner. The simplest form is an LLC, though there is a two shareholder minimum (a 99/1% breakdown is accepted, and a family member may serve as the partner).
- An on-the-ground presence in Oman is an advantage.
- Personal relationships are key to finding and retaining a good local partner.
- Agents are commonly used, but not required.
- Agreements generally require significant lead time and follow-up before finalization.
- Omanis appreciate flexibility in contract negotiations; any concessions they make should be met with a concession on the American company's side, regardless of that company's size.
- Government contracts often take many months –in some cases years – before they are awarded.
- Importers must be registered with the Ministry of Commerce and Industry and be members of the Oman Chamber of Commerce and Industry.
- Importers/distributors are most commonly used in the retail food business.
- The U.S. Embassy Commercial Section can provide counseling, referrals, matchmaking, due diligence and advocacy services.

U.S. companies seeking general export information, assistance, or country-specific commercial information should contact their nearest U.S. Export Assistance Center, the U.S. Department of Commerce's Trade Information Center at 1-800-USA-TRADE (1-800-827-8723), or visit: www.export.gov or www.buyusa.com.

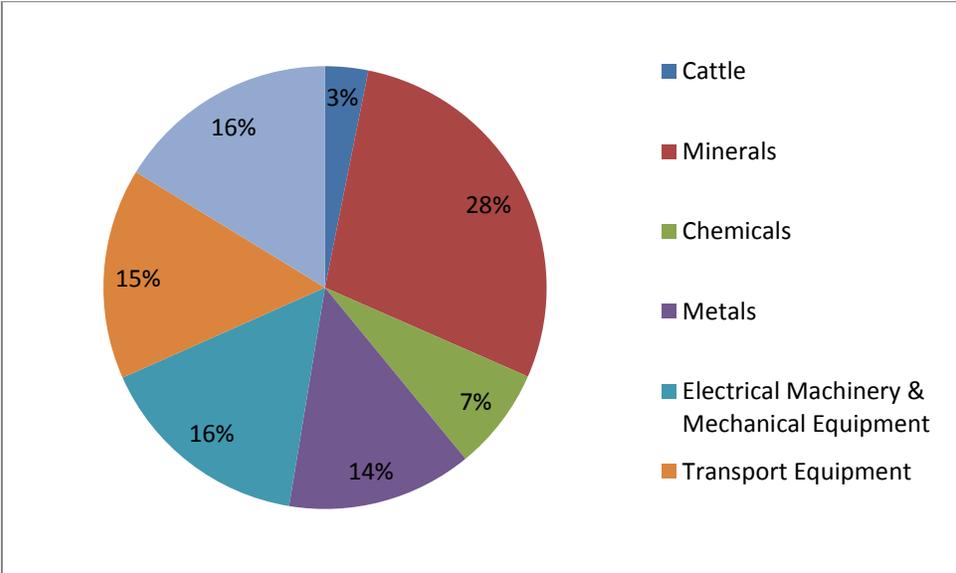
Agricultural reports are available via the Reports Office, USDA/FAS, Ag Box 1052, Washington, D.C. 20250-1052 and via the FAS Home Page on the Internet at the following URL: <http://www.fas.usda.gov/scripts/attacherep/default.asp>.

- **GDP** (2013) \$80billion
- **Per capita GDP** (2013): \$20,130
- **Real GDP growth rate** (2013): 5.1%.
- **FDI**: \$16billion (2010)
- **Natural resources**: Oil, natural gas, copper, marble, limestone, gypsum, chromium.
- **Agriculture and fisheries products**: dates, bananas, mangoes, alfalfa, other fruits and vegetables. Fisheries--kingfish, tuna, cobia, shrimp, lobster, abalone.
- **Industry**: Crude petroleum (not including gas liquids) 931700 barrels per day (average, 2013); construction; petroleum refining; petrochemical, cement and various light industries.

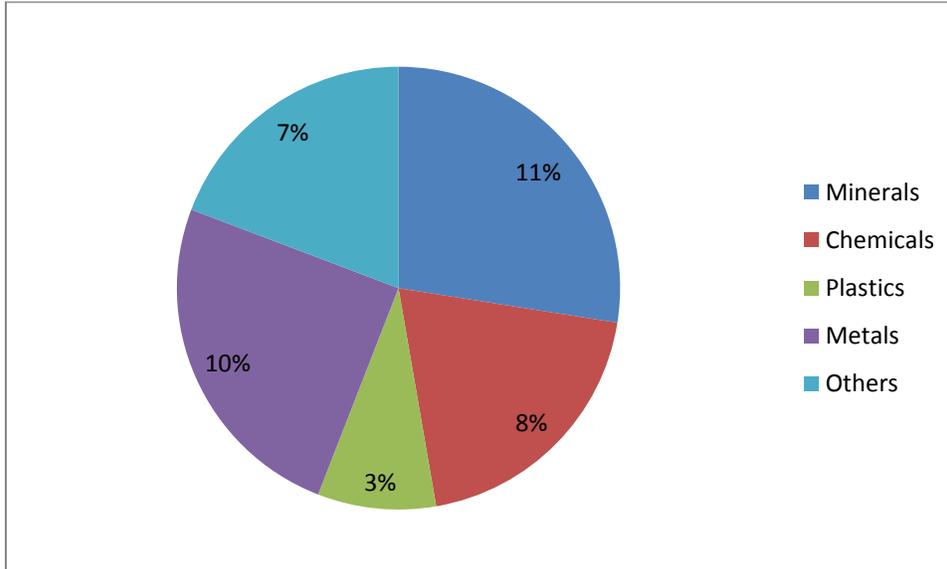
Structure of GDP, 2013:

- **Trade Statistics (2013):**
 - **Oil & Gas Exports:** \$3.3billion Major Oil Markets: China (60%), Japan (9.6%), Taiwan (9%), Singapore (4.4%)
 - **Major Export Markets (non-oil):** \$849million U.A.E. (17.5%), Saudi Arabia (16.6%), India (11.1%), Pakistan (6.6%), China (5.7%).
 - **Major Import Suppliers:** --\$ 2.6billion U.A.E. (30%), Japan (9.5%), India (9%), Saudi Arabia (5.8%), United States (4.5%)

Major Import Breakdown:



Major Non-Oil Export Breakdown:



Source: [National Center for Statistics & Information](#), 2013

The GCC Market

American firms looking to do business in the Middle East may find a regional approach to their marketing activities in the Gulf area will offer certain practical advantages. The members of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) have taken steps to unify some industrial standards and other measures to harmonize regulatory structures. The region is also one of the fastest growing export markets for American goods and services. In 2012, American exports to the Gulf totaled \$50 billion, with four of the six GCC markets achieving annual U.S. export growth of over 20%.

With a population approaching 30 million, Saudi Arabia is the Gulf's largest consumer base. The country is investing hundreds of billions of dollars to expand infrastructure, diversify its industry and improve social services delivery through major healthcare and housing construction programs. Similar to Saudi, the UAE is a major petroleum producer seeking to diversify its economy, with recent initiatives to expand development of industrial production, healthcare, aviation and tourism. Dubai in particular has become a regional hub for trade exhibitions (recently winning the World Expo 2020) and offers an excellent entrepot for many firms seeking to expand into the wider Gulf region. Qatar, the world's largest producer of natural gas and possessing the highest per capita income in the world, is seeing an infrastructure and transportation boom as it prepares to host the 2022 Soccer World Cup. As with others in the region, Kuwait is also focusing major investments on housing, infrastructure and transportation projects. Though more modest markets than others in the region, both Bahrain and Oman have signed Free

Trade Agreements with the United States, offering preferential market access for many American goods and services.

Through multi-country trade missions and regional trade exhibitions, the Commercial Service seeks to introduce American firms to the marketing available in the Gulf region. Details on regional trade events are provided in the body of this report.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on one of the links below:

U.S. Department of State Fact Sheet

<http://www.state.gov/r/pa/ei/bgn/35834.htm>

CIA World Fact Book

<https://www.cia.gov/library/publications/the-world-factbook/geos/mu.html>

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Using an Agent or Distributor

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Foreign companies wishing to distribute their products in Oman often prefer using a local agent, although, since implementation of the FTA, American companies are no longer required to do so. Agents are particularly useful for sales to the Omani government due to their contacts, language ability, and cultural knowledge. Constrained budgets encourage government procurement officials to buy direct; however, in practical terms, it is still difficult for foreign firms to sell to the government without an Omani agent scouting for and bidding on tender opportunities. As in other Gulf countries, regular, personal contact is the key to success in trade relationships.

The manufacturer or supplier may not unilaterally terminate the agency agreement except where there is an unjustifiable breach of agreement by the agent. The Commercial Agencies Law governing agency agreements generally awards 2-3 years of profit as compensation for “unjustified” failure to renew even fixed-term agencies, so consultation with a lawyer in drafting an agreement is highly recommended. Agents are encouraged to register agreements at the Oman Chamber of Commerce and Industry (OCCI). Agents must register in writing (Arabic) with the Registrar of Agents and Commercial Agencies at the Ministry of Commerce and Industry (MOCI), renewable every three years. Agencies may be non-exclusive and more than one agent may be engaged to promote the same product or services. The agent is entitled to commission even if the principal has resorted to direct selling in contravention of the Commercial Agencies Law, which is widely considered to favor the agent.

The Embassy's Commercial Section can provide due diligence on most Omani companies and/or potential agents for a small fee via our “[International Company Profile](#)” service. In addition to consulting the Embassy, personal visits to potential agents are recommended. Due to the complexity of Omani regulations, it is advisable to obtain legal counsel before drawing up an agency agreement. While the Embassy's Commercial Section offers general information on Oman’s commercial regulations,

formal legal counsel is recommended for specific questions on labor, investment, and tax laws, licensing procedures, and for the resolution of commercial disputes.

The Embassy's Consular Section maintains a list of local attorneys, including those specializing in commercial law, available at:

http://oman.usembassy.gov/attorney_information.html .

Establishing an Office

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Under the FTA, Omani authorities may not require a U.S. company to incorporate or make any form of local investment when supplying their services on a cross-border basis. In other words, a U.S. company wishing to provide its service in Oman is not required to have any formal presence in the country. This is a benefit to all U.S. service providers, especially SMEs, who may not have the resources to maintain a presence outside of the United States nor conduct enough business to need that kind of presence. However, many U.S. businesspeople prefer to have a local presence to facilitate transactions.

Steps to Start a Simple LLC in Oman:

1. **Company Name Check** either at the [Ministry of Commerce and Industry](#) (MOCI) One Stop Shop (OSS) in Ruwi (CBD) or at any Sanad Office at your respective Municipality or online via OSS E-Services at www.business.gov.om.
2. **Commercial Registration** at the MOCI One Stop Shop--- (renewable online via [OSS E-services](#))
3. **Activity Selection** at the Oman Chamber of Commerce & Industry (OCCI) opposite MOCI in Ruwi (CBD).

Basic Fees:

MOCI "One Stop Shop" Company Registration (5Yr Validity)	\$260
OCCI Mandatory 2-Year (Renewable) Membership Fee	\$85.8
Muscat Municipality Registration Fee	\$97.5
Company Seal	\$130

*Note: Additional fees may be applicable depending on company grade and specialty.

Franchising

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A number of U.S. franchises are well-established in Oman, particularly in the fast-food restaurant sector. Most major brands are well-established (McDonalds, Burger King, KFC, Pizza Hut, Domino's, Subway, Papa John's, Chili's, Starbucks, Dunkin Donuts, Baskin Robbins, and Dairy Queen), with new ones opening regularly. Relatively high per capita income, a young population, a high rate of unaccompanied expatriates, and the lack of alternate entertainment venues encourage out-of-home dining and entertainment options. U.S. car rental franchises (Hertz, Budget, Avis, Thrifty, and Pay-Less) are also popular. Omani businesses continue to express interest in U.S. franchise opportunities, especially family-oriented, recreational and educational outlets. More

information on franchising opportunities can be found in Chapter 4 (Best Prospect Sectors).

To franchise in Oman, the principal and the local agent must sign a formal contract, which must be approved by OCCI and registered with the Registrar of Agents and Commercial Agencies at the MOCI and the local municipality.

Under Omani law, franchise relationships fall under the authority of the Commercial Agencies Law (the "CAL") promulgated by Royal Decree No. 26 of 1977 (as amended). This is because the CAL states that "every agreement to which a manufacturer or supplier outside the Sultanate entrusts to one merchant or more, a commercial company or more in the Sultanate, the sale or promotion, or distribution of goods and products, or provision of services whether as an agent, or representative, or broker of the principle producer or supplier, who has no legal existence in the Sultanate," is bound by the CAL. Franchise agreements can also be made subject to a non-Omani law, if coupled with an arbitration clause.

The CAL provides that agency contracts (which include franchise relationships) must be registered in the Register of Commercial Agencies at the Ministry of Commerce and Industry. Registration is extremely important for a franchisee because if there is a failure to register a franchise, in the event of any dispute concerning the franchise relationship, the franchise shall not be recognized by the Oman Courts and any legal case in relation to it will not be heard by the court. Similarly, despite the fact Oman is a party to the New York Convention of 1958 on the Enforcement of Foreign Arbitral Awards (the "New York Convention"), if the agency is not registered, a foreign arbitral award in relation to the agreement may not be enforced in Oman.

Local legal analysts typically recommend provisions permitting the franchisor to terminate the agreement if the franchisee performs inadequately as well as provisions limiting the agreement to a fixed term in order to protect the franchisor. However, the CAL stipulates that where a principal refuses to renew the term of the agency contract, unless the principal can justify his refusal to renew the contract, compensation is payable to the agent. Accordingly, in the absence of being able to prove fault by the agent that justifies termination or non-renewal, there is an obligation on the principal to renew the term or to pay the agent appropriate compensation. In this regard, a franchise agreement which places significant responsibilities on the agent is beneficial to the franchisor in that there may be more likelihood of being able to prove material breach and thus terminate the franchise without paying compensation.

Direct Marketing

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There are four daily English language newspapers in which companies can advertise - the [Oman Daily Observer](#), [Oman Tribune](#), [Muscat Daily](#), and the [Times of Oman](#) - each of which has a business section that is predominantly read by expatriates. The Arabic dailies [Oman Daily](#) (government mouthpiece), [Al-Watan](#) (heavy regional focus), [Al-Shabiba](#) (youth-oriented), [Al-Zaman](#) (cutting edge political reporting), and [Al-Roya](#) (heavy economic focus) reach a broader Omani audience and are also published seven days a week. Most dailies have a website on which companies can advertise. Arabic weeklies include [Al Isbou'a](#), [Al Youm A'Saba](#), and [Futoon](#). Two independent business monthly magazines, [Business Today](#) and [Oman Economic Review](#), began publication in 1998, and there are three free youth-oriented English language weeklies: [The Week](#), [Hi](#),

and [Y](#). Advertising is also possible on Omani television and radio and on highway signs. Many businesses also distribute flyers in residential neighborhoods, but permission from Muscat Municipality must be granted before mass distribution.

Oman regularly hosts trade shows (expos) which provide good opportunities to meet importers and distributors. Small and medium-sized businesses looking to enter the Omani market are particularly encouraged to attend sector-focused expos as an effective means of showcasing new offerings and networking directly with stakeholders, potential clients, and policymakers. Highlighted popular expos include: [MedHealth and Wellness](#), [Oman Power & Water Summit](#), [Food and Hotel Oman](#), [Oil and Gas West Asia](#), [InfraOman](#), [Oman Construction Expo](#), [Oman EPC Projects](#), [COMEX](#) (IT show), and [GHEDEX](#) (higher education). U.S. exporters should also look to international shows as an opportunity to meet Omani importers. For example, although the Sultanate is making great strides in developing its own food production industry, food imports continue to rise to meet the demands of an ever-growing population. Many importers visit international food shows such as [SIAL](#) (Salon International de L'Alimentation, in France), [ANUGA](#) (major set of food trade shows in Germany), as well as U.S. food shows such as the [Fancy Food Show](#) and [FMI](#) (Food Marketing Institute). Exhibiting at such shows has proven to be a sound strategy for many U.S. companies to market to Oman. In addition, Omani buyers are starting to grow more interested in attending [Arab Health](#), [SEMA Middle East](#), [Automechanika](#), [WETEX](#), and [Beauty World Middle East](#) in Dubai, as well as the [Offshore Technology Conference](#) in Houston.

The main regulation that governs advertising within Muscat is the Local Ordinance 25 of 1993 ("Ordinance") promulgated by Muscat Municipality. The Municipality controls and inspects all the advertisements in Oman. They are also responsible for reviewing the locations and forms of the existing advertisement in case the company fails to comply with the provisions under the Ordinance.

In general, it is important to note that in Oman freedom of the press and freedom of expression, including advertising content, is subject to limitations. Any form of advertising that the Omani Government authorities would deem detrimental to state security or public order, or offensive to societal values or customs, is prohibited.

The Ordinance covers a broad range of advertising formats (e.g., shop display ads, billboards, banners, print ads, packaging) and regulates many aspects related to such advertising, including sites and installation, permits and licensing, and restrictions and prohibitions on content.

The Ordinance essentially prescribes a two-step process for carrying out such advertising:

1. Obtain a permit/license from the Municipality for the site where the advertising infrastructure (e.g., the billboard frame) will be installed; and
2. Obtain permission/approval from the Municipality for the advertising content (e.g., the poster advertisement) that will be displayed.

Article 8 of the Ordinance sets out certain restrictions on advertising content which includes the following:

- The main language of the advertisement shall be literary Arabic;

- The English language may be used provided that it is next to the Arabic language;
- The translation from Arabic to English shall be correct linguistically;
- The content of the advertisement shall not be against the public order or morals or security and shall not be against customs and religious beliefs;
- The size of the advertisement shall be suitable enough to write the name and kind of activity and be completely suitable with the façade of the shop and the general view;
- The advertisement shall not be an obstacle to pedestrians or traffic and the advertisement shall not cause the destruction of any connection or services or plantations or impede the rescue services or ventilation or cause damage to others;
- It shall not contrast with the organizational aspect of the town or area, or spoil the public view; and
- An advertisement requires a license (a written approval) from the landowner.

Article 7 of the Ordinance further prohibits advertising in certain types of locations e.g., in and around mosques, Omani government properties, and public parks.

The period of the permit for advertisement fixed boards is two years renewable for one or more equal periods. The renewal should be sought at least one month before the expiry date of the permit.

Violations of the Ordinance are subject to a fine up to 50 Omani Rials (RO) for the first and second offense, and a fine of up to 100 RO for subsequent offences. Further, the Municipality has the right to remove any advertisement which is not in compliance with the Ordinance.

Direct Investment/Joint Ventures/Licensing

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The Omani government welcomes foreign capital and expertise and provides incentives to investors, particularly in the tourism, health care, higher education, fisheries, infrastructure, and downstream manufacturing sectors. Oman seeks foreign investment for the technical expertise it brings and the training it provides to Omanis. Under the U.S. – Oman Free Trade Agreement, U.S. investors qualify for national treatment in Oman and enjoy enhanced legal protections. Joint ventures with GCC citizens would also qualify for national treatment.

The U.S. government acknowledges the contribution that outward foreign direct investment makes to the U.S. economy. U.S. foreign direct investment is increasingly viewed as a complement or even a necessary component of trade. For example, roughly 60% of U.S. exports are sold by American firms with operations abroad. Recognizing the benefits that U.S. outward investment brings to the American economy, the U.S. government undertakes initiatives that support U.S. investors, such as Overseas Private Investment Corporation (OPIC) programs and other business facilitation programs.

Government procurement contracts are subject to the requirements of the FTA, namely, non-discrimination and national treatment for U.S. competitors. The FTA, however, does not govern military procurement and other procurements deemed to be a matter of national security. Although the FTA removed the requirement that a U.S. company obtain an Omani sponsor or partner, given the need for local follow-up and knowledge of the market, companies choosing not to open a local office are especially encouraged to consider obtaining a local partner. Branches of foreign consultancies fulfilling a GoO tender can be 100% foreign-owned but are typically dismantled upon completion of the contract as there has historically not been a provision in Omani law for permanent registration of a foreign branch. These temporary consultancies (present less than 90 days) are responsible for 10% withholding tax on royalties and management fees, typically paid by the local client.

All major civilian projects and acquisitions for the government are channeled through an independent Tender Board comprised of senior government officials and staffed by a limited number (around 40) of professional technocrats. The Tender Board usually relies upon the recommendation of a consultant and the procuring ministry in awarding contracts. Petroleum Development Oman (PDO) runs its own tender board, as do the Royal Oman Police, the Diwan of the Royal Court, Oman Telecommunications Company, and the Ministry of Defense. The tendering process for these agencies is often opaque.

Public tendering is required for all purchases above 10,000 RO (\$26,000) by ministries, government agencies, and public corporations. Ministries can award contracts through their internal tender boards for projects up to 1,000,000 RO (\$2,600,000). Projects exceeding this amount must be referred to the Tender Board, which determines the terms of bidding, invitations for bids, and selection of firms for awards. Depending on their activities, companies may register with Tender Board under any of the following four categories:

1. Contractors (registered with MOCI and OCCI)
2. Consultancy Offices or Firms.
3. Supplies or Supply Companies
4. Training Institutes

A temporary deposit in the form of a bank guarantee for one to three % of the value of the tender is required to bid. The registration application forms indicate the regulations for capital, employees, infrastructure etc. required for classification of companies into different grades. Each project is assigned a tender grade depending on the sector. For example, a large construction contract may require increased capital requirements and higher grades for bidding companies. Local SMEs may receive a bidding preference in government tenders within a 10% price differential. Contracts awarded through the Tender Board comply with Omani Standard Forms and Conditions, based on the International Federation of Consulting Engineers (FIDIC) standard. Contracts are often, but not necessarily, awarded to the lowest bidder. After notification of an award, final negotiations concerning clarifications and adjustments take place before the contract is executed. Sixty days usually pass from selection through award notification to signing of the contract.

Companies bidding for a government procurement contract can expect frequent delays in the evaluation of bids and awarding of tenders for major projects. The Tender Board has improved its efforts to publicize bids to international companies, particularly through the development of a website (www.tenderboard.gov.om), where it announces its tender openings and decisions. In addition, tender announcements are widely published in local newspapers and the official government gazette. Tender opportunities are published in English and in Arabic. Procedures for appeal are specified in the Tender Law and regulations, as well as the FTA.

Bidders must generally reside in Oman or have a local agent named in the bid. U.S. companies can register 100% U.S. owned company without local partner. Other foreign companies can participate in the tenders:

1. If the tender board announces an International Tender (typical for large infrastructure projects), international companies and institutions not registered in the Sultanate may participate in international tenders provided that they register in accordance with the regulations prevailing in the Sultanate within a maximum period of thirty workdays from the date the international company is notified of being awarded the contract. U.S. companies can register 100% U.S. owned company without local partner.
2. With a government contract, foreign companies can register a temporary branch for the duration of the work.
3. Many International Companies choose to establish an agency agreement with local companies. This agency agreement is registered with the Ministry of Commerce and Industry and the agent participates in tendering on behalf of the foreign company.

Bidders are allowed to be present at the opening of bids, or may view the process broadcast live on the Tender Board's website. Contract award notices are published online. Successful bidders are required to provide a performance bond (5% of the value of the contract) as a guarantee.

Successful international bidders are generally required to enroll with the Commercial Registration Department of the MOCI and become members of the Oman Chamber of Commerce and Industry (OCCI) within 30 days of award of the contract.

The Tender Board currently includes ranking members from the Ministries of Civil Service, Manpower, and Housing; as well as the Secretary General of the Supreme Committee for Planning and the Undersecretary of the Ministry of Commerce.

Tender Bid Bonds:

As part of the tendering process in Oman, bidding contractors will often arrange for a third party guarantor (usually a bank or insurance company) to issue a bid bond on their behalf to the project owner, as a guarantee that the winning bidder will perform its contract in accordance with the terms of its bid. The bid bond is subject to full or partial forfeiture if the winning bidder fails to either execute the contract or replace the bid bond with the requisite performance bond. Bid bonds typically range in value from one to three % of the tender contract price. Under Omani law, a bid bond must be for at least one %

of the contract price or project value, and the bid bond must have a minimum duration of ninety days (which is extendable). A bidder seeking to withdraw its bid after the bid opening will lose the bid security. Unsuccessful bidders are reimbursed for the bid bond upon losing the tender. Pursuant to the new Tender Law issued by Royal Decree 36/08, non-submission of the requisite bid bond with the bid can be grounds for disqualification of the bid. The winning bidder must replace the bid bond with a performance bond for five % of the contract price within ten days (for foreign bidders, twenty days) of being notified of the acceptance of the tender. Failure to provide the performance bond within the stipulated number of days can result in the full amount of the bond becoming payable to the owner of the project as compensation for the default and, additionally, could lead to cancellation of the award.

Ports, Shipping and Distribution Channels

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Most goods destined for the Oman market enter through Port Sultan Qaboos in Muscat, Oman's import/export hub, however by August 31, 2014, the government has announced this traffic must transition to Sohar, two hours away, as Port Sultan Qaboos focuses on cruise ship vessels and tourism. A well-developed road infrastructure links almost all points in the country. In addition, goods may enter Oman overland after arriving at ports in the UAE. American goods entering Oman are exempt from the 5% GCC customs duty under the terms of the FTA, although the GCC duty has been charged on American goods entering Oman overland from the UAE at the Wajaja border post, in contradiction to the FTA. Numerous transport, logistics and retail companies serve the domestic market.

The Port of Salalah, located some 1,000 kilometers southwest of Muscat in southern Oman, has established itself as a leading container transshipment center on the Indian Ocean Rim since its November 1998 opening; it also handles import/export shipments. Maersk is the principal customer of the port and a majority shareholder in the Port of Salalah Company. The Port of Salalah is the only port between Europe and Singapore that can accommodate S-class container vessels. Salalah boasts 14 day turnaround times to the United States. The Port of Salalah is expected to add a new general cargo terminal and a liquid jetty which will increase the capacity of the port to 40 million tons of dry-bulk commodities and 5 million tons of liquid products each year. The adjacent free trade zone, new international airport, and planned railway has the potential to make Salalah a major multi-modal cargo hub and a center for industrial development. The government has offered a number of incentives, including: reduced or deferred corporate taxes; extended period for re-exports; availability of hard currency and financing; favorable rental charges; reduced local content requirements; and lower customs duties and Omanization requirements, in order to attract business to the zone.

The Port of Sohar is Oman's third largest port. Sohar is located just outside the Strait of Hormuz and is proximate to the busy shipping lanes of the Gulf. By entering the Gulf through Sohar, companies avoid the high insurance premiums normally levied on vessels that ply the Upper Arabian Gulf. The Port of Sohar has deepwater draughts; modern container, cargo, and liquid terminals; and is linked to other locations, both in Oman and in the UAE, through world-class road infrastructure and an airport under construction. The Port of Sohar is undergoing expansion work, including a major deepwater jetty and a dry bulk terminal. The deepwater jetty is primarily constructed to

support the bulk shipping needs of the Brazilian mining conglomerate Vale Oman, which has a hub in the Sohar industrial area next to the port. The dry bulk terminal will be dedicated to handling of aggregates, minerals, and related dry bulk commodities. The Sohar Freezone is located adjacent to the Port and features investment incentives which include: a 10 year corporate tax holiday; no minimum capital requirements; a relaxation on the quotas of Omanis a company must employ; and a one stop shop for business registration and permits.

The government has also recently constructed a large commercial port at Duqm boasting a dry dock, deep water draughts, and a special economic zone. The Duqm Special Economic Zone Authority (SEZAD) will offer its own One Stop Shop for investors, facilitating business registration, work visas, and permits directly.

Selling Factors/Techniques

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The GCC common market was launched on January 1, 2008. The common market grants mutual national treatment to all GCC firms, goods, and citizens. GCC labeling standards require that labels be printed in Arabic and English, although some items are sold in the market without Arabic labels. For packaged food products, the dates of manufacture and expiration must be printed on the label or elsewhere on the container. Production and expiration dates affixed with stick-on tape are not accepted. Many U.S. firms consider Omani/GCC shelf-life limits more restrictive than scientifically necessary. Imported meat should be Halal, as the majority of consumers are Muslim. Major slaughterhouses in the U.S. are able to offer Halal supervision.

Potential exporters should be aware that all media imports are subject to review and possible censorship; for example, the Ministry of Heritage and Culture may reject or expunge morally or politically sensitive material from imported videos. The Ministry of Information delays or bars the entry of magazines and newspaper editions if it takes exception to a story on Oman or deems the content morally suspect. In practice, the effect of this censorship on non-pornographic materials is usually mild.

According to an American Express Middle East Luxury Spending Tracker survey in November 2012, people living in Oman and Jordan are the most conservative shoppers, spending less than US\$250 per month on luxury consumption, even as spending on premium goods and experiences by consumers in the Middle East, notably Qatar at \$5000 per month, is on the rise.

Electronic Commerce

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The government is actively promoting a “digital society” and “e-government” services through the Information Technology Authority (ITA). It is expected that some of the most frequently requested government services, such as business registration and visa applications, will be conducted on-line. In 2008 the GoO enacted legislation governing e-Commerce, and ITA officials have recently identified opportunities for U.S. investors in: e-payments (secure credentialing), Arabic language e/mobile content and e-government applications. The ITA hosts an annual [cybersecurity conference](#) in Muscat, which may be of interest to firms interested in entering the market.

[Oman Tradanet](#) specializes in Business-to-Business services. Other sites specializing in e-commerce applications are [Business Gateways International](#), [e-Oman](#) (Information Technology Authority) and [Knowledge Oasis Muscat](#).

Trade Promotion and Advertising

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[Oman International Trade and Exhibition](#), [Al Nimr](#), [IQPC](#) and [Omanexpo](#) are Oman's leading organizers of local and international trade shows and exhibitions, and often seek out U.S. presenters and exhibitors.

The "Direct Marketing" section of Chapter 3 provides a more comprehensive discussion of the advertising outlets in Oman.

Pricing

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The pricing formula for a product in Oman involves the cost of production, which includes raw materials and labor, distribution, promotion and advertising, taxes and customs. Taxes usually are assessed on corporate profits, and there is no value added tax (VAT). Most international restaurants in Oman charge municipality and tourism taxes in their invoices and landlords pay a lease tax to the municipality. The corporate tax rate is capped at 12% and the first \$78,000 of profit is exempt from taxation. Companies also are assessed labor-related taxes upon issuance of a work visa. Tax exemptions are available to entities in the manufacturing, mining, agriculture, fisheries, tourism, education and health care sectors. Exemptions are granted for an initial five year period from the date of commencement of business. A five year extension is available.

In 2012 and 2013 the Public Authority for Consumer Protection (PACP) as well as the Public Authority for Stores and Food Reserves (PASFR) enforced price caps on basic food items and consumer goods, citing food security and inflation control.

Sales Service/Customer Support

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After-sales service and customer support for foreign products are performed by local sales and service agents. Service response time varies depending on the type of good. Many Omanis express frustration at having to seek service from regional support offices in the UAE, and U.S. companies offering local support would be appreciated by consumers.

Protecting Your Intellectual Property

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Generally, Oman provides strong intellectual property rights protection and respects the sanctity of patents. According to a 2012 Business Software Alliance study, about 60% of software in Oman was pirated, representing a commercial value of \$33 million. After revising its intellectual property and copyright laws to comply with its FTA obligations, Oman now offers increased IPR protection for copyrights, trademarks, trade secrets, geographical indications, and patents. Pursuant to the FTA, Oman will also improve enforcement and protection of undisclosed test data from unfair commercial use. FTA related revisions to IPR protection in Oman build upon the existing intellectual property

rights regime, already strengthened by the passage of WTO-consistent intellectual property laws on copyrights, trademarks, industrial secrets, geographical indications and integrated circuits. The FTA's chapter on IPR can be found at: <http://oman.usembassy.gov/fta-texts.html>

Trademark laws in Oman are Trade Related Aspects of Intellectual Property Rights (TRIPs) compliant. Trademarks must be registered and noted in the Official Gazette through the Ministry of Commerce and Industry. Local law firms can assist companies with the registration of trademarks. Oman's copyright protection law extends protection to foreign copyrighted literary, technical, or scientific works; works of the graphic and plastic arts; and sound and video recordings. In order to receive protection, a foreign-copyrighted work must be registered with the Omani government by depositing a copy of the work with the government and paying a fee. The government has enforced copyright protection for DVDs, CDs, software, clothing, and household goods, and destroyed stocks of pirated items seized from vendors, although enforcement of copyright protection for software is not consistent. The government designated the Ministry of Commerce and Industry as the primary investigative authority for intellectual property issues, whose efforts are supported by the Royal Oman Police.

Nevertheless, under-the-counter sales of unauthorized software, DVDs, clothing, accessories, and beauty products persist. The Ministry of Commerce and Industry, along with the Royal Oman Police–Customs, track and enforce IPR violations. To assist government efforts, the private sector has been active in promoting awareness and enforcement of intellectual property rights and the Public Authority for Consumer Protection has conducted anti-counterfeiting campaigns.

Oman is a member of the World Intellectual Property Organization (WIPO) and is registered as a signatory to the Madrid, Paris and Berne conventions on intellectual property protection. Oman has also signed the WIPO Copyright Treaty, the WIPO Performances and Phonograms Treaty and a number of intellectual property treaties, conventions, and protocols in accordance with the U.S.-Oman Free Trade Agreement. Oman is a signatory to the International Convention for the Protection of New Varieties of Plants.

The Ministry of Commerce and Industry, the Oman Chamber of Commerce and Industry, and the Public Authority for Crafts Industry, in coordination with WIPO, has conducted a number of seminars to raise national awareness of the importance of protecting intellectual property. Oman has also worked closely with the United States Patent and Trademark Office (USPTO) in the area of intellectual property rights protection. Several Omani officials have traveled to the United States for IPR training, and the USPTO, U.S. Department of Commerce, and U.S. Customs and Border Protection has hosted IPR enforcement seminars for government officials in 2006, 2008, 2009, 2013, and 2014.

The Law of Industrial Property Rights (the "IP Law"), was promulgated by Royal Decree 67 in 2008 and provides a brief overview of the remedial measures available in Oman in the event that an IP right is breached.

Enforcement of IP rights is addressed in Part IV of the IP Law:

a. Interim Measures

As the losses resulting from an infringement of IP rights can be quite severe, interim measures are particularly useful. Chapter I of Part IV, entitled “Infringement & Compensation”, provides that, at the request of an interested party with a valid claim, the Honorable Courts of Oman may “issue a judicial order for the prevention of the existing or imminent infringement and compensation for damages.” Further, Chapter II of Part IV, entitled “Interim Remedies”, provides that the Omani courts may order interim remedies necessary to prevent infringement or unlawful use of a right protected under the IP Law. Article 73(1) allows the court to unilaterally order interim measures “without giving the other party the opportunity of being heard if delay may cause irreparable damage” to the aggrieved party.

b. Compensation for Damages

In the event that the courts finally determine that damages were sustained by a claimant due to IP right infringement, the court will order the offender to pay monetary damages equal to the value of damages sustained. In determining the monetary damages sustained by a claimant, the court may consider any profits earned by the offender realized as a result of the infringement. Further, under Article 75(D), the court may, in the event that a patent right is infringed upon, increase the value of compensation for damages up to three times the estimated value of the damages. Article 76 requires the court to order the destruction of the goods and/or equipment that resulted from the infringement, and/or removal of trademarks that have been illegally duplicated. The court may also order the offender to disclose the identity of any persons that have acquired any confidential information as a result of the IP infringement.

c. Remedies at Borders

Chapter V of Part IV, entitled Remedies at Borders, enables the owner of an IP right to request Omani customs authorities to “suspend the procedure for customs clearance and the release of goods,” provided that sufficient evidence is presented showing that an IP right is being infringed.

It is important to have a strategy to protect IPR. To navigate IPR issues in Oman, companies may wish to seek advice from local attorneys or IP consultants. A non-exhaustive list of local lawyers is available at: http://oman.usembassy.gov/attorney_information.html . Suspected IPR theft can be reported at: <http://www.iprcenter.gov/referral/> .

While the U.S. government (USG) promotes IPR protection, it is vital that companies understand that intellectual property is primarily a private right and that the USG cannot enforce rights for private individuals in Oman. It is the responsibility of the rights-holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the USG is willing to assist, there is little it can do if the rights' holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay

in prosecuting a lawsuit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Omani and U.S.-based. These include:

- Oman Association for Consumer Protection (OAFCP)
- The Muscat American Business Council (MABC)
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- Oman Chamber of Commerce and Industry (OCCI)
- Business Software Alliance
- Arabian Anti-Piracy Alliance
- Oman Consumer Protection Authority

Overview of IPR Legislation as of 2014:

IPR	Main legislation	Duration of protection	Minimum duration of protection under TRIPS
Copyright	Sultani Decree 65/2008 on Copyright and Neighbouring Rights, amended by Sultani Decree 132/2008	Life of author plus 70 years	Life of author plus 50 years
Patents	Sultani Decree 67/2008 on Industrial Property Rights and Their Enforcement	20 years from the date of filing for patents	20 years from date of filing
Trade marks	Sultani Decree 67/2008 on Industrial Property Rights and Their Enforcement	Trade marks: 10 years, renewable indefinitely for periods of 10 years	Trade marks: at least 7 years; renewable indefinitely
Geographical indications	Sultani Decree 67/2008 on Industrial Property Rights and Their Enforcement	Unlimited	Unlimited
Integrated circuits	Sultani Decree 67/2008 on Industrial Property Rights and Their Enforcement	10 years from the date of filing	10 years from first commercial exploitation
Industrial designs	Sultani Decree 67/2008 on Industrial Property Rights and Their Enforcement	5 years, renewable for 2 periods of 5 years	At least 10 years
Plant breeders' rights	Sultani Decree 49/2009 on the Protection of Breeders' Rights in New Varieties of Plants	20 years from the date of granting (25 years for trees and vines)	20 years from the date of filing

Treaty or convention	Entry into force
WIPO	19/02/1997
Berne Convention for the Protection of Literary and Artistic Work	14/07/1997
Paris Convention for the Protection of Industrial Property	14/07/1997
Patent Cooperation Treaty	26/10/2001
WIPO Performances and Phonograms Treaty	20/09/2005
WIPO Copyright Treaty	20/09/2005
Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure and Regulations	16/10/2007
Protocol relating to the Madrid Agreement concerning the International Registration of Marks (Madrid Protocol)	16/10/2007

IPR Resources

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A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: **1-202-707-5959**.
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits, visit: <http://www.StopFakes.gov> This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries) and to the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products). The site also allows you to register for Webinars on protecting IPR.

For further discussion of intellectual property protection in Oman, please refer to the "Intellectual Property" section in Chapter 6.

Local Professional Services

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For more information on vetted local professional service providers, please refer to the following website:

<http://export.gov/oman/businessserviceproviders/>

Ministry of Commerce and Industry– Department of IPR Enforcement
Director of Intellectual Property
Ahmed Al Saidi
Tel: +968-9942-1551
Fax: +968-2481-2030
E-mail: saidy3916@yahoo.com
Web: <http://www.mocioman.gov.om/>

Director General
Tender Board
P.O. Box 787, Postal Code 133
Muscat, Oman
Tel: +968 24 602 612 or 24 602 063;
Fax +968 24 602 063;
Website <http://www.tenderboardoman.gov.om>

Ministry of Commerce and Industry – Directorate General of Industry
Secretary of Industrial Registry
Nasser Khalfan al Alawi
P.O. Box 550
Muscat, PC 113
Sultanate of Oman
Tel: +968-2477-4305
Fax: +968-2481-1816
E-mail: nasr_al@hotmail.com

Oman Chamber of Commerce and Industry
Director of Registration and Legalization
Eng. Umayya Khamis al Riyami
PO Box 1400
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Sultanate of Oman
Tel: +968-24763782
Fax: +968- 2476-3784
E-mail: umaya@chamberoman.com

Commercial Section (U.S Embassy, Muscat)
<http://oman.usembassy.gov/business.html>

Public Authority for Consumer Protection Hotline
Tel: +968-80079009 / 80077997
Fax: +968-2481-2030 / 2411-9444
E-mail: info@pacp.gov.om

Ministry of Commerce and Industry – Directorate of Commerce
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Web: <http://www.mocioman.gov.om/>

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Arabian Anti-Piracy Alliance
<http://www.aaa.co.ae/>
Office 401, City Tower 2,
Sheikh Zayed Road,
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United Arab Emirates
Chief Executive Officer
Scott Butler
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scott@aaa.co.ae

Ministry of Information
<http://www.omanet.om>

Oman International Trade and Exhibition
<http://www.oite.com>

Oman Association for Consumer Protection
<http://www.omanconsumer.org/>
P.O. Box 1691, PC 112 Ruwi
Muscat,
Sultanate of Oman
Chairman
Said bin Nasser Al-Khusaibi
Tel: +968-24 567981, Fax: 24 567981
Fax: +968-2456-3305
E-mail: oafcp@omantel.net.om

US Patent & Trademark Office
Regional IP Attaché
Aisha Y. Salem
Detailee to the Office of Policy & External Affairs
Trademark Examining Attorney | Law Office 113
Phone: 571-272-8242
Fax: 571-273-9113
E-mail: Aisha.salem@trade.gov

Office of the United States Trade Representative

<http://www.ustr.gov>

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U.S. Department of Commerce – International Trade Administration

www.trade.gov/cs/

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Ernst & Young

<http://www.ey.com/EM/en/About-us/Oman>

PriceWaterHouseCoopers

<http://www.pwc.com/m1/en/countries/oman.jhtml>

KPMG

<http://www.kpmg.com/om/en/pages/default.aspx>

Deloitte & Touche

<http://www.deloitte.com>

Crowe Howarth

<http://www.crowehorwath.net/om>

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors:

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Oil and Gas

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Overview

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Oil has been the driving force of the Omani economy since Oman began commercial production in 1967. The oil industry supports Oman's modern and expansive infrastructure, including electrical utilities, roads, public education, and medical services. In addition to modest oil reserves, Oman has substantial natural gas reserves, which are expected to play a leading role in fueling the Sultanate's industrial growth in coming years. However, easily accessible gas is virtually exhausted, and about 44% of Oman's existing LNG is tied up in long term export contracts (supplemented by imports from Qatar), with about 22% powering oil extraction, and 34% consumed locally for utilities and industry, which is experiencing growing high unmet demand. Most remaining gas is deep, tight, and costly to extract, and the GoO is looking for ways to access it in an economic fashion.

Oman's proven recoverable oil reserves are estimated at 5.5 billion barrels, though the Ministry of Oil and Gas assesses that there are potentially 38 billion barrels of recoverable oil. The Sultanate's crude oil production in 2013 averaged 931,700 barrels per day. Asian markets have traditionally received the bulk share of the Omani crude oil exports, and China topped the list of importers in 2013 followed by Taiwan and Japan.

The average price of Oman's crude oil in 2013 was \$108.07. For Oman's 2013 budget projections, oil revenues were calculated on the basis of an average price of \$85 per barrel and average daily production of 930,000 barrels per day (bpd). Oman's oil costs upwards of \$20/barrel to produce. Oman has invested heavily in enhanced oil recovery (EOR) techniques to maximize its reserves and aims to achieve a daily output of one million barrels by 2015.

Oil Production, Exports, & Refinery, 2007-12:

	2007	2008	2009	2010	2011	2012
Oil production (million barrels)	259.3	277.0	296.6	315.6	323.0	336.2
Oil exports (million barrels)	222.0	216.7	244.9	271.8	269.4	279.8
Oil exports (US\$ million)	14,443	21,888	13,939	20,826	27,723	30,677
Average price of oil (US\$/barrel)	65.2	101.1	56.7	76.6	103.0	109.6
Refinery						
Input, crude oil (million barrels)	49.8	77.5	73.7	60.9	74.2	72.5
Output (million barrels)	31.3	51.1	47.5	37.6	51.8	51.7
Gasoline	10.5	19.1	18.3	16.3	23.3	23.5
Kerosene	4.3	6.2	5.8	4.6	4.9	5.5
Gasoil	10.2	14.7	13.4	11.1	16.0	15.5
Butane	2.4	3.8	4.2	3.3	4.3	3.9
Fuels	3.9	7.3	5.8	2.3	3.3	3.3

Source: Omani authorities, COMTRADE.

Natural Gas Production & Exports 2007-12:

	2007	2008	2009	2010	2011	2012
Production (million m³)	30,261	30,230	31,022	33,259	34,720	37,942
Associated	6,179	6,255	5,882	6,173	6,125	6,336
Non-associated	24,082	23,975	25,140	27,086	28,595	29,606
Uses (million m³)	34,716	37,919
Government gas system	7,665	8,813	11,389	12,585	13,730	16,509
Oman LNG	9,965	9,599	8,830	8,449	8,222	8,068
Oil fields	8,717	8,099	6,674	7,241	7,799	8,627
Exports (US\$ million)	3,070	4,165	2,372	2,399	2,287	4,199

.. Not available.

Source: Ministry of Oil and Gas.

Best Products/Services

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Drills and drilling services, hydraulic fracturing technology and services, oil-extracting equipment, sand removal devices for crude oil, boilers, drilling rods, separators, burners in mobile tanks, pipeline heating for heavy crude, water treatment systems, quality inspection, steam injection and other enhanced oil recovery technologies. Gas plants, pipelines, flow lines, well pads, wells, compressors, rigs and frack spreads, operations support and infrastructure.

Opportunities

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Several multi-billion dollar projects are in the pipeline in Oman, a major new gas find was recently announced and the petroleum sector continues to provide some of the best prospects for U.S. goods and services. A significant portion of the country's oil infrastructure is aging, which provides a market for pipelines, wellheads, pumps, and related equipment. Additionally, Oman has a number of older fields and fields with

complex geology, and the first serious offshore exploration has just begun. As a result, Oman needs advanced technology such as 3-D seismic analysis to facilitate exploration efforts. Finally, there is interest in computer systems that can monitor remote wells and cut labor costs. The Omani environmental protection authorities are seeking advanced equipment to monitor and control on-shore leaks and PDO has initiated the use of unmanned aerial vehicles as a low-impact means of monitoring its fields. All of these opportunities will be attractive to U.S. firms.

The government forecasts that net oil revenue in the current five-year economic plan (2011-2015) will be \$66.3 billion, a 100% increase over the previous five-year plan. The government spends about \$10 billion per year in oil production, primarily in enhanced oil recovery (EOR) techniques on behalf of majority state-owned Petroleum Development Oman (PDO). The company will focus on obtaining better production from mature and smaller fields. PDO Managing Director Raoul Restucci, interviewed by "Oil & Gas Middle East" in June 2013, highlighted the fact that the exploration directorate is planning to drill around 100 wells over the next five years and spend more than \$800 million in its search for new reservoirs. Between now and 2022, there will also be 16 significant new projects comprising over \$11 billion of investment and targeted at developing over a billion barrels of oil. Last year, the company made a \$26 billion investment in hydrocarbon exploration and production activities over five years. Restucci and others have estimated the share of production from EOR may reach 25% by 2020, from about 3% in 2013.

Oman has over 18 trillion cubic meters of proven natural gas reserves, and the government is heavily investing in liquefied natural gas. Under the eighth five-year plan, the Sultanate will invest \$8.7 billion in gas production. The funding allows for the purchase of compressors, construction of gas pumping stations, laying networks for gas distribution and replacing gas lines. A significant increase in the demand for gas has also led to an increase in the demand for pipelines and associated pressure-limiting and valve stations for Gas Transportation System (GTS). According to PDO, Oman will require one new major pipeline per year. Duqm Special Economic Zone is planning a 250km pipeline from Saih Nihayda gas field to Duqm to deliver 12 million cubic feet of gas per day, 7m of which will be needed for a planned power plant.

In late 2009 the Ministry of Oil and Gas announced significant finds of tight sour gas in the northeastern part of the country at Khazzan field. In order to address the shortage of gas to power industrial diversification, the GoO awarded BP a 15 year, \$15 billion+ billion concession to develop the Khazzan gas field, which will start be able to produce up to 1 billion cubic feet per day after it comes online in 2017. The project will require more than 300 horizontal wells and 600 km of flow lines.

In March 2013 PDO announced estimated in-place volumes of 2.9 trillion cubic feet of gas and 115 million barrels of condensate at Mabrouk field. The reservoirs had been hydraulically fractured and tested in late 2012, producing an average of 80 million cubic feet per day, and connected to the existing Mabrouk facilities in January 2013. PDO's Gas Directorate is currently working to fast track the project for full field development.

Ministry of Oil and Gas

<http://www.mog.gov.om/>

Ministry of Commerce and Industry

<http://www.mocioman.gov.om/>

Petroleum Development Oman

<http://www.pdo.co.om/>

Oman LNG

<http://www.omanlng.com>

Qalhat LNG

<http://www.qalhatlng.com/>

Occidental of Oman

<http://www.oxy.com>

BP Khazzan Field Supplier Registration

<http://www.omankhazzan.com>

Oman Oil Refineries and Petroleum Industries Company (ORPIC)

<http://www.orpic.om/>

Transportation / Infrastructure

Overview

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A sizeable market exists in Oman for meeting the Sultanate's transportation needs. In addition to passenger vehicles, Oman is importing construction, airport, and port equipment. Highlighting its infrastructure investment initiatives are the government's plans to build a national railway connecting Oman to the GCC. The construction of an industrial and transshipment port in Duqm is proceeding, and the Ports of Salalah and Sohar are expanding. Road construction is another major focus of domestic and regional development. Transportation of hydrocarbons is Oman's most important service import category, standing at more than USD \$3.6billion in 2012.

Shipping Services 2007-2011:

	2007	2008	2009	2010	2011	2012
Container port traffic ('000 TEUs) ^a	2,877	3,428	3,768	3,893	4,090	..

.. Not available.

a 20-foot equivalent unit.

Source: UNCTAD (2012), *Review of Maritime Transport*; and information provided by the authorities.

Best Prospects/Services

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Construction equipment, buses, aircraft, X-ray security screening equipment, port equipment (cranes, rubber tire gantries), port access control and security solutions, logistics software as well as engineering, project management, and consultancy services.

Opportunities

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Oman's estimated \$7 billion per year in infrastructure spending over the last decade has been focused on the three main ports of Sohar, Duqm, and Salalah; achieving the government's goals of economic diversification and job creation, and at the same time equipping the Sultanate to serve as a global shipping and logistics hub. Duqm is a brand new city established in the interior of Oman featuring a new port; naval base; drydock; fisheries hub; industrial free zone; hotels; power and desalination plants; a \$6 billion, 230,000 barrels per day refinery; a \$500M, 250km pipeline network from interior oil fields; liquid jetty; and a groundbreaking new 15 million barrel per month (up to 200 million barrel total capacity) oil tank storage terminal. In addition, the new city requires sewage treatment, drainage, water desalination, power plants, buildings, telecom services and landscaping. Sohar's free zone has been at the forefront of Oman's downstream manufacturing boom. Oman's largest oil refinery also resides there, and is in the process of a \$1.5billion expansion to add another 60,000 barrels to its current 116,400bpd capacity. Salalah is attracting international attention for its prime location at the crossroads of East-West shipping and fast growth. When Oman's new \$15 billion railway is complete (in a long term, 20 year project), connecting to the GCC network, shippers will be able to avoid the risky, costly Strait of Hormuz, simply dropping regional cargo at Salalah for onward multi-modal transit via rail, air, and local shipping. Salalah is

linked through direct lines to 54 ports around the world, in addition to ships engaged in short trips to markets in East Africa, India and the GCC countries, making it an ideal transshipment hub less than two weeks from any destination. The Port of Salalah boasts the fastest transit times to Europe and Asia– 32% lower than competing ports. Since its inception 15 years ago, the Port of Salalah has handled 35 million containers, experiencing general cargo growth of 600%, container growth of 665%, and has set a world record of 250 moves per hour, according to port officials. In early 2014 the Ministry of Transport and Communications announced three new projects for the development of the Port of Salalah. The first consists of building an additional berth for general cargo and a liquid terminal. The second project involves upgrades to the old cargo terminal. The third project includes the new Northern breakwater, an extension of the existing breakwater, an additional wharfs and ferry docks.

The Ministry of Transport and Communication is currently constructing several road projects as well as repairing, dualizing, and raising the capacity of the existing roads. One such project is the strategic 256km Al Batinah Expressway. The government authorized RO 1 billion (\$2.6 billion) in the 2012 budget to complete this project. The 750km Adam-Thumrait dualization project is another strategic project as it eases traffic in the northern governorates.

Oman's upcoming 2244km standard gauge national railway network will prove transformational in elevating the Sultanate's role as a key geostrategic multi-modal shipping hub connecting the GCC, East Africa, Asia and Europe outside the congested, expensive, and risky Strait of Hormuz. Given the fact that no rail expertise, equipment production, or services currently exist in Oman, the Sultanate's difficult, mountainous terrain, and the government hopes to retain as much of the estimated \$25 billion cost of the project as possible in-country, the Omani Rail Project faces a daunting challenge. Oman Railway seeks suppliers and investors for countless activities from civil works (tunneling, bridges, earthworks); ballast; sleeper and track production and laying; electro-mechanical, switching, and signaling solutions; rolling stock construction and maintenance; haulage logistics and operations; station, workshop and yard construction and maintenance. American suppliers are well positioned to step forward as long-term partners for technology, skill, and knowledge-sharing.

Web Resources

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Water and Environmental Technology

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Overview

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Development and rapid population growth have impacted Oman's water resources with around 8% annual growth in consumption, and there is substantial demand for water conservation technology and desalination projects. The salinity of groundwater is a growing problem in coastal agricultural areas, with water tables falling throughout the country. Oman's economy is still heavily dependent on petroleum, and the Enhanced Oil Recovery techniques used to extract its heavy oil require substantial water treatment. For example, Oxy continuously treats and circulates 500,000 bpd of water to produce steam necessary to heat and extract only 120,000 bpd of the heavy, viscous oil found at its Mukhaizna concession site. Overall, Oman uses 8-9 barrels of water for every barrel of heavy oil extracted.

Best Prospects/Services

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Water recycling and wastewater equipment, desalination equipment, waste management, weather monitors, advanced irrigation equipment, water quality monitoring systems, oil drilling wastewater recycling systems, chlorination units, online water quality analyzers, water quality equipment, groundwater recharge, aquifer management, automated meter readers.

Opportunities

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Companies that can provide equipment for small-scale irrigation should find a ready market among the large number of small farms in the country. Firms with expertise in desalination, sewage, and wastewater treatment may also find opportunities, particularly with ongoing work on a \$1 billion wastewater treatment system for the Muscat area, led by parastatal Haya Water. Haya Water is responsible for connecting Muscat municipality's six districts (population of about 1.15 million) to state-of-the-art water treatment facilities by 2020 (2100 km of pipelines) and will spend an estimated \$4.3 billion on networks and treatment plants. Haya expects more than 80% of homes to be connected to its treatment system by 2018. Haya officials have appealed for assistance and expertise for the process of registering its sewage treatment networks for UN carbon credits, increasing local awareness and acceptance of recycled water, and finding other uses for the treated water. (Only 60-70% of the recycled water is currently used, mostly for irrigation, gardening, and golf courses. The rest is discarded into the sea or used to supply a nature lagoon which is being developed as a bird breeding sanctuary.) Haya would also like to look at ways to recover methane as a source of energy and further develop its effluent fertilizer product. Finally Haya is urgently seeking solutions for odor management around its treatment plants.

According to a top official at Haya, around 40% of the estimated RO 2.415 billion (\$6.3 billion) capital cost of the project is yet to be tendered for execution as of February 2014, meaning that Haya Water will remain a lucrative source of business for contractors and vendors for several years to come. Achieving Haya's targets will require the company to annually invest between RO 170 million — RO 200 million in the rollout of new networks. Coverage now encompasses roughly 30% of the city's population, while a plethora of ongoing contracts will see this figure progressively increase over the coming years. The

ultimate goal of Haya Water is to cover 100% of the governorate extending from the Manuma — Seeb area in the west to Muttrah in the east, and Al Amerat — Qurayat in the southeast. Significantly, network infrastructure accounts for roughly 75% of the estimated RO 2.415 billion value of the project, underscoring the enormous cost involved in laying sewerage lines at depths of up to 12 meters, often in heavily built-up areas of the city. Other than networks inherited from Muscat Municipality, many of which require upgrading or a complete overhaul, new infrastructure is being built from scratch across the rest of the city, with enough capacity to keep pace with population growth.

The next most significant outlay is the construction of sewage treatment plants (STPs), accounting for around 21% of the total cost of the project, with Haya Water-related contracts currently underway in all six wilayats (districts) of the Muscat governorate. A number of contracts are currently in various stages of design, tendering and evaluation. Key among these are contracts for the construction of outfall systems designed to dispose of surplus treated effluent into the sea. Two outfall systems are planned at Darsait and Al Athaiba at an estimated cost of RO 20 – 30 million (about \$50-80 million) apiece. Subsea pipes will discharge any uncommitted treated effluent volumes some three kilometers into the sea. Further, with a view to tackling the long queues of sewage-laden trucks that are seen lining up outside Haya Water's Al Ansab STP, the company plans to construct a dedicated STP designed to receive sewage from such trucks.

Engineering designs for the new plant have been completed, with a tender for the project due to be floated soon. Haya also plans to expand the capacity of the existing STP at Al Ansab. A tender is due to be floated soon for the enhancement of the plant's capacity from the present 55,000 m³/day to 82,000 m³/day. Infrastructure facilities designed to support the 37,000 m³/day capacity STP project at Darsait, which is currently under implementation, will be upgraded to accommodate a capacity ramp-up to 82,000 m³/day in the future.

In Al Amerat, Haya Water is preparing to award a contract for the construction of a 20,000 m³/day capacity STP along with sewerage network and pumping station. Four other networks, each costing between RO 16 — 20 million, are in the pipeline as well. In Seeb wilayat, the company is preparing to commission a newly built 50,000 m³/day capacity STP at Manuma. Support infrastructure will be large enough to cater for a future expansion to 80,000m³/day. Subsequent upgrades will ultimately lift the plant's treatment capacity to 110,000 m³/day by 2020.

Oman's Environmental Services Holding Company (OESHC), a GoO agency branded as "be'ah", is restructuring and privatizing the solid waste sector, plans to close nearly 350 dump yards, and seeks expertise on waste management, dump site rehabilitation, waste-to-energy options, and recycling. (Currently there is very limited local recycling; paper, glass, and cans must be sent to Dubai to be recycled, which is uneconomical.) U.S. expertise on "green" waste management and public awareness-raising would be welcomed in this nascent industry, and could lead to attractive opportunities for U.S. investors, with many upcoming projects for landfills (16), transfer stations (65), and treatment plants (4). In 2012, OESCH completed feasibility studies on a National Healthcare Waste Plan, Electronic Waste Management Plan and Used Tires Recycling Project. The company estimates about 1.5kg of municipal solid waste is generated per person per day in Oman. With the population of around 3m, total waste of 4,383 tons is generated per day, totaling about 1.6million tons per year. One dumpsite in Raysut alone has about 4 million used tires.

The Oman government is planning to substantially raise the country's water desalination capacity, to meet the projected demand from households across the country within the next six years. The state-owned Oman Power and Water Procurement Company (OPWP), which is the exclusive buyer of power and desalinated water from independent producers, has taken major steps to increase the desalination capacity of independent water projects (IWPs) by 123.6 million imperial gallons of water per day (MIGD) in the next six years. The increase will take the capacity to almost 310 million gallons – which is enough to fill more than 560 Olympic sized swimming pools per day – from the current 186 million gallons per day, a 66% increase (includes 42 MIGD capacity of Al Ghubra project expected to commence operation this year). The independent water projects are set up by private investors, mainly multinational giants through a competitive bidding process, who sell the water to OPWP to receive a return on their investment. The six proposed independent water projects being set up by private investors with an expected investment of several hundred million Omani rials, are in different stages of planning, tendering and implementation, and are to be constructed in different areas of the country.

Upcoming integrated water desalination plant projects include:

- Al Ghubrah IWP, capacity expansion to 191,000 M3/d, COD by 2014.
- Wadi Dhiqa Treatment Plant, capacity of 67,000 m3/d, COD by 2015.
- Al Suwayq IWP, capacity of 225,000 M3/d , COD by 2016.
- Quraiyat IWP, capacity of 180,000 m3/d, COD 2018.
- Expansion in Sur, capacity of 40,000 m3/d, COD 2016.
- New IWP in Salalah, capacity of up to 27,000m3/d by 2018
- New plant in Duqm, 10,000m3/d by 2014

Web Resources

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Oman Power and Water Procurement Company

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Oman Wastewater Services Company S.A.O.G

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Oman Environmental Services Holding Company (be'ah)

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Over the last 35 years, Oman has invested heavily in the health sector and succeeded in creating a relatively modern health care system. Health indicators attest to its comprehensive and well-developed standards. Life expectancy at birth is a remarkable 75.5 years, placing Oman on a par with many advanced western nations. The United Nations 2010 Human Development Report listed Oman at the top of the world's 10 leading countries that have made the greatest progress in recent decades in public health. The government's determination to provide all its citizens with free, basic health care, along with treating persistent diabetes and cardiovascular disease, means that health-related expenditures are growing. The country's healthcare infrastructure now boasts around 65 modern hospitals with almost 6,000 beds, a ratio of 2.1 beds for every 1,000 citizens in addition to more than 242 health centers and close to 1,000 private clinics throughout the Sultanate. In 2012, the two leading private hospitals (Starcare and Muscat Private) both received Joint Commission International certification. According to Ministry of Health data, there were 46.8% Omanis among a total of 45,654 patients admitted and treated in private hospitals in 2012, despite the fact that Omanis can be treated without charge in government hospitals. (The government typically reimburses private hospitals for citizens' care.) There were 11 private hospitals and health centers in 2012, with a total of 448 beds in contrast to 49 Ministry-run government hospitals with 4,659 beds. There are three Royal Armed Forces hospitals with 323 beds, 74 beds in the Royal Oman Police hospital, and 675 beds in the Sultan Qaboos University Hospital.

The healthcare market in Oman is expected to be worth US\$2billion by 2015 as a result of population growth, rising levels of lifestyle-related diseases, and increased health insurance, according to a report by corporate advisory company Alpen Capital. Stating that the market in the Sultanate is "in the developing stage," the report adds that the market is expected to grow at a compound annual growth rate of 9.3% between 2010 and 2015 from the 2009 market value of US\$1.2billion. In addition, the number of hospital beds required to meet this demand is anticipated to rise from an estimated 5,722 to 6,300 by 2015, with a sizeable proportion expected to be absorbed by the US\$1billion Apex Medical City, a 530-bed facility to be developed in Salalah, and a 2000 bed government-financed Medical City to be developed at Barka. At \$150, Oman had the lowest sales per capita of medicines in the GCC in 2012, according to Alpen Capital. The size of the Omani pharmaceutical market was valued at US\$476million in 2012 as compared to US\$431million in 2011. (QNB Capital reported \$152million in spending on drugs in Oman in 2012.)

Normally, medicines, equipment, and drugs require approval of Ministry of Health before being released. In January 2013, GCC health ministers signed an agreement to lower drug prices, though the move has not yet been implemented. The announcement was welcomed by local drug manufacturers while established pharmacy chains feared the impact on profit margins.

Best Prospects/Services

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Pharmaceuticals, medical equipment and supplies, X-ray and MRI's, ultrasound devices, surgical equipment, management information systems, tele-medicine, fellowships, residencies, specialized short courses, and healthcare administrator training.

Opportunities

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The Omani market offers solid prospects for U.S. health care products. Oman is focused on upgrading its facilities and diagnostic capabilities. The current five-year plan includes spending slated for preliminary and secondary healthcare in addition to women's health issues, infectious and non-infectious diseases, radiology, ophthalmology, mental health, and occupational health. The Ministry of Health has expressed interest in U.S. healthcare information management technologies as part of its efforts to standardize operations and establish interconnectivity among Oman's hospitals and regional clinics.

The 2011 budget allocated \$871 million to healthcare, with an increase to \$993million in the 2012 budget. Oman increased its state budget for health by 9.4%in 2013, growing to RO 547 million (\$1.4 billion). The health budget accounts for 5% of the total state budget, which stands at RO 12.9 billion (\$33.5 billion). After the Ministry of Health (MoH) brought together stakeholders, investors, and international experts at a Vision 2050 Planning Conference in early May 2012, the Omani cabinet approved R.O. 1 billion (\$2.6 billion) to upgrade Oman's healthcare infrastructure over the next three years. A new medical city, to be located in Muscat, is approved by the cabinet to begin construction in 2013 with a budget of R.O. 700 million (\$1.8billion). MoH also has plans to build 30 hospitals and health centers around the country in projects worth \$1billion including new hospitals in Salalah, Khassab/Mussandam, Duqm, and Ghala. The MoH will require support from specialized companies and international expertise as its Planning Division has only 11 employees and lacks the capacity to design and manage large-scale projects.

Projects that should be implemented during the new five-year plan include a new referral hospital in Muscat, at the cost of \$358 million; a hospital in Salalah, at the cost of \$122 million; and new hospitals worth \$142 million in Suwaiq, Mahout, Sinaw, Dhalkut, and Al Muzyunah. The Health Ministry is planning to set up and renovate seven hospitals as part of the 36 projects planned for its Eighth Five-Year Health Plan 2011-2015. Highlights include: 19 health centers, a tumor ward at the Royal Hospital, a National Center for Cardiology, a National Center for Diabetes, a Cardiology Centre and an MRI unit in Salalah, a Diabetes Centre in Sur, rehabilitation of Sultan Qaboos Hospital in Salalah (for outpatients), rehabilitation of Khoula Hospital (for accidents and emergencies), power transmission stations for the Royal Hospital, Al Maziouna Hospital, Dalkout Hospital, health centers at Sarfit and Al Hashman, and upgrading Khasab hospital to a referral hospital for the Governorate of Musandam. Finally, the Royal Oman Police will construct a new 4-600 bed hospital over the next three years, requiring equipment, management services, and drug imports.

The MoH has outlined other requirements including a full-fledged EMS / ambulance system, innovative health insurance solutions for the 1.8 million expat population (and eventually for citizens, currently covered by the government), customized patient catering plans, and help with recruitment to address Oman's severe shortage of doctors. Oman's Minister of Health, Dr. Ahmed bin Mohammed bin Obaid al-Saidi, announced

early this year that the Sultanate is facing a shortage of around 8,900 doctors and nurses by 2015, with 3,288 vacant positions currently. MoH needs to send at least 50 high school graduates to an English-speaking country every year to study medicine in order to keep up with patient growth. Ministry officials are anxious to partner with U.S. universities to train and certify Omani healthcare practitioners. MOH has also expressed specific interest in U.S. healthcare information management technologies as part of its efforts to standardize operations and establish interconnectivity among Oman's hospitals and clinics.

In addition, a private Saudi investor (Apex) is partnering with U.S. companies Methodist International and General Electric to establish a \$1billion International Medical City (IMC) in Salalah. (Oman was chosen for its ample available land, Salalah's pleasant coastal weather, and the Sultanate's societal tolerance for international visitors staying for extended periods.) The company's goal for the IMC is to offer a world-class local option for the GCC population currently seeking quality healthcare overseas, and serve as a regional center of excellence for genetic diagnostics, organ transplants, and rehabilitation. The master plan for the seaside, resort-style hospital includes educational facilities as well as long-term villas and apartments for family members of patients from around the world.

The MOH has also repeatedly stressed the need to develop innovative health care financing and insurance solutions, as the government cannot continue to sustainably finance the majority of health care in the Sultanate. Under the FTA, U.S. insurers in Oman can establish a commercial presence through subsidiaries, branches, or joint ventures, and provide a full range of insurance products. U.S. providers are also assured a swift approval of new products (30 days for non-life insurance and 60 days for life insurance). The insurance market in Oman is small, but will likely grow, particularly the health insurance market, and the FTA positions U.S. providers to be more competitive.

Web Resources

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Manufacturing

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Overview

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Machinery and equipment continues to be a leading sector for U.S. exports to Oman. Oman's manufacturing exports (mainly fertilizers, metals, and various chemical products) more than quadrupled between 2006 and 2012. Given the growing number of industrial, mining, and infrastructure projects underway, the demand for equipment and modern instrumentation is projected to increase in the coming years. The port/free zones offer investors well-equipped facilities outside the congested Strait of Hormuz to serve as low-cost manufacturing and re-export hubs. Petrochemicals production in Oman reached 9.5million tonnes in 2012, up from 8.9million tonnes in the previous year, according to the annual report of Gulf Petrochemicals & Chemicals Association (GPCA). The Sultanate's petrochemicals capacity is equivalent to 7.4%of the GCC's total capacity. (Oman's petrochemicals sector is the third largest in the region, behind Saudi Arabia and Qatar which account for 86.4million and 16.8million tonnes of capacity respectively.)

Sohar has been at the forefront of Oman's downstream manufacturing boom, featuring a free zone made up of aluminum, steel, plastics, petrochemicals, sulfur and fertilizer industries. The PET and methanol industries in Salalah's free zone, in combination with Sohar, have contributed to Oman's success in reducing the contribution of oil and gas to only 50% of GDP from the lion's share only about a decade ago, though the downstream manufacturing sector still relies on scarce gas for power as well as oil as an input.

Manufacturing companies are eligible for the GCC-wide incentives available to industry, including exemption from import duties (e.g. on machinery, equipment, and spare parts); five-year tax holidays, renewable for other five years; long-term use of land at favourable rates in cooperation with the Public Establishment for Industrial Estates (PEIE); subsidized electricity, water, and natural gas for production; and soft loans from Oman Development Bank for up to ten years at a low interest rate

Manufacturing Sector Production 2006-2010:

	2006	2007	2008	2009	2010
Total (RO million)	2,982	3,979	6,623	5,360	6,271
<i>Selected industries</i>					
Oil refining and gas liquefaction	1,712	2,232	4,146	2,633	3,280
Basic metals	155	212	319	476	630
Chemicals	204	285	413	721	616
Food and beverages	275	361	547	481	500
Non-metallic minerals	238	274	397	427	411

Note: Data for 2011 and 2012 were not available.

Source: Omani authorities.

Best Products/Services

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Appliances, elevators, cranes and bulldozers, building and construction equipment, shipment handling and transportation, electrical switchgear, dredging equipment. Facility maintenance and centralized utility services.

Plastics: Non-woven Plastics, Biaxially oriented polypropylene film, Flexible intermediate bulk containers and woven sacks, Polypropylene ropes, PP cast films, various PP injection molded/thermoformed products, PP multifilament and monofilament yarns, Wood plastic composites, PP staple fiber, PP box strapping, PP non-composites.

Opportunities

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With a number of new electrical and mechanical projects either in operation or under construction, including a number of Sohar, Sur and Duqm-based projects such as an independent power facility, a new oil refinery, several fertilizer and methanol plants, a polypropylene plant, an aluminum rolling mill, an iron and steel factory, and a petrochemical complex, this sector is expected to continue its robust growth. Takamol Investments, the industrial project arm of the GoO's Oman Oil Company, is financing several multi-million dollar downstream value-added industrial projects, including industrial gases, sulfur fertilizer, steel wire, chemical blending, aluminium rolling, cement manufacturing and mining. The company, which has focused efforts in the free zone associated with the strategically located Sohar Port, also seeks expertise in facility management and centralized utility service provision.

Oman Oil Refineries and Petroleum Industries Company (Orpic), one of Oman's largest companies and one of the Middle East's most rapidly growing businesses, plans to invest around \$5-6 billion in a number of "strategic" projects over the next five years. Key among these is the Liwa Plastics Projects, which will produce one million tons of petrochemicals. This milestone venture will be launched in 2018. Also under development is a fuel pipeline project linking the refineries of Mina Al Fahal and Sohar with storage tank infrastructure planned at Al Jifnain in the Wilayat of Fanja. Equally important is the Sohar Refinery Improvement Project, a contract for which is currently pending before the Tender Board.

Conceived in conjunction with the Sohar Refinery Improvement Project, the Liwa Plastics venture will help spawn the growth of a robust plastics-based petrochemicals downstream industry in Oman. Total investment in the giant scheme is estimated at \$3.6 billion. When operational in 2018, the project will produce 420,000 tons per annum (tpa) of high density polyethylene (HDPE), 420,000 tpa of low density polyethylene (LDPE), 215,000 tpa of polypropylene, 168,000 tpd of additional gasoline, and 46,000 tpa of additional benzene.

The 280km fuel pipeline connecting ORPIC's Muscat and Sohar refineries is being implemented in phases. While Phase 1 is already in the tendering process, Phase 2 centers on the construction of a pipeline from Sohar refinery to a new terminal at Al Jifnain, near Muscat, as well as the terminal itself. Envisaged in Phase 3 is the construction of additional fuel storage capacity to serve as strategic reserves for the nation. Spanish engineering firm Compañía Logística de Hidrocarburos (CLH) is providing consultancy services to ORPIC in the implementation of the project, slated for commissioning in 2016.

The Sohar Refinery Improvement Project, an estimated \$1.8 billion venture that will see the country's largest refinery upgraded and expanded in line with the escalating demand for petroleum fuels, as well as the changing composition of the primary feedstock, Oman Crude. In addition to improving the refining process to cater for heavier crudes, the project will also enhance the plant's environmental performance, boost fuels production, increase production of polypropylene, and reduce imports of naphtha as feedstock for the integrated Aromatics plant. Additionally, it will pave the way for production — for the first time — of bitumen for the domestic market.

Web Resources

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Oman Oil Company

<http://www.oman-oil.com/>

ORPIC

<http://orpic.om/>

Takamul Investments Company

<http://www.takamul.com>

Sohar Port & Free Zone

<http://www.portofsohar.com>

Public Authority for Investment Promotion and Export Development

<http://www.ociped.com>

Ministry of Commerce & Industry

<http://www.mocioman.gov.om>

Power

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In 1996, Oman became the first Arab country to turn exclusively to the private sector to build, own and operate (BOO) a major power project with a 90 MW plant in Manah. The Manah project has been a successful and profitable operation, and the plant was expanded to 270 MW in early 2000. The success of the Manah project led to several other Build, Own, Operate (BOO) power projects. The 2004 Electricity Law (Royal Decree No. 78/2004) established the Authority for Electricity Regulation to regulate the electricity sector. Under the Law, electricity generation is open to competition, while transmission and distribution are under the monopoly of the state-owned Electricity Holding Company (EHC). The Law also requires that all new electricity projects be carried out by independent power providers (IPP).

The Oman Power and Water Procurement Company (OPWP) is the single buyer of power for all IPP projects. The OPWP undertakes long-term generation-planning and publishes a detailed [seven-year statement](#). This statement includes the identification of new IPP projects to be competitively tendered and developed by private-sector companies in order to meet future power generation and water desalination requirements. As at November 2013, there were 11 major IPPs, with a further two IPOs launched in the spring of 2014.

Oman's installed capacity is 7.9 GW. It is planned to add some 3.8 GW of new capacity by end-2014. Oman's electricity generation amounted to 18.6 billion kWh in 2011 (up from 13.5 billion kWh in 2006, of which 15.3 billion kWh were consumed and 3.3 billion kWh stood as distribution losses). The Oman Power and Water Procurement (OPWP) company, a RO 300 million (\$780 million) turnover company, has several years' experience working with private investors, who have invested \$6.7 billion in the sector so far. Oman is also at the forefront of the region in terms of efficiency, having moved from an administrative to an economic valuation of gas for evaluating proposed projects, though the government subsidizes about 40% of the cost.

Tariffs are as follows:

Industrial - 24 baiza (\$.62)/kw in the summer, 15 baiza (\$.40) in the winter
Residential – 20 baiza in the summer (up to 3000kwh), 10 baiza in winter
Commercial – 20 baiza flat rate

Tariff category	Range	Tariff (RO)
Residential	Up to 3,000 units	0.01
	3,001 to 5,000 units	0.015
	5,001 to 7,000 units	0.02
	7,001 to 10,000 units	0.025
	Above 10,000	0.03
Industrial	May to August	0.024
	September to April	0.012
Agriculture and fisheries	Up to 7,000 units	0.01
	Above 7,000	0.02
Tourism	Up to 3,000 units	0.01
	3,001 to 5,000 units	0.015
	Above 5,000	0.02

Source: Omani authorities.

Recent developments include tendering for several new Independent Water and Power Projects (IWPPs) to nearly double Oman's power generation capacity, which is currently around 4500 MW. Privately financed projects planned for Barka/Sohar, Sur, Ghubrah, Salalah, and Duqm are set to be operational by 2015. With increasing private participation (private investors and public shareholders make up the majority of new and upcoming power projects) and strong annual growth rates for both power and water, there are many opportunities related to the construction of Integrated Power and Water Plants. Private IWPPs must list a percentage of the company on Muscat Securities Market for public ownership.

The Oman Electricity Transmission Company (OETC) has planned significant capital expenditures over the next few years in order to keep up with strong power demand growth. In May 2013 Dr Hilal Abdullah Al Nasserri of OPWP said demand for power is set to grow by around 9.5% a year over the next ten years, implying between 7,190MW-9,133MW will be needed by 2019. (Electricity supply was up 9% overall in 2012.) Overall national production rose 13% and customer accounts rose 7% from 667,668 in 2010 to 727,621 in 2011. OETC recently announced \$8billion in new projects from 2012-2016. The Public Authority for Electricity and Water announced RO 390 million (\$ 1billion) for expansion in provision of electricity and water services in the 2012 budget.

Best Products/Services

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Power transformation and networking, power generation equipment, gas-fired turbines, dispatch and transmission equipment, related software and control systems.

Opportunities

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Companies specializing in power plant construction, power generation equipment, and power plant operations and processes should find opportunities in Oman. With its growing population and need for expanded power generation, Oman has made privatization of future power projects a priority. The government forecasts significant demand increases for power and water in coming years. The Oman Power and Water Procurement Co (OPWP) estimates gas consumption in the electricity and water desalination sector will rise from the current annual volume of 6.7 billion meters cubed to 10 billion meters cubed by 2020, almost a 50%increase.

Oman Power and Water Procurement Company (OPWP) plans to float a request for qualifications (RfQ) by the third quarter of 2014 for companies interested in building a \$1.5billion (RO 577.5M) proposed power project. The 3,000-3,500 megawatt (MW) project will be Oman's biggest independent power project (IPP) and significantly ramp up generation capacity within Oman's Main Interconnected System (MIS). OPWP is looking at two to three locations and hopes to implement the project in 2017-2018.

Other highlights include:

- Increasing the number of 220/132 kV grid stations from seven to 13 before the summer peak of 2015, with an additional installed firm grid substation capacity of 6,000 MVA.
- Increasing the number of 132/33 kV grid stations from the 42 in service at the beginning of 2011 to 56 by the summer peak of 2015.
- Introducing the first 400kV connection between Jahloot grid station and Sur power station.
- Completing a 220kV double circuit ring around northern Oman.
- Upgrading the Liwa grid station to supply industrial projects at Sohar Free Zone.
- Construction of a 40m gallon per day water desalination plant in Al Ghubra.
- Construction of a water treatment plant in Wadi Dayqah to supply Muscat.
- Construction of two new 44m gallon per day water plants in northern Batinah and Quriyat.
- Implementation of a pilot RO 250m (\$650m) electronic meter reader system for power and water.
- 11KV sub-station and distribution network for Duqm.

Web Resources

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Public Authority for Electricity and Water Regulation
<http://www.paew.gov.om>

Oman Power and Water Procurement Company
<http://www.omanpwp.co.om>
Andrew Rackham
Director of Projects Development
E-mail: Andrew.Rackham@Omanpwp.com
Tel: +968- 24508421

Dhofar Power Company
<http://www.dpcoman.com/>

Majan Electricity Company
<http://www.majanco.co.om/>

Mazoon Electricity Company
<http://www.mzec.co.om/>

Muscat Electricity Distribution Company
<http://www.ehcoman.com/businesses.aspx>

Oman Electricity Transmission Company
<http://www.omangrid.com>

Oman Electricity Holding Company
<http://www.ehcoman.com/>

Franchises

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A number of U.S. franchises are well established in Oman, particularly in the fast-food restaurant sector (McDonalds, KFC, Pizza Hut, Subway, Papa John's, Chili's, Starbucks, Dunkin Donuts, Baskin Robbins, Dairy Queen, Pizza Inn, Caribou Coffee, and Cold Stone Creamery). U.S. car rental franchises (Hertz, Budget, Avis, Thrifty, Pay-Less) are also popular. Omani businesses continue to express interest in U.S. franchise opportunities. There are currently limited entertainment options for families and young people, so educational and amusement-themed investments would likely do well.

Best Products/Services

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Toys and games, food and restaurants, amusement and recreation, vocational repair and maintenance services.

Opportunities

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A young and growing population with significant amounts of disposable income has created a powerful consumer market in Muscat and other urban areas of Oman. An expected rise in consumer spending is set to benefit Oman's retail sector in 2014, but the bulk of the benefits are likely to be felt in Muscat. A decision by the Central Bank of Oman (CBO), announced on October 2, 2013 to lower the upper limit on the rate that banks can charge on personal loans is expected to boost consumer purchases. The reduction from 7% to 6% has been viewed as a pump-priming exercise, and one that it set to have a positive impact on the local retail industry.

Even without the CBO's decision, there had already been a steady rise in the flow of credit, with lending to the private sector increasing by 8.8% in the first eight months of 2012, almost half of which was accounted for by personal loans.

This increased access to credit comes at a time when consumer sentiment is positive, as reflected in the latest regional survey conducted by job site Bayt.com and research firm YouGov. The survey, which covered Oman, as well as the rest of the Middle East and North Africa, and was released in September 2013, found a solid rise in confidence among Omani consumers heading into the latter half of the year. Around 60% of

respondents believe the Omani economy will improve in the following six months, with 43% saying the economy had made gains over the preceding semester.

Another positive indicator for retailers is that 57% of Omanis who took part in the survey said they expected their personal financial position to improve in the coming six months. This higher level of affluence will likely translate into stronger consumer spending, with 27% planning to buy a computer sometime in the next six months, followed by furniture (26%) and high-end television sets (21%).

The results of the Bayt.com/YouGov survey were in line with a study conducted by credit card company MasterCard at the end of August, which found Omanis report a highly positive outlook for the economy and their own employment, income and quality of life prospects.

AT Kearney ranked Oman 17 out of 30 countries in its 2013 Global Retail Development Index, the firm's annual survey of the retail industry in developing nations, released in late September 2013.

AT Kearney said the Sultanate was showing progress as an attractive destination for global retailers, particularly specialty and luxury players. Markets such as Oman exhibit strong fundamentals that appeal to retailers targeting a concentration of wealth and seeking to be first movers in fast-growing markets, the report said. Increased state spending on infrastructure and higher incomes has boosted purchasing power, while rising numbers of expatriate workers and foreign tourists were also driving retail growth, the study concluded.

The 2014 edition of "Employment and Salary Trends in the Gulf", released on March 17 by the online recruitment firm, GulfTalent, shows that Oman is leading the GCC in wage growth, with an 8% expected increase in average private sector wages for the year. (Aon Hewitt estimated a 5.6% increase.) In its annual compensation and benefits report for Oman, Hay Group noted the rise in salaries has predominantly taken the form of an increment on basic salary which rose 5.7%, on average, rather than adding to allowances such as housing, transport and education. Hay Group's report noted 21 % of employees moved up a grade, and that pay raises stand well above inflation (officially reported at only 1.2%for 2013), indicating an increase in disposable income. According to the report, Oman's oil and gas sector had the highest pay raises in the region, an average of 7%. Hays' Global Salary Guide stated Oman paid expatriate oil and gas sector workers about \$12,000 more in 2012, taking salaries to \$92,100, while locals in the petroleum industry were paid an average of \$72,600, up by \$4600.

With a public sector-wide salary scale increase announced in November 2013, and the increasing economic focus on coastal cities such as Duqm, Sohar and Salalah, higher-end retailers and supermarket chains are expected to follow the money out of Muscat and into the developing regions in the years to come.

Resources

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International Franchise Expo

<http://www.ifeinfo.com>

Ministry of Commerce and Industry

<http://www.MoCloman.gov.om/>

Muscat Municipality

<http://www.mm.gov.om>

Oman Chamber of Commerce and Industry

<http://www.chamberoman.com/>

Telecommunications

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The Telecom Law (Royal Decree No. 30/200216) lays down the basic regulations for Oman's telecom sector and established the Telecommunication Regulatory Authority (TRA) as regulator. The Ministry of Transport and Communication (MOTC) formulates policies for the subsector. Any operator wanting to establish, operate, and provide telecommunications services must obtain a license from the TRA. License applications are reviewed on the basis of the technical and financial capabilities of the applicant, with preference given to those prepared to participate in universal service provision; compete to provide telecom services; promote research or new types of telecom services; and promote investment in the subsector.

Licensing:

There are three types of telecom licenses: a "class I" license is issued, through Royal Decree, for the establishment or operation of a public telecom network or international telecom infrastructure, or for the supply of public telecom services or international access services that require the use of national resources (right of way and spectrums). The duration of the license is determined on a case-by-case basis. A "class II" license is issued, by decision of the Minister of Transport and Communication, after approval by the TRA, for the provision of public telecom services that depend on using the capacity of a "class I" telecom network and the provision of additional public telecom services that require exploiting national resources (numbering). The duration is determined by MOTC but shall not exceed ten years. For private telecom services not connected to public network, a "class III" license is issued, for a duration not exceeding five years. An application fee of RO 500 is charged by the TRA for examining an application. Operators are required to notify TRA of any charge (including tariffs) and the standard terms and conditions. The charge should be publicly notified to customers in the media. Under the new framework, only companies that plan to use "scarce resources" (i.e. a spectrum reserved for third-party providers) will have to apply for a license that requires a Royal

Decree, and all others require Ministerial approval only. Telecommunications licenses will still be reviewed by TRA before consideration at the Ministerial or Royal level.

Major Telecom Providers:

As of November 2013, three companies were offering landline telephone and internet services: Oman Telecommunication Company (Omantel), in which the state holds a 70% share; Nawras, which was granted a license in June 2009; and a consortium consisting of Awaser Oman and PCCW International, which was granted a license in November 2012. There are two mobile phone operators in Oman: Oman Mobile, a subsidiary of Omantel, and Nawras Telecom. The authorities indicate that issuance of a third mobile phone license is under consideration and TRA released legislation promoting greater competition and access for public comment in Spring 2014.

The telecommunications sector in Oman is dominated by two companies: Omantel and the Omani Qatari Telecommunications Company (Nawras). Omantel is currently 70% owned by the Government of Oman (GoO), and the GoO appoints six out of eight board members. Nawras is majority-owned by Qatar's Ooredoo. According to the Telecommunications Regulation Authority (TRA) Omantel accounts for 49% of mobile subscribers, and Nawras accounts for 41%, with the remaining market share divided among resellers.

Omantel, until recently, was the sole provider of telecommunications services in Oman. Nawras launched operations in 2005, and not only controls a strong market share, but is the first company in Oman to offer 4G services and has received several regional awards for excellence. However, neither Omantel nor Nawras has consistent mobile coverage, and many Omanis own two mobile phones, one subscribed to Omantel and one to Nawras, to ensure coverage both inside and outside of Muscat. Nawras internet connections are also not available everywhere in Oman, including some zones within Muscat, and customer satisfaction is generally not high with either company. Receiving adequate and timely technical support has proven difficult. The sales account managers and engineers typically have a lack of technical "know how" and capabilities to solve rudimentary user support issues outside of standard configurations. Customer service and pricing power are lacking due to the lack of competition.

Regulation:

Telecommunications in Oman is regulated by the Telecommunications Regulatory Authority (TRA). TRA operates independently from government ministries, and is the executing authority of the Telecommunications Act which regulates licensing and issues regulations and guidelines on various aspects of telecommunications. TRA is currently restructuring the licensing framework to streamline the process, shorten the wait time, and increase transparency.

Oman does have regulation around accessibility to websites of "ethical" concern, and it is the responsibility of the telecommunications company to insure that those regulations are met, i.e. blocking access to certain websites and web content. A Royal Decree prohibits publication of "anything which may prejudice the safety of the state or its internal or external security or all that relates to military and security apparatuses, their bylaws and internal regulations, any documents or information or news or official secret communications, either by publication through visual, audio, or print media, or through the Internet or any means of information technology unless permission is obtained from the competent authority."

Increasing Competition:

TRA is striving to increase competition in the telecommunications sector generally in Oman by instituting a new system to identify “dominant players” by sector and impose market-correcting measures to mitigate the identified market dominance. This competition framework has been sent to the Cabinet of Ministers for approval, and TRA officials have heavily emphasized the desire to open up telecommunications in Oman for competition and therefore higher levels of performance and consumer satisfaction and choice.

In a move that perhaps signals Ministry of Finance (MOF) support for increased competition in telecommunications, the Minister Responsible for Finance Affairs Darwish al-Bulushi announced in September 2013 that the government would divest a 19% stake in Omantel, bringing the government’s ownership down to 51% from 70%. Shares were sold to Omani individuals and groups starting in February 2014. While the market was initially unimpressed with the announcement, this move has the potential to raise a considerable amount of revenue for the GoO and would set the stage for greater privatization in the future which would lead to a more competitive market generally.

Telecom Infrastructure & Penetration:

Oman’s telecommunications infrastructure and service is rapidly improving. Recent privatization of the telecommunications sector has allowed for an increase in the number of fixed lines and internet penetration. The World Economic Forum’s Global Information Technology Report 2013 reported that Oman’s mobile tariffs were reduced by nearly half in 2012, while mobile broadband penetration rates nearly doubled. The report noted that Oman’s mobile penetration rates, at almost 200% are among the highest in the world. The young and growing population is continually increasing the demand for modern telecommunications and broadcasting systems.

Oman’s mobile market is around 5.6 million subscribers, and projected to grow, offsetting declining revenues in other areas such as SMS revenue. Mobile broadband is also increasing rapidly, from 425,000 subscribers in 2009 to 1.9 million as of March 2013. However, mobile broadband has a penetration of only 52% and internet penetration hovers around 70% overall. Around 16% of villages in Oman are without any telecommunications services, while only 8% of villages have 3G services, leaving the majority of villages and rural areas with only 2G or lower services.

The explosion in cellular penetration may be due to the entry of five additional mobile “virtual network” resellers (Friendi, Renna, Samatel, Mazoon, and Injaz Mobile) to the market from 2008 to 2011. Likewise, internet penetration has significantly increased. Broadband was introduced in 2006, and subscribers to the service have dramatically increased on an annual basis. OmanTel and Nawras are the two broadband providers in Oman. Tata’s SEA-ME-WE-3 submarine cable landing was completed as of November 2011, offering 48 wavelengths of 10/Gbps traffic and dramatically increasing Oman’s available internet bandwidth.

Statistics on Telecom Use in 2013 are as follows:

Total Post and Pre-Paid Mobile Phone Subscribers....5.6m
Mobile Broadband Service Subscribers 2.4 m
Total Internet Subscribers....158,678
 Fixed Broadband 154,290
 Dial Up Subscribers 4,388
Total Fixed Landline Subscribers....351,411

Source: [National Center for Statistics & Information](#)

	2008	2009	2010	2011	2012	2013 ^a
Main telephone lines ('000)	301	300	284	287	305	350
Cellular mobile subscribers ('000)	3,219	3,971	4,606	4,809	5,278	5,588
Broadband subscribers ('000)	32	41	53	78	113	151

a Figures are for November 2013.

Source: ITU (2013), *Telecommunication Indicators*; Telecommunication Regulatory Authority (2013), *Annual Report 2012*; and information provided by the Omani authorities.

A survey conducted by the Information Technology Authority (ITA) on 'Access to and Use of Information and Communications Technology (ICT) by Households and Individuals 2013', which covered 11,000 randomly selected households across the sultanate, found that more than 90% of them possess at least one mobile phone or smartphone, more than 80% own at least one computer, and about 80% of households in Oman have internet access. Interestingly, use of computers starts at a very early age, especially among urban youth and access to internet increases significantly after the age of 15 years. However, surprisingly, most jobseekers do not recognize the need to use computers while half of the jobseekers in the 15-19 age group (compared to one-third of employed individuals) revealed they do not use computers due to lack of skills. About 40 % of the jobseekers also consider the high price of equipment as a barrier.

The survey suggests that targeted ICT awareness and training programs should be designed for this segment in order to increase employability. Results of the survey also show that society does not seem to be interested in e-commerce-related services as 85% of those interviewed indicated they have never bought or ordered anything over the Internet. On internet speed and price, more than two in three internet users said that the speed is too slow (72%) and that the price was too high (66.6%). Concerning the use of social media tools, the situation is quite homogeneous throughout the country as Facebook and YouTube are the most used social networks. Only one quarter of individuals interviewed said they use Twitter, 22% use other online forums and 7% use blogs compared with 51% using Facebook and 59% using YouTube. Also, a majority of households (more than 80%) own at least one computer (e.g., desktop, laptop or tablet), with no noticeable difference between urban and rural areas. Moreover, the internet is mainly accessed through mobile broadband (43%), followed by fixed wireless broadband (15%) and narrow band analogue modem (17%). Despite the high percentage of internet penetration, a small percentage of households lack internet access due to lack of coverage (42%), high price of services (32%), lack of knowledge and skills (25%), as well as lack of need and high cost of equipment. Computers are more intensively used in the upper levels of education, and by employees of the public sector, with penetration reaching 90% among females interviewed. Computer use was highest among students

(92%). The main reasons for not using computers overall were perceived lack of need (63%), followed by lack of ICT skills (34%), and associated high costs (23%).

Most telecom products are exempted from customs duty under the U.S.-Oman FTA and Oman's WTO commitments. Before importation of telecom products into Oman, type approval for standard compliance must be obtained from the Telecom Regulatory Authority (TRA). After ensuring compliance, as well as local availability of servicing, TRA will then issue a certificate allowing the dealer to import. Encrypted products require a license from the Minister of Transportation and Communication (details available in TRA Decision No. 37/2008). Some products may require Royal Oman Police Customs officers to obtain a release from TRA. Dealers should be registered with TRA (there is an annual fee of RO10-160), and new products require a one-time approval fee ranging from RO100-200. Radio frequencies must also comply with Oman's Region 1 ITU plan.

Best Products/Services

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Fixed telephone and cellular (GSM) equipment, network solutions and software, fiber optic cabling, and wireless networking. Databases, data centers, cloud computing, secure credentialing and cybersecurity, Arabic e-content and mobile applications, targeted internet advertising. Hardware contract manufacture and assembly, customer support services for Arabic-speaking markets, IT consultancy and integration services, data entry and conversion, back-office transaction processing for multinational companies, software development, testing and customization; coding, design and product development; training and education.

Opportunities

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Telephone and internet service is available in all but the smallest villages. Based on the expanded market, there are opportunities in support services and software. The GoO is particularly interested in investments that will leverage the skills of young Omani programmers, e.g., Arabic content and local applications. The GoO opened a cyber security center of excellence with regional responsibilities in 2011. Government-owned telecom provider Omantel spent RO 84 million (\$218 million) on network investments in 2011, and plans to maintain that level of spending (about 20% of revenue) for the foreseeable future. On January 23, 2013, TRA officials stressed that they are actively seeking more competition in the Omani telecom market, and would like to see greater U.S. participation. They said a new licensing framework, currently out for public comment, will allow for further market opening.

Haya Water, the parastatal responsible for connecting 80% of Muscat municipality's six districts to water treatment facilities by 2018, expects almost 80% of homes to be connected to its treatment system by 2018. The company has identified the laying of fiber optic cables and provision of "triple play" and other data services as an opportunity for investors; this infrastructure is estimated to be worth RO 106 million, or \$276 million. In addition, Oman still uses a manual meter reading system. Haya would like to revamp this and install new SCADA systems to facilitate real time readings and billing. This could be overlaid on the residential fiber network. In May 2012, the GoO established its own internet broadband company in order to supply the newly installed fiber optic cable from Haya's "Fiber To The Home" project to local internet service providers at a reduced, operational cost.

Broadband Expansion:

The Ministry of Transport and Communications' target is for more than 60% of Oman's internet users to access broadband services by 2017. Government departments, universities, industrial estates and commercial complexes will have access to broadband download speeds of 1 GBps, with 80% of built-up areas receiving download speeds of 20-100 mbps.

Consumer Electronics:

Oman's consumer electronics market is expected to see robust growth over the next four years, fuelled by new technologies and products, rising disposable incomes as well as a retail channel expansion, according to Business Monitor International (BMI) and industry executives. Total sales in Oman stood at around \$828million in 2013, and are likely to see a growth of over 33% to \$1.1billion by 2017, according to BMI. The report said vendors have reported strong revenue growth in Oman, fueled by new technologies and products, especially smartphones and tablets, as well as a retail channel expansion.

Despite the relatively small size of the market, a growing population and rising incomes have attracted more large retailers, while global vendors have also been investing to expand distribution networks. The smartphone market in Oman has developed rapidly and by mid-2013 smartphone penetration reached 65%. Many of the same vendors capitalizing on the growth of smartphone sales are also benefiting from the boom in tablet volumes and a positive response to 4G. With the improving speeds and cheaper rates of the Internet, tablets and smartphones have become major drivers of growth. According to BMI, computer hardware sales reached \$222million in 2013 and are projected to grow to \$261million by 2017. Handset sales touched \$242million in 2013 and will grow to \$341million in 2017. According to BMI, the sales in the audio-visual category reached to US\$364million in 2013 and are expected to surge to \$502million by 2017, remaining the largest segment of the Oman consumer electronics market.

Cybersecurity:

Oman is now ranked 12th by independent cyber tech firm Kaspersky Labs on a list of countries with the highest percentage of computer attacks. The security company found that 48% of its users in the Sultanate faced online attacks; however, it was 54.8% in 2011. No other GCC country made it in the top 20. (About 69% of Oman's population, or an estimated 2.1 million people, were online last year, according to Internet World Stats.)

Kaspersky recently published a report that analyzed increases in cyber criminal campaigns to steal users' Apple IDs and account information by creating fraudulent phishing sites that imitate the official Apple site. From January 2012 to May 2013, Kaspersky Security Network (KSN) detected approximately 100-500 attempts targeting Apple IDs in Oman. While not a relatively high figure, the number of attacks has increased. U.S. firms are well-positioned to offer solutions to individual, corporate, and government clients and may want to consider attending ITA's [annual cybersecurity summit](#) in order to introduce their offerings and network with decision-makers.

Ministry of Transport and Communications
<http://www.motc.gov.om/en/>

Omantel
<http://www.omantel.net.om/>

Nawras Telecom
<http://www.nawras.com.om/>

Telecommunications Regulatory Authority
<http://www.tra.gov.om/>

Information Technology Authority (ITA)
<http://www.ita.gov.om>

Haya Water
<http://www.haya.com.om/>

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Oman is uniquely positioned as an attractive site for commercial fisheries due to its 3,165 km coastline (offering 380 fishery landing sites), 400,000 square kilometer exclusive economic zone, ideal temperature conditions allowing for two shrimp cycles per year, and rich biodiversity, with more than 1,000 species of fish and marine invertebrates, including sardines, bluefish, mackerel, tuna, lobster, oysters, and abalone. The ocean shelf along the coast features a steep drop-off, which, combined with annual monsoons, results in seasonal “upswellings” of fertile nutrients from the sea depths to the shallower coastal waters. Oman’s low population density, strict regulation of trawling in its Exclusive Economic Zone, and minimal pollution have preserved these pristine conditions. Many local species, including abalone, mollusks, spiny lobsters, shrimp, kingfish, grouper, sea bream, and tuna, are of high economic value and could help fill the 40 million ton gap between global fish supply and demand expected by 2030. The Ministry of Agriculture and Fisheries Wealth (MOAFW) estimates that aquaculture could represent a 220,000 ton/\$500-900 million industry by the year 2030. However, the aquaculture sector is still emerging, with only one active fish farming company and significant room for investment. For example, only about 127 tons of shrimp is farmed currently.

Oman's fish production in 2012 was 192,000 tonnes, up from 151,000 tonnes in 2007. As at November 2013, Oman registered 19,245 motorized fishing canoes, 698 artisanal vessels (dhows), 98 coastal fishing vessels, and 11 industrial long-liners. Since June 2011, deep sea trawl fishing has been banned for environmental reasons.

Oman is a net exporter of fishery products. In 2012, exports amounted to US\$160 million (up from US\$152 million in 2006), whereas imports were US\$28 million. The United Arab Emirates, the Kingdom of Saudi Arabia, the Republic of Korea, and the EU are the main foreign fish markets, with virtually none exported to the United States despite Muscat boasting state-of-the-art, FDA compliant fish processing facilities. The partly state-owned Oman Fisheries Company is Oman's largest processor and exporter of fish and seafood products, and the privately-held Al Marsa Fisheries Company also offers FDA-compliant facilities within Rusayl Industrial Estate.

Omani consumers are experiencing not only a shortage of fish in the Sultanate’s markets but also rising prices. Domestic consumption was at 88,971 tons in 2011. Fish prices rose by 20% the same year due to a growing population and demand from neighboring countries and tourist facilities. As one way of addressing this demand, the GoO is now encouraging the private sector to invest in fisheries and fish production with more innovative sustainable techniques, namely fish farming or aquaculture. The government has disallowed foreign trawling as of May 2011 in order to allow the Omani fishing sector to develop. In May 2013, MOAFW announced an increase in fishery production of 21%, with a 16% increase in farm gate value, between 2011 and 2012.

The Ministry of Agriculture and Fisheries Wealth (MOAFW) is a strong partner with the U.S. government, admirer of U.S. fish farming, and supports regular Omani attendance at the Boston Seafood Show. Officials including the Fisheries Minister have expressed enthusiasm about working with the U.S. Embassy in Muscat to 1) increase Omani fish

yields through aquaculture and possibly export to the U.S. under our Free Trade Agreement (FTA); 2) to welcome potential U.S. investors to tour local marine research and fishery facilities; and 3) to facilitate exchanges between U.S. and Omani researchers.

Officials are moving forward with a UN Food and Agriculture Organization national strategic plan for the development of the aquaculture sector. Investment guidelines are in place, a state of the art aquaculture research and support center complete, suitable sites mapped, and national strategy and regulations issued. MOAFW's latest feasibility study reveals production from fish farming could reach 10,000 tons per year in the first three years of development, and reach 36,000 tons per year in the following decade. The American market has a \$9 billion seafood deficit, and is the top importer of high-value fish, such as the shrimp, cobia and abalone common to Oman. Oman is uniquely positioned to serve as a regional aquaculture hub with its ideal cold ocean drafts, well-equipped research center and quality control labs, and traditional fishing culture (although now in decline due to illegal overfishing and in need of greater productivity through sustainable fisheries). Oman is slated to join the World Aquaculture Society and currently hosts the Indian Ocean Rim Fish Support Unit, providing training on food safety, stock assessment, fish farming, and biology for Indian Ocean Rim member states. MOAFW officials and visiting experts have suggested that Oman could potentially serve as a regional "center of excellence" on aquaculture, and that a fishery "cluster" should be set up to serve the fledgling industry with shared services, expertise, and infrastructure.

Best Products/Services

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- Aquaculture & Mariculture (crustaceans such as shrimps, abalone, and mollusks such as mussels, and finfish such as salmon and kobia)
- Biotechnology, including R&D activities using fish oil
- Consultancy services on feasibility and design of aquaculture farms
- Manufacture of fish feed
- Fishing and other commercial & leisure /ship & boat building and maintenance
- Fish processing, including tuna, and canning
- Harbor and port development
- Pearl cultivation
- Tuna fattening

Opportunities

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The MOAFW has specifically singled out a desire for American technology and expertise as the sector develops, which is a significant advantage for American companies. Investments providing employment for Omani fishermen, who have experienced yield declines due to illegal overfishing in Oman's Exclusive Economic Zone in recent years, will be viewed most favorably by the GoO. The MOAFW has identified fisheries, support services (e.g., cold storage, pharma, and processing), and technology, e.g., fishery oxygen maintenance and data monitoring as potentially attractive areas of investment for U.S. companies. The Ministry has also determined that the most suitable production methods are: marine recirculation aquaculture system for European sea bream and sea

bass and shrimp farming. The Ministry is targeting 500,000 tons of edible fish and another 400,000 tons of inedible fish production in Oman in the next 10 -12 years.

In April 2013, the MOAFW announced an approximately \$150 million tender for Phase I of a comprehensive fishery harbor and processing center at Duqm. The addition of fish processing facilities, cold stores, research and quality testing labs, and training institutes in the next phase will take the project over the \$250 million mark. In the summer of 2014 MOAFW and the Oman Investment Fund launched a specialized Agriculture and Fisheries Development Fund, and are seeking quality aquaculture projects.

Currently MOAFW offers the following financial incentives:

- Fish culturing systems: 80% of the fair value purchase price, up to RO 3,000.
- Small fish: 80% of the fair value purchase price, up to RO 1,000.
- Fish feed: 80% of the fair value purchase price, up to RO 2,000.
- Equipment and devices: 80% of the fair value purchase price, up to RO 1,000.

The United States Department of Agriculture (USDA) and the Regional Agricultural Trade Office in Dubai report on agricultural issues and statistics for member countries of the Gulf Cooperation Council except for the Kingdom of Saudi Arabia. Agricultural research reports and statistics can be found on the U.S. Department of Agriculture (FAS) web sites as follows: (statistics) http://www.fas.usda.gov/scriptsw/bico/bico_fm.asp and (market research) http://www.fas.usda.gov/scriptsw/attacherep/attache_lout.asp.

Suitable Locations for Aquaculture Investment in Oman:



Source: MOAFW, December 2011

Resources

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Ministry of Agriculture & Fisheries Wealth

<http://www.moa-oman.faoirne.net> or <http://www.mofw.gov.om/aquaoman/>

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International Boston Seafood Show

<http://www.bostonseafood.com>

Public Authority for Investment Promotion and Export Development

<http://www.ociped.com>

U.S. Foreign Agricultural Service –Dubai

<http://www.usembabu.gov.ae/atodubai.htm>

Higher Education

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Overview

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The education sector in Oman has made remarkable progress since 1970, particularly in expanding access to education and developing an Omani teaching force. In 1970 there were only 900 students enrolled in schools, this saw an impressive rise to 600,000 in the academic year 2008-09. In 1981 there were 5,000 teachers in Oman, of which eight percent were Omanis, while in 2009 the country had 43,000 teachers of which 89% were Omanis. In the decade between 2000-2010, spending in the education sector increased by 173%. In 2008-2009, the gross enrolment rate (GER) was 97% and 1,047 public schools served 89% of the enrolled students. The survival rate (percentage of students who enter the first grade of primary education and who are expected to reach the last grade, regardless of repetition) was 64% in 1998-99 and went up to 86% in 2008-09.

Capacity of higher education has also grown rapidly with the opening of Sultan Qaboos University (SQU) in 1986 and the growth of colleges of technology, applied sciences and other specialized fields. Currently 54% of grade 12 graduates seek higher education, out of which 92% study in Oman.

(A 2012 report entitled “Education in Oman: The Drive for Quality,” jointly prepared by the Ministry of Education and the World Bank notes a significant gap in achievement between men and women, with women far outperforming men. The Ministry of Higher Education reported that in 2012 50% of males failed 12th grade, while only 14% of females failed.)

The government is looking to upgrade the skills of Omani graduates, making them more globally competitive and compatible with the needs of industry, through significant investment in new centers of higher learning. Education and training were awarded \$3.38 billion, or 10% of all projected state spending in Oman’s budget for 2013, up 25% from last year. Competitive scholarships and systems of financial aid encourage Omanis to pursue higher education; however, challenges remain in the balance of resources and quality between private and public institutions. The lack of adequate English language skills due to systemic problems in the primary and secondary education systems continues to significantly affect the quality of Omani higher education and restricts Omani students’ participation in international programs and partnerships. English is the main language of instruction at all of Oman’s Higher Education Institutions (HEIs). However Arabic still dominates at the secondary level, and many students come to university unprepared to study in English. The General Foundation Program (GFP), taken by about 88% of students in Omani HEIs, is meant to prepare students in English language, study skills, and other key subjects to transition them to post-secondary study, though many still struggle. In February 2014, SQU officials revealed that more than 1600 of its students were placed on academic probation during the past three years. According to the Assistant Dean for Undergraduate Studies at SQU only 14% of incoming students in 2011 were successful in the English language test for admission. Some reasons for persistent English gaps include: the Ministry of Education’s previous “no fail” policy (abolished in 2012), a history of low scores considered passing in high school (40-50%), and expatriate (mostly Indian and Filipino) non-native English teachers in Omani high schools. In response to the language deficit, the MOHE is initiating a “Running Start Program” to address the poor English skills of Omani students. The program will pick high performing junior and high school students and fast track them with summer school and other programs, tutoring in ESL, and critical thinking skills.

Students who graduate from high school in Oman are eligible to apply to any HEI. There is currently only one public university in Oman, the premier Sultan Qaboos University (SQU), founded in 1986. The other public HEIs are specialized colleges, also free to students, and fall under the purview of the ministry most related to their academic focus. Institutes and colleges grant credentials ranging from vocational diplomas and certificates to bachelor’s degrees. There are some 45,000 students enrolled in Oman’s public HEIs, with plans underway to devote significant government resources to a new science and technology-focused “Oman University.” Public institutions in Oman, which have higher admissions requirements and are more attractive to students due to free tuition, generally attract largely better-educated, elite students. (Note: Public HEIs are only open to Omani citizens only at the undergraduate level.)

There are 25 private HEIs in Oman, of which six are universities. Private schools educate 35,000 pupils, mainly Omani citizens though foreign students are allowed to enroll. Universities mostly offer a wide array of post-bachelor's degrees, while colleges generally offer up to a bachelor's degree. With one exception -- the University of Nizwa - private HEIs are for-profit. Whereas the GoO directly finances all public HEIs, private institutions rely heavily on student tuition and private investments. Sultan Qaboos granted the five majority Omani-owned private universities RO 17 million in 2009, and the government also subsidizes private universities through land grants and tax exemptions.

During the boom in higher education over the past decade, the MoHE implemented a system of accreditation requiring HEIs to affiliate with Western universities. HEIs were able to pick and choose affiliates, leading to a wide variety in program requirements and quality. Few Omani HEIs are accredited or affiliated with American institutions; the majority are affiliated with universities in the UK and Australia.

Best Products/Services

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- Consulting services: assessment, accreditation, curriculum development.
- Construction and design of new universities and colleges.
- Scholarships: recruitment of Omani students to U.S. HEIs.
- ESL and other short term specialized professional courses.

Opportunities

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Strategy & Design: The Ministry of Higher Education (MOHE) is looking for U.S. firms to help build and design the planned University of Oman, which will be co-located with a new Science and Technology Center. The MOHE has acquired land but is looking for a consultant on strategy and infrastructure. The Science and Technology Center will use MIT as a model, focusing on themes such as engineering, medicine and life science, city planning, entrepreneurship, citizenship, and ethics.

Assessment: The Ministry of Education (MOE) seeks help with establishing an assessment center, particularly for training examination officers. MOE officials wish to link up with American organizations/companies in order to establish the assessment center.

Accreditation: MOE is also interested in improving its accreditation process – officials want to make contact with accreditation institutions in the US so they can learn how to grant accreditation to private schools.

Curriculum: MOE is reconsidering Oman's whole approach to its math and science curriculum. Officials are interested in increasing STEM programming in schools. MOE leadership also wants to establish links and network with professional societies and organizations in the U.S., especially for professional development opportunities for Omani curriculum designers, who need specific and focused training.

Exchange: The GoO would like to increase exchange programs of short duration (6 weeks or so), especially those focused on ESL and professional certification.

Scholarships: After “Arab Spring”-related protests, Sultan Qaboos in 2011 launched a new government scholarship program sending 500 or more Omani students to the U.S. for undergraduate education every year for the next five years. In 2012, the U.S. Embassy issued almost one thousand student visas; about half were scholarships. According to the Institute for International Education’s recently-released Open Doors 2012 report, Oman had one of the highest increases in the region of students studying in the U.S., with an increase of almost 72%. The program will continue adding 500 or more scholarship students each year for the next five years, significantly increasing the number of Omanis studying in the U.S.

Web Resources

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Ministry of Education

<http://www.moe.gov.om/>

Amideast/Education USA

amideast.org/oman

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Global Higher Education Expo

<http://www.ghedexoman.com>

Ministry of Higher Education

<http://mohe.gov.om>

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Chapter 5: Trade Regulations and Standards

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Import Tariffs

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Foreign, non-American/GCC goods are imported according to Oman's tariff schedule, which imposes modest duties generally not exceeding 10%. With the entry into force of the U.S.-Oman Free Trade Agreement in January 2009, bilateral trade in industrial and consumer products, with the exception of certain textile and apparel products, is now duty free. Oman provided duty free access on virtually all products in its tariff schedule and will phase out tariffs on the remaining handful of products within a few years. More information on the FTA can be accessed at <http://oman.usembassy.gov/us-oman-fta.html>.

Despite the entry into force of the FTA, difficulties remain for duty-free access of selected goods. The Royal Oman Police–Customs still occasionally collects customs duties on some bonded items that are transshipped to Oman by road via the United Arab Emirates, businesspeople report being asked to provide unnecessary Certificate of Origin stamps from various American chambers of commerce, and there have been reports that goods that are not individually engraved as “Made in the USA” do not receive the preferential treatment they are accorded in the FTA. In addition, some importers have reported Omani customs officials denying duty-free entry to imports meeting the 35% American origin requirement for duty free access due to the presence of a few non-American parts in the same container, in violation of the FTA. According to the FTA, legalization or “consularization” of trading documents is not required, shipments are not required to originate in U.S. ports or airports, and transshipment by land is allowed.

Trade Barriers

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Companies looking to import goods to Oman must register with the Ministry of Commerce and Industry. A special license must be obtained for the importation of certain classes of goods, such as alcohol, livestock, poultry, firearms, narcotics, and explosives. The licensing of business activities can be complicated and can significantly add to the time it takes to get goods to or out of market.

Media imports are subject to censorship by the Ministry of Heritage and Culture for morally or politically sensitive material. The Ministry of Information delays or bars publications if their content is deemed morally suspect or politically sensitive.

Import Requirements and Documentation

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According to the Royal Oman Police Customs Directorate ([ROP Customs website](#)), the following are required for clearance of imported goods:

- An accredited copy of commercial registration and an activity form or permission for importing if such a form doesn't exist.
- A valid copy of the affiliation certificate to Oman Chamber of Industry and Commerce (OCIC).
- A valid certificate from the manufacturer.
- A valid quotation list.
- Packing lists.
- Bill of lading at sea and air custom offices only.
- A manifest of the shipment (a document which contains a detailed description of the cargo).
- A permission of deliverance from the shipping agent.
- A comprehensive valid written authorization from the person in charge for custom clearance.

- Filling in the import statement and the form of clearing and classifying the goods according to the operating system along with other required documents which should be submitted To Whom It May Concern.

- In case there is an absence of a valid purchase invoice or a valid certificate from the manufacturer, the clearance will cost R.O 20 paid in cash. This money could be reimbursed if the required documents are submitted within 90 days from the date of payment.

- Providing an approval from the authority in charge for the restricted goods only.

- Paying the required taxes and custom fees for the total value of the shipment including cargo and insurance (CIF).

All imports into Oman above RO 1,000 must be accompanied by: an accredited copy of commercial registration; a copy of the affiliation certificate to the Oman Chamber of Commerce and Industry (OCCI); a commercial invoice, a bill of lading or airway bill; the

relevant certificate or permit for restricted imports (section 3.2.6); and a certificate of origin for preferential imports.

As per the FTA, Oman no longer requires U.S. companies to present authenticated, or “consularized” legal and shipping documents or certificates of origin on eligible (35% value-added) U.S. goods qualifying for duty free entry, although in practice some government officials still ask for such documentation, a current point of dispute between the United States and Oman on this aspect of the FTA.

In order to accelerate the flow of goods and promote its ports and airports, Oman has been simplifying customs clearance documentation. Oman has implemented the Customs Valuation Agreement and is working to further enhance its customs valuation systems. In 2013, ROP Customs announced it has engaged with Crimson Logic of Singapore to roll out an electronic “Single Window” customs system to smooth processing, though implementation will likely take two years or more. Oman’s Ministry of Commerce confirmed in 2014 it will join the WTO’s new Trade Facilitation Agreement to coordinate customs procedures among agencies.

Certain classes of goods require a special license (e.g., alcohol, firearms, pharmaceuticals, and explosives). All media imports are subject to censorship. The Ministry of Heritage and Culture may reject or expunge morally or politically sensitive material from imported videos. The Ministry of Information delays or bars the entry of magazines and newspaper editions if it takes exception to a story on Oman or deems the content morally inappropriate. In practice, the effect of this censorship on non-pornographic materials is usually mild. Imports of pork products and alcoholic beverages are restricted. Oman generally does not comply with the Arab League boycott of Israel-origin imports, although in 2011 and 2012 there were reports of tenders featuring outdated language enforcing the boycott.

To settle customs valuation and classification disputes, an operator may appeal to the Directorate General of Customs under the Royal Oman Police (ROP); then to the Inspector General of Police and Customs, also under the ROP; to the Minister of Finance; and lastly to the Omani Court of Arbitration. According to the GoO, between January 2008 and June 2013, there were 269 disputes, mostly related to valuation. According to the authorities, between 80% and 90% of the disputes were decided in favor of the importer.

Since 2004, Oman has been applying the GCC Laws on Veterinary Quarantine and Plant Quarantine. Imports, exports, and domestic production of plants and animals are subject to inspection by the quarantine section of the Ministry of Agriculture and Fisheries Wealth, which also examines and issues Sanitary-Phytosanitary (SPS) certificates for all agricultural products prior to their export. Phytosanitary certificates and prior permission from the Directorate General of Agricultural Development (DGAD) are required for imports of agricultural seeds, plants, plant parts, and plant products. A health certificate and prior permission from the Directorate General of Animal Wealth (DGAW) are required to import live animals from all countries, including GCC countries. Health certificates are required for all birds; cats and dogs may be imported from all countries, but must be accompanied by a health certificate from the competent authority stating that the animal is free from rabies. Imports of foodstuffs of animal origin, including milk and milk products, are inspected by the DGAW to ensure that they are free from contaminants, and must be accompanied by a certificate declaring them free of

radiation and dioxin. Municipal officials are responsible for the inspection of domestic products. All consignments that are imported for the first time are analyzed before release. Results are assessed against GCC and Codex Alimentarius standards to ensure that imported food items are safe for human consumption. Unfit foodstuffs are rejected at the port of entry and can be either destroyed or returned to the country of origin per the preference of the importer.

U.S. Export Controls

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The U.S. Government has established export controls to limit proliferation of certain items, services or technologies of defense or dual-use nature. The Arms Export Control Act (AECA) establishes the statutory authority for the control of arms exports. Executive Order 11958 assigns responsibility for designation of defense articles and defense services, as well as control of Direct Commercial Sales (DCS), to the Secretary of State. The International Traffic in Arms Regulation (ITAR) implements the AECA. The ITAR contains the United States Munitions List (USML) in Part 121, which identifies those defense articles, including technical data, and defense services subject to U.S. Department of State jurisdiction.

The Directorate of Defense Trade Controls (DDTC) in the Bureau of Political-Military Affairs at the Department of State is responsible for implementing the ITAR and its controls. DDTC's mission is to "advance US national security and foreign policy through licensing of direct commercial sales in defense articles and the development and enforcement of defense trade export control laws, regulations, and policies." When reviewing a license application, DDTC considers the applicant's eligibility, parties/countries involved in the transaction, the commodity and quantity to be exported, the end-use and end-users, the value of the export, the shipping/routing details, and congressional reporting thresholds/interests. The U.S. Department of Commerce, Bureau of Industry and Security (BIS) has primary responsibility, in coordination with several other agencies, for implementing U.S. export control policy on dual-use commodities, software, and technology. Items categorized as "dual-use" have both commercial and military or proliferation applications. Such items, subject to U.S. Department of Commerce regulatory jurisdiction, have chiefly commercial uses, but nonetheless could have an application in conventional arms or weapons of mass destruction, or can be used in terrorist activities or human rights abuses. To ensure adequate control of dual use items, BIS administers, and amends as necessary, the Export Administration Regulations (EAR), which set forth license requirements and policy for these items.

The Department of the Treasury's Office of Foreign Assets Control (OFAC) has licensing jurisdiction over the export of goods, technology, and software in some sanctions programs, including sanctions programs against Iran and Sudan. OFAC also prohibits the unauthorized export of services from the United States or by U.S. persons to Iran, Sudan, Syria, and Cuba. OFAC also freezes the assets of, and prohibits dealings with, persons whose property and interests in property are blocked pursuant to over twenty OFAC-administered sanctions programs. OFAC's authority to administer and enforce sanctions programs comes from, inter-alia, executive orders issued pursuant to the International Emergency Economic Powers Act.

The U.S. export control system is in the process of being revised and streamlined to result in a single control list, a single licensing agency, a single primary enforcement coordinating agency, and a single IT system. The Obama Administration has determined that fundamental reform of the current system is necessary to enhance U.S. national security by:

--Focusing resources on the threats that matter most

--Increasing interoperability with our Allies

--Strengthening the U.S. defense industrial base by reducing incentives for foreign manufacturers to “design out” and avoid using U.S. parts and components.

To follow developments on the reform initiative, visit <http://www.export.gov/ecr>.

The following list includes most of the regulatory bodies responsible for ensuring compliance with U.S. export controls:

- [Department of Commerce, Bureau of Industry and Security](#)
- [Department of State, Directorate of Defense Trade Controls \(DTC\)](#)
- [Department of the Treasury, Office of Foreign Assets Control \(OFAC\)](#)
- [Nuclear Regulatory Commission, Office of International Programs](#)
- [Department of Energy, Office of Fuels Programs](#)
- [Defense Threat Reduction Agency - Technology Security](#)
- [Drug Enforcement Administration, International Drug & Chemical Control](#)
- [Food and Drug Administration, Office of Compliance](#)
- [Food and Drug Administration, Import/Export](#)
- [Patent and Trademark Office, Licensing and Review](#)
- [Environmental Protection Agency, Office of Solid Waste, International and Special Projects Branch](#)

Temporary Entry

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Oman has no general provisions for the temporary entry of goods. In the case of auto re-exports, a company or individual may have the duties refunded if the vehicles are re-exported within six months.

GCC labeling standards of imported goods is a key issue facing U.S. exporters. Food labels must include product and brand names, production and expiration dates, country of origin, name and address of the manufacturer, net weight in metric units, and a list of ingredients in descending order of importance. All fats and oils (including gelatins) used as ingredients must be specifically identified on the label. Labels must be in Arabic only or Arabic/English, although some English-only labels may be approved for exceptional marketing purposes. Arabic stickers are accepted and are commonly used by U.S. exporters to Oman.

Oman enforces GCC Shelf Standards GS 150/1993, Part I, which affects 44 food products. The manufacturer-established shelf life is accepted for other food products. The manufacturer must print production and expiry dates on the original label or container; dates cannot be added to the package via a sticker. Many U.S. firms consider Omani shelf-life limits more restrictive than scientifically necessary. The U.S. supplier should work closely with the importer to ensure compliance with local shelf-life requirements.

Omani customs agents sometimes requires that for U.S. made goods to qualify for duty-free treatment under the FTA, each good and packaging must be individually engraved "Made in USA."

For meat and poultry products, Oman requires slaughtering according to Islamic halal procedures. Packaged fresh or frozen meat and poultry must also carry the following information in Arabic: country of origin; production (slaughtering or freezing) and expiry dates; shelf life of the product; metric net weight; and product identification. Pre-packaged processed meat and poultry must be accompanied by production and expiry dates as well as the net weight of the product.

The Telecommunications Regulatory Authority (TRA) issued labelling guidelines for telecommunication equipment in June 2010. Dealers of such equipment must register with the TRA. The label must contain the approval number and the dealer number. Imported goods may be labelled after customs clearance, but before entering the Omani market.

All precious metals, jewelry, and gemstones, whether imported or locally produced, must be hallmarked under Royal Decree 109/2000. The gold hallmarking scheme is operated by the DGSM's precious metal assaying laboratory.

Prohibited Imports as of January 2014:

HS code	Product description	Justification	Institution
01066910	Camels	Preservation of Omani camel breed (camels entering for race purposes excepted)	Ministry of Agriculture
06022010	Date seedlings	Protection from agricultural pests (i.e. dates red mite)	Ministry of Agriculture
19011000	Infant milk	Health reasons	Ministry of Health
65059060	Omani Kuma and other products carrying the Royal emblem, the State emblem, or a picture of the Sultan	Public morals	Royal court

HS code	Product description	Justification	Institution
95030000	Ornaments and toys containing inflammable liquids	Health reasons	MOCI
..	Any product carrying the name of God, Koranic verses or any religious expression	Public morals	MOCI
ex080290	Betelnuts	Health reasons	MOCI
..	Used and retreated tyres	Safety reasons	DG on Specification and Measurements
..	Weapons, and fireworks and explosives	Security reasons	MOCI and Royal Oman Police
..	Toy arms and other devices the Inspector General of Customs deems easily transformable into fatal arms	Health reasons	MOCI and Royal Oman Police
..	Vehicles with steering wheels removed from the right to the left side	Safety reasons	Royal Oman Police
..	Raw organic and natural fertilizers	Health reasons	Ministry of Agriculture and Fisheries
..	Any drugs or substances declared harmful by the International Conference on Opium and Drugs	Health reasons	Ministry of Health
..	Any newspaper, pamphlet, notice, book or photography containing materials meant to arouse violence against the Government and against moral and public principles	Public morals	Royal Oman Police

HS code	Product description	Justification	Institution
12110000	Herbal products imported from Indonesia	May contain harmful substances, such as phynel biltason	Ministry of Health
2203 and 2208	Beer and other alcohol products: may only be imported by registered importers	Public morals	Royal Oman Police (DG Customs)
30020000	Serums, genetically modified immune products, vaccines	Health reasons	Ministry of Health
31010000	Organic fertilizers, mixed or chemically treated	Could contain pests or snake eggs	Ministry of Agriculture and Fisheries
35030010	Animal gelatinous gel	Health reasons	Ministry of Agriculture and Fisheries
580790000	Chevrons and military decorations	Security reasons	Royal Oman Police (DG Customs)
61010000	Military uniforms and suits	Security reasons	Royal Oman Police (DG Customs)

Oman prohibits exports of antiques, ancient manuscripts, and Maria Theresa Thalers (historic Omani currency tender). Export restrictions apply to date seedlings, and to three species of fish (lobster, abalone, and shark) during the breeding and reproduction seasons when fishing of these sea creatures is prohibited. In addition, export permits are needed for locally mined or quarried products. Oman has repeatedly banned or restricted the export of various species of fresh or frozen fish. From 1 June to 30 September 2012, from 1 July to 30 September 2013, from 15 December 2013 to 15 February 2014, and again in May 2014 exportation of various species of fish, including tuna and king fish, was prohibited. The Ministry of Agriculture and Fisheries Wealth cites the need to control price inflation due to strong demand in neighboring countries, as well as to protect certain species' breeding seasons. Furthermore, during these periods the export of other fish species, including mullet and emperor fish, was limited to 50% of the quantity available; export licenses were required. The authorities indicate that the limits on fishery exports were imposed due to a decrease in the volume of catch and to help maintain stocks and affordable pricing for the local market.

Customs Contact Information

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Standards

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Overview

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As part of the GCC Customs Union, Oman is working toward unifying its standards and conformity assessment systems with those of the GCC, through the Gulf Standards Organization (GSO). Most Omani standards are either GSO standards or those derived from another international standards organization. Oman is party to the Technical Barriers to Trade Agreement and is a member of the WTO. Further, the [U.S.-Oman FTA](#) contains a chapter addressing standards as barriers to trade and facilitates bilateral engagement on standards issues.

It should be noted that in general Oman enforces the GSO standards above its other obligations and that not all GCC standards are consistent with the obligations of the World Trade Organization's (WTO) Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement). In addition, as WTO Members, all six GCC Member States are required to notify proposed Sanitary/Phyto-sanitary (SPS) and

technical barriers to trade (TBT) measures to the WTO SPS and TBT Committees and allow other WTO Members an opportunity to provide comments. GCC Member States do not consistently meet this requirement.

As of November 2013, Oman had 10,012 standards in place, of which 10,000 based on GCC standards as formulated by GSO; 1,838 were mandatory standards. Twelve standards are purely national standards, covering products such as bread, traditional daggers, unbottled water, or LPG cylinders. All mandatory standards in Oman apply equally to locally produced and imported products. Mandatory standards apply mainly on food products, construction material, toys, cosmetics, and motor vehicles. Compliance of imported goods is verified by the customs authorities.

American businesspeople at times complain that European standards are often used in tender specifications, though Omani decision-makers are typically open to education on U.S. products.

Prohibitions on importation of goods such as live plants and retreaded tires are not always based on scientific safety and health standards.

Standards Organizations

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The Omani body concerned with establishment and overview of standards is the Directorate General of Specifications and Measurements of the Ministry of Commerce and Industry, which can be reached at the following address:

Directorate General for Specifications and Measurements (MOCI)
Saud bin Nasser al-Khusaibi, Director General
P.O. Box 550
Muscat, P.C. 113
Sultanate of Oman
TEL: (+968) Tel: 24774800 – 24774818, FAX: (968) 24 815-992
E-mail: Saoudnasser2@yahoo.com
Website: <http://www.MoCIoman.gov.om>

The National Enquiry Point and Information Centre (NEPIC), under the Directorate General for Standards and Metrology (DGSM) of the MOCI, is Oman's national enquiry point. The DGSM is responsible for standardization, metrology, testing, quality control and quality assurance, conformity assessment and certification, and accreditation activities.

Oman is harmonizing its technical regulations and standards at the GCC level. According to the authorities, Oman develops technical regulations and standards at the national level only if there is a pressing need.

The regional customs union standards body may be reached at the following address:

GCC Gulf Standardization Organization
P.O. Box 85245
Riyadh 11961
Phone: (+ 966) 1 - 2746655
E-mail: gso@gso.org.sa

Conformity Assessment

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A manufacturer declaration is required to assure conformity to Omani/GCC standards. In cases of nonconformity to current standards or the need for consideration of other internationally recognized standards, a letter should be addressed to the Directorate General of Specifications and Measurements at the Ministry of Commerce and Industry with authenticated results of laboratory testing.

The GSO is currently developing a conformity assessment scheme that could be adopted by each of the six GCC Member States. (Committee representatives have informed U.S. officials that the GCC intends for the scheme to be implemented in successive stages, beginning with toys in 2010.) The United States is working to establish a dialogue between U.S. and GCC technical experts to discuss the proposed GCC-wide conformity assessment scheme, with the goal of helping to ensure that it is developed, adopted, and applied in accordance with WTO rules and that it is fully transparent.

Product Certification

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A product certificate is required to assure the product's conformity to international or Omani/GCC standards. Non-food products are allowed automatic entry to Oman on the basis of a Manufacturer's Declaration of Conformity Assessment Certificate, supported by a test report verified by the DGSM; in parallel, some samples are collected unless a mutual recognition agreement is in place. Imported products that are not covered by certificates are released temporarily and their samples tested. Oman has concluded mutual recognition agreements with Bahrain, Egypt, Iran, Iraq, Jordan, Qatar, Syria, Tunisia, Turkey, the United Arab Emirates, and Yemen.

Accreditation

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Any laboratory testing certificates relating to conformity to Omani or international standards should be submitted to the Directorate General of Specifications and Measurements, which is responsible for accrediting laboratories and classifying and assessing the results obtained.

Publication of Technical Regulations

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The Directorate General of Specifications and Measurements supplies upon request a CD-ROM containing a listing of all standards and specifications adopted by the GSO, along with related information.

Trade Agreements

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Upon entry into force of the FTA, Oman provided immediate duty-free access on virtually all industrial and consumer products in its tariff schedule, and will phase out tariffs on the remaining handful of products within the next few years. On agricultural products, Oman provided immediate duty-free access for U.S. agricultural products in 87% of agricultural tariff lines. The United States provided immediate duty-free access for 100% of Oman's current exports of agricultural products to the United States. Oman is also a member of the Gulf Cooperation Council, which allows for duty-free trade between its members and with other countries with which it has a free trade agreement. The GCC has Free Trade

Agreements with the United States (2009) and Singapore (2014) and the EFTA (Iceland, Liechtenstein, Norway, and Switzerland) countries (2010).

Web Resources

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Website: <http://www.mofw.gov.om>

Ministry of Commerce and Industry
<http://www.MoCIoman.gov.om>

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6. Investment Climate

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Openness to, and Restrictions Upon, Foreign Investment

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Oman actively seeks foreign investment and is in the process of improving the framework to encourage such investments. Oman promotes higher education, manufacturing, healthcare, aquaculture, renewable energy, ICT, and tourism as areas for investment. Investors transferring technology, developing management expertise, and providing training for Omanis are particularly welcome. The Public Authority for Investment Promotion and Export Development (PAIPED, formerly OCIPED, branded as “Ithraa” as of 2014)) is tasked with attracting foreign investors and smoothing the path for business formation and private sector development. PAIPED also provides prospective foreign investors with information on government regulations, which are not always transparent and sometimes inconsistent. Although the Ministry of Commerce and Industry (MOCI) has established a ‘One-Stop Shop’ for government clearances, the approval process for establishing a business can be slow, particularly with respect to environmental permitting and expatriate worker visa approvals.

With the implementation of the U.S.-Oman Free Trade Agreement (FTA) on January 1, 2009, U.S. firms may establish and fully own a business in Oman without a local partner. U.S.-Oman FTA commitments have increased opportunities for U.S. financial service providers, as well as cross-border service providers in the areas of communications, express delivery, computer-related technologies, health care, and distribution, among others. In contrast, non-American service providers such as engineering consultancies must be at least 30% owned by an Omani who is currently practicing in the specialized field with a relevant degree before MOCI will approve a license. Although U.S. investors are provided national treatment in most sectors, Oman has an exception in the FTA for

legal services, limiting U.S.-ownership in a legal services firm to no more than 70%. In 2011, Oman also began to enforce a new directive limiting customs clearing and forwarding activities to Omani and GCC citizens, contrary to the FTA.

The Foreign Capital Investment Law (Royal Decree No. 102/94) provides the legal framework for non-U.S. and non-GCC foreign investors. Oman amended this law in 2000 as part of its WTO accession and in 2009 to implement the U.S.-Oman Free Trade Agreement. For most investments (apart from those covered by the FTA) the law requires that there be at least 30% Omani ownership. There are exceptions; notably wholly foreign-owned branches of foreign banks are allowed to enter the market. Non-American investors may also obtain approval by the Ministerial Cabinet to allow a 100% foreign-owned business entity if the investment is in the national interest.

Aside from ensuring that the investor satisfies the legal requirements for entry into the market, Oman does not screen foreign investment. If a concern were raised regarding a particular investor's entry into the market, the MOCI would be the government body tasked with reviewing the proposed investor. Investments are not screened for competition considerations, and Oman does not have an active competition commission. In 2014, MOCI announced plans to review existing companies to ensure compliance with capitalization minimums and Omanization goals.

Oman has privatized some parastatal corporations and is in the process of privatizing others, but maintains government dominance in several sectors. In 2011 the government amended legislation to allow for public-private partnerships in government hospitals and clinics, paving the way for significant private investment in planned "medical cities" in Salalah and Muscat. Foreign investors are allowed to participate fully in privatization programs, even in drafting public-private partnership frameworks. The most successful privatization program to-date has been the electricity and desalination privatization program. The telecommunications sector has also been increasingly privatized.

Industrial establishments must be licensed by MOCI. In addition, a foreign firm interested in establishing a company in Oman must obtain relevant approvals from other ministries, such as the Ministry of Environment and Climate Affairs and organizations such as the Oman Chamber of Commerce and Industry. Foreign workers must obtain work permits and residency permits from the Ministry of Manpower and the Royal Oman Police's Immigration Directorate. To speed the approval process, MOCI houses a "One-Stop-Shop" where representatives from relevant ministries are present to receive inquiries, forms, and applications.

While the FTA does not address taxation, duty and tax exemptions are granted for renewable five year periods for investments in manufacturing, mining, agriculture, aquaculture, tourism, locally manufactured exports, education and healthcare. There are no taxes on personal income, sales, capital gains, or inheritance. Foreign airlines and shipping companies are completely exempt from taxation based upon reciprocal treatment by foreign governments. Higher education institutes, private sector schools, training institutes, and private hospitals are also tax exempt.

Commercial law in Oman is continually evolving. Although the judicial process is slow, business contracts are generally enforced. According to the 2013 World Bank Ease of Doing Business Report, it takes an average of 598 days to enforce a business contract.

However, the cost of enforcement is a smaller percentage of the claim, at 13.5%, lower than even OECD countries, which average 20%.

The current process for registering a business in Oman is laid out in the Foreign Investment Law (promulgated by Royal Decree No. 102/94) as per below. Current requirements include:

1. Submit an application duly signed by at least three founders in case of Joint Stock Companies, and by at least two members in case of other types of Companies.
2. Submit a certificate from the Commercial Registration stating that no other Company is registered in Oman under the same proposed commercial name.
3. Prepare the Articles of Association/Incorporation of the proposed Company, according to its legal type.
4. If a proposed partner is a juristic person (corporate entity with legal standing), it must submit its Articles of Association and Certificate of Registration and Power of Attorney to its authorized Managers. In case of a non-Omani juristic person, also a brochure of the Company's major projects and last balance sheet (if any) are preferred to be submitted as well, duly attested (as well as the former) by the concerned authorities in the country where the head office of the Company is located and from the Embassy of Oman there.
5. Capital of the proposed Company should not be less than RO 150,000 (\$390,000). (Note: US Companies subject to local requirement of RO 20,000 (USD 52,000) as per FTA national treatment provision.)
6. Omani proportion in the Capital and share of profit should not be less than 35%. (Note: US Companies exempted under FTA.)
7. Activities and objects of the proposed Company should be limited within one specific field. No foreign participation is allowed in General Trade and Service ventures.
8. The non-Omani partner other than citizens of Gulf Cooperation Council (GCC) States in the proposed Company must be a Juristic Person having an experience of not less than 5 years in the same field of the activity required.
9. Written approvals must be obtained from the appropriate government departments concerned with the proposed activities.
10. When the establishment of the Company is approved, the necessary financial recommendations are to be forwarded and steps for registering with the Commercial Registry are to be taken.

In its "Doing Business 2013" report, released on October 23, the World Bank assessed a total of 185 economies, with Oman maintaining its rank at 47th, placing well above the Middle East and North Africa (MENA) average of 98, and fifth among all Arab states. In terms of starting a business, Oman regressed six places, though this has more to do with the fact that other countries have implemented reforms, making it easier to launch an enterprise, rather than the Sultanate making it more difficult. Indeed, over the past six years, Oman has reduced the number of steps necessary to start a business from 10 to 5, while the number of days required to complete the necessary procedures has fallen from 35 to 8. One area where Oman recorded a solid advance was in the ease of obtaining credit, climbing 14 rungs on the ladder to 83rd. This is a reflection of strong capitalization of local banks and low interest rates set by the Central Bank of Oman. The reserve's policy of keeping rates around 1% has encouraged commercial banks to ease their own lending criteria, which in turn has had a positive flow into the private sector.

Oman also maintained its position as the 32nd most competitive country in the 2012/13 World Economic Forum's Global Competitiveness Index, a measure of the economies of

144 countries. This ranking places Oman in the top 25 percentile of the world's economies and ranks it above economic powerhouses including India, South Africa, Italy and Turkey.

Oman is ranked the fifth freest country in the Middle East and North Africa (MENA) region and 45th in the world in the 2013 Index of Economic Freedom. The report states: "The rule of law has been relatively well maintained. The legal system facilitates transfers of property rights, which are well protected. The threat of expropriation is low."

TABLE 1: The following chart summarizes several well-regarded indices and rankings:

Measure	Year	Rank or value	Website Address
Transparency International Corruption Perceptions index	2013	(61 of 177)	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	(48 of 177)	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	(47 of 189)	http://doingbusiness.org/rankings
Global Innovation Index	2013	(80 of 142)	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2011	USD 19,450	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Conversion and Transfer Policies

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Oman does not have restrictions or reporting requirements on private capital movements into or out of the country. There are no plans to change remittance policies. Oman does not restrict the remittance abroad of equity or debt capital, interest, dividends, branch profits, royalties, management and service fees, and personal savings. The Omani Rial is pegged at a rate of RO 0.3849 to the U.S. dollar, and there is no difficulty in obtaining exchange. The government has consistently publicly stated that it is committed to maintaining the current peg. The GoO has publicly stated it will not join a proposed GCC common currency. There is no delay in remitting investment returns or limitation on the inflow or outflow of funds for remittances of profits, debt service, capital, capital gains returns on intellectual property, or imported inputs. Investors can remit through

legal parallel markets utilizing convertible, negotiable instruments. There are no surrender requirements for profits earned overseas.

Expropriation and Compensation

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Oman's interest in increased foreign investment and technology transfer make expropriation or nationalization unlikely, although there have been sporadic reports of these in the past several years. In the event that a property must be nationalized, e.g., for a public building, Article 11 of the Basic Law of the State stipulates that the Government of Oman must provide prompt and fair compensation. There are no recent examples of expropriations, although on December 8, 2011 the first trade dispute under the U.S.-Oman FTA was submitted to formal arbitration at the World Bank's International Center for Settlement of Investment Disputes. (Under the U.S.-Oman Free Trade Agreement, Oman must follow international standards for expropriation and compensation cases, including access to international arbitration.) In practice, Oman compensates for any expropriations it makes, although at times the compensation can be incrementally paid. There are no laws forcing local ownership in any sector, though land ownership is limited to Omani and GCC nationals outside of special Integrated Tourism Complexes set aside for foreign residency. (The U.S.-Oman FTA does not address land ownership.)

Dispute Settlement

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Business disputes within Oman are resolved through the Commercial Court. The Commercial Court has jurisdiction over most tax and labor cases, and can issue orders of enforcement of decisions. The Commercial Court can also accept cases against governmental bodies; however, the Court can only issue, and not enforce, rulings against the government. If the value of the case is less than \$26,000, the Commercial Court's decision is final. If the value exceeds \$26,000, the case may be taken up by a Court of Appeal. Parties may also appeal their case to the Supreme Court. Cases can only be reopened after judgment if new documents are discovered or irregularities (e.g., forgery, perjury) are found. There is no provision for the publication of decisions, apart from arbitrations carried out under the U.S.-Oman FTA, and the decisions do not carry precedent. U.S. firms should note that the Commercial Court is relatively new, replacing the Authority for Settlement of Commercial Disputes.

Oman has written and consistently applied commercial and bankruptcy laws. However, insolvency laws currently allow only for complete dissolution rather than restructuring, and many businesses opt to simply shut their doors rather than go through the insolvency process, which can take up to four years. Omani law (Royal Decree 55/1990) also provides for arrest and imprisonment in many bankruptcy cases. According to the World Bank, it takes on average four years to resolve bankruptcy and investors can expect to recover 36.6 cents on their dollar. However, the expense of resolving bankruptcy is significantly lower in Oman than the region. Under Omani law

stopped payments on checks can be regarded as fraud, and American business managers have been jailed for this crime in the past.

Binding international arbitration of investment disputes between foreign investors and the Omani government is recognized. Omani courts recognize and enforce foreign arbitral awards, and international arbitration is accepted as a means to settle investment disputes between private parties. Oman is a party to the International Convention for the Settlement of Investment Disputes between States and Nationals of other States (ICSID) and the UN New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Oman's legal framework provides for the enforcement of international arbitration awards and most foreign companies elect for dispute resolution by arbitration. Arbitration is generally cheaper, quicker and easier than settling commercial disputes in the normal court system, where judges often lack expertise on technical commercial issues.

Oman maintains other judicial bodies to adjudicate various disputes. The Labor Welfare Board under the Ministry of Manpower hears disputes regarding severance pay, wages, benefits, etc. The Real Estate Committee hears tenant-landlord disputes, the Police Committee deals with traffic matters, and the Magistrate Court handles misdemeanors and criminal matters. All litigation and hearings are conducted in Arabic. The Oman Chamber of Commerce and Industry has an arbitration committee to which parties to a dispute may refer their case when the amounts in question are small. Local authorities, including 'walis' (district governors appointed by the central government), also handle minor disputes. Although Oman is a member of the GCC Arbitration Center, located in Bahrain, the Center is not yet firmly established and is not widely used. The Bahrain Center for Dispute Resolution, a member of the American Arbitration Association (AAA) in New York, is very active in the region.

Many corporate entities in Oman are increasingly turning to arbitration to resolve their disputes as it is considered to be a more efficient and reliable mechanism. An arbitral award is usually rendered in Oman within 12 months of the aggrieved party stating in writing that a dispute has arisen. In contrast, court processes can often be much more lengthy, particularly where technically complex issues are involved. The fact that cases normally go through three tiers of justice (Primary, Appeal and Supreme) also naturally means a longer process.

The Omani Arbitration Law (Royal Decree 47/97 as amended) defines the term "Arbitration" as a dispute resolution mechanism agreed to by parties of their own volition. Usually, the parties will state in their initial contract that any dispute will be resolved by arbitration pursuant to, for instance, Omani Arbitration Law. The Law mandates that an arbitration agreement should be in writing. It is also permissible for parties to agree in writing, once a dispute has arisen, that it will be resolved by arbitration. In such cases, however, the agreement has to specify the underlying issues that the parties have agreed to resolve by arbitration.

Pursuant to the Conciliation and Settlement Law (Royal Decree No. 98 of 2005), parties may refer a dispute to the Committee for Conciliation and Settlement by submitting an

application, free of charge, before a reference is made to the courts. The Committee shall attempt to settle the dispute within 60 days from the date of application to the Committee; however, this period may be extended for a further period of not more than 30 days upon the agreement of parties. If settlement is achieved the Committee will prepare a report to be signed by all parties, which then can be enforced in the same manner as a final judgment of a court. Parties to a dispute are also free to explore mediation themselves, through the appointment of a professional mediator.

Performance Requirements and Incentives

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Oman is subject to trade related investment measures (TRIMs) obligations. At this time, there are no allegations that Oman maintains any measures that violate the WTO TRIM text.

Oman offers several incentives to attract foreign investors. These include:

- A five-year renewable tax holiday;
- Subsidized plant facilities and utilities at industrial estates;
- Exemption from customs duties on equipment and raw materials during the first ten years of a project, with packaging materials exempted for five years;
- English as an accepted lingua franca for business contracts and operations;
- A low corporate tax rate, capped at 12% and
- No personal income or capital gains tax.

Firms involved in agriculture and fishing, industry, education and training, healthcare, mining, export manufacturing, tourism, and public utilities are eligible for the renewable 5-year tax holiday and exemption from duties on capital goods and raw materials. Under the Industry Organization and Encouragement Law of 1978, incentives are available to licensed industrial installations on the recommendation of the Industrial Development Committee. "Industrial installations" include not only those for the conversion of raw materials and semi-finished parts into manufactured products, but also mechanized assembly and packaging operations.

Omani and American-owned commercial enterprises, and foreign industrial producers in joint venture with local firms that produce goods locally, need to meet standard quality specifications. The government offers subsidies to offset the cost of feasibility and other studies if the proposed project is considered sufficiently important to the national economy. Only in the most general sense of business plan objectives does proprietary information have to be provided to qualify for incentives.

Foreign investors generally do not need to purchase from local sources or export a certain percentage of output, though the Ministry of Oil and Gas implemented an In Country Value as of January 1, 2014, that incorporate metrics for local supply into contract evaluations, alongside commercial and technical considerations. Foreign investors have access to local and foreign exchange for export finance. Offsets on civilian government procurements are generally limited to procurements by the Ministry of Defense, Royal Oman Police, or Ministry of the Royal Office. U.S. and foreign firms are able to participate in government financed/subsidized research programs on a national treatment basis, and are at times solicited. Foreign firms operating in Oman, including U.S. companies, must meet "Omanization" requirements, which require businesses to employ a percentage of Omani citizens as determined by the Ministry of

Manpower. In 2013 the Sultan called for enhanced enforcement of a provision of the Tender Law requiring at least 10% of any project to be subcontracted to local SME's.

A full list of incentives is laid out in the Foreign Investment Law as follows:

1. Interest-free loans by Government under Royal Decree No. 83/80 concerning the financial support to the private sector in agriculture, fisheries, industry, mining and quarrying and Royal Decree No. 40/87 of the financial support to the private sector in Industry and Tourism.
2. Low interest loans to industrial firms from the Oman Development Bank.
3. Exemption from customs duties on imports of equipment and raw materials required for production purposes. (Note: this has been legally challenged by U.S. and foreign competitors.)
4. Tariff protection through imposition or increase of customs duties on imported goods similar to local products or to prohibit or restrict their importation, taking into consideration the quality and quantity of local production and the interest of the consumer. The list of products currently under protection includes some types of pipes, cement, cement-products, paints, polyurethane products, corrugated cartons, vegetable oil, detergents and chain-link fencing. (Note: Some of this support has been challenged by foreign competitors under WTO rules.)
5. Exemption from corporate tax for a period of five years which can be renewed for another period of five years starting from the date of permission of registration of production commencement.
6. Planned and serviced industrial plots for setting up factories.
7. Recommendation to the Ministry of Electricity and Water for the reduction of utility charges for industrial purposes for those industries fulfilling the conditions for reduction.
8. Survey of industrial investment opportunities and preparation of feasibility studies important to national economy.

Right to Private Ownership and Establishment

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Oman's commercial companies law requires that all actions by private entities to establish, acquire, and dispose of interests in business enterprises be announced in the commercial register, and are subject to the approval of MOCI. Foreign and domestic firms can engage in most commercial activities after obtaining a business license from the MOCI.

Protection of Property Rights

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Securitized interests in property, both moveable and real, are recognized and enforced in Oman. Foreign nationals are able to obtain mortgages on land in designated Integrated Tourism Complexes. Individuals record their interest in property with the Land Registry at the Ministry of Housing. The legal system, in general, facilitates the acquisition and disposition of property rights.

Oman provides a strong legal framework for intellectual property rights protection and respects the sanctity of patents, trademarks, and copyrights. However, enforcement has

been poor since the Public Authority for Consumer Protection (PACP) was established in 2011, which transferred all case inspectors from the Ministry of Commerce's IPR Directorate to the PACP to conduct investigations on consumer safety-related cases only. Hence, since 2011, cases of counterfeit automotive parts and other consumer products directly affecting consumer health and safety have been vigorously prosecuted in Oman, but U.S. and other companies have experienced difficulty getting responsible agencies, including the Public Prosecution, the Ministry of Commerce and Industry (MOCI), and the Royal Oman Police (ROP), to take enforcement action on other types of trademark counterfeit cases and copyright piracy cases. According to recent Business Software Alliance surveys, more than 60% of software in Oman is pirated, representing a commercial value of \$33 million.

PACP officials have officially confirmed that they do not accept responsibility for complaints arising from brand-owners; they only take action on consumers' complaints. The Ministry of Legal Affairs also confirmed that Oman's 2008 Copyright Law stipulates that the MOCI shall be responsible for IPR enforcement at the retail level, including inspections and seizures of counterfeit and piratical goods. As such, in 2014, the U.S. government, along with a private sector working group, officially urged the Minister of Commerce to take steps to address the gap and establish an administrative IPR enforcement team within MOCI.

After revising its intellectual property laws to comply with its FTA obligations, Oman now offers increased IPR protection for copyrights, trademarks, trade secrets, geographical indications, and patents. FTA related revisions to IPR protection in Oman build upon the existing IPR regime, already strengthened by the passage of WTO-consistent intellectual property laws. The FTA's chapter on IPR can be found at: <http://oman.usembassy.gov/fta-texts.html>.

IPR infringements and violations are subject to fines (up to RO 10,000 or USD 26,000) or imprisonment (up to three years). Civil remedies are available in all cases of infringement. The Public Prosecution Office may initiate legal action ex officio with respect to IPR-related offences, without the need for a formal complaint by a private party or right holder.

Oman is a member of the World Intellectual Property Organization (WIPO) and is registered as a signatory to the Madrid, Paris and Berne conventions on trademarks and intellectual property protection. Oman has also signed the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. Oman is also a signatory to the International Convention for the Protection of New Varieties of Plants.

Trademark laws in Oman are Trade Related Aspects of Intellectual Property Rights (TRIPS) compliant. Trademarks must be registered and noted in the Official Gazette through the MOCI. Local law firms can assist companies with the registration of patents and trademarks. Oman's copyright protection law extends protection to foreign copyrighted literary, technical, or scientific works; works of the graphic and plastic arts; and sound and video recordings. Trademarks are valid for ten years while patents are

generally protected for twenty years. As “literary works”, software and audiovisual content is protected for the life of the author plus fifty years.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO’s country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders:

Ministry of Commerce and Industry– Department of IPR Enforcement
Director of Intellectual Property
Ahmed Al Saidi
Tel: +968-9942-1551
Fax: +968-2481-2030
E-mail: saidy3916@yahoo.com
Web: <http://www.mocioman.gov.om/>

Ministry of Commerce and Industry – Directorate of Commerce
Director General of Commerce
Khamis al-Farsi
Tel: +968-2482-8100/115
Fax: +968-2481-2030
E-mail: dgc@mocioman.gov.om ; khaalfarsi@gmail.com
Web: <http://www.mocioman.gov.om/>

Oman Chamber of Commerce & Industry
Director General
Abdul Adheem al Bahrani
Tel: +968-2476-3723
Fax: +96-2479-1713
E-mail: adheem@chamberoman.com
Web: www.chamberoman.com

Arabian Anti-Piracy Alliance
Office 401, City Tower 2,
Sheikh Zayed Road,
P.O. Box 52194, Dubai
United Arab Emirates
Chief Executive Officer
Scott Butler
Tel: +9714 33 22 114
E-mail: scott@aaa.co.ae
Web: <http://www.aaa.co.ae/>

U.S. Patent & Trademark Office
IP Attaché for Middle East & North Africa
Aisha Y. Salem
Phone: +1-202-367-6588
E-mail: Aisha.salem@trade.gov
Web : www.uspto.gov

Office of the United States Trade Representative
IPR Director for Middle East
Elizabeth Kendall
Tel: +1 (202) 395-9564
E-mail: Elizabeth.L.Kendall@ustr.eop.gov
Web : <http://www.ustr.gov>

U.S. Department of Commerce – International Trade Administration
IPR Lawyer
Kevin Reichelt
Tel: +1-202-482-0879
E-Mail: Kevin.reichelt@trade.gov
Web: www.trade.gov/cs/

Transparency of Regulatory System

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Because commercial registration and licensing decisions often require the approval of multiple ministries, the government decision-making process can be tedious and may be perceived as non-transparent. Obtaining licenses for some business activities, particularly expatriate labor approvals and mining and environmental permits, can be time consuming and complicated for foreign companies, as the various ministries from which licensure is required do not widely disseminate their policies, quotas, and regulations.

The government occasionally publishes proposed laws and regulations for public comment, particularly laws that may affect the private sector. There has been a move in recent years towards greater transparency in telecommunications, securities, and corporate governance of publicly traded companies.

Oman has also improved the transparency of its securities markets and publicly traded companies largely through the work of the Capital Markets Authority (CMA), the regulatory body for such areas. The CMA requires all public companies to comply with a set of standards for disclosure. Under the requirements, holding companies must publish the accounts of their subsidiaries with the parent companies' accounts. Companies must fully disclose their investment portfolios, including details of the purchase cost and current market prices for investment holdings. The new initiatives also require publication of these financial statements in the local press. At the same time, the Central Bank has introduced new rules to limit the level of "related party transactions" (financial transactions involving families or subsidiary companies belonging to major shareholders or board members) in Oman's commercial banks.

There are no restrictions in Oman on the flow of capital and the repatriation of profits. Foreigners may invest in the Muscat Securities Market (MSM) so long as they do so through an authorized broker. Access to Oman's limited commercial credit and project financing resources is open to Omani firms with foreign participation. At this time, there is not sufficient liquidity in the market to allow for the entry and exit of sizeable amounts of capital. Joint stock companies with capital in excess of \$5.2 million must be listed on the MSM. According to the recently amended Commercial Companies Law, companies must have been in existence for at least two years before being floated for public trading. Publicly traded firms in Oman are still a relatively new phenomenon, (the Muscat Securities Market was founded in 1988) and the majority of businesses are private family enterprises. The banking system is sound and well-capitalized with low levels of non-performing loans and generally high profits. Banks' portfolios are dominated by personal loans, perceived as safe as they are typically drawn directly from borrowers' government salaries. Foreign businesspeople must have a residence visa or an Omani commercial registration to open a local bank account. The government finances most infrastructure projects. As a surplus nation enjoying high prices on oil exports, the GoO issues few bonds, and private investment and pension funds typically invest in real estate, manufacturing, and limited projects outside the country.

Competition from State-Owned Enterprises[Return to top](#)

As part of its "Vision 2020," Oman has been a regional leader in the privatization of utilities, especially power, water and waste management. In a public offering in 2014 the government sold off a portion of its stake in Omantel, one of Oman's two primary telecommunication providers. In general, private enterprises are allowed to compete with public enterprises under the same terms and conditions with access to markets, and other business operations, such as licenses and supplies. Public enterprises, however, have comparatively better access to credit. State-Owned Enterprises (SOEs) are active in a variety of fields, namely aviation and infrastructure development. Board membership of SOEs is composed of various government officials, with a senior official, usually cabinet-level, serving as chairperson.

The Consumer Protection Law (Sultani Decree 81/2002) requires the Government to curtail monopolies or over-dominance in the market. The Law does not specify what action must be taken and vests discretion in the relevant Minister to formulate rules. It requires the issuance of rules for controlling excessive price increases and prohibits suppliers from hoarding commodities which would result in an artificial price rise. Oman's industrial property legislation also contains provisions on confusing or fraudulent use of trademarks and geographical indications, and on misleading information on products or their production process.

Oman has two main sovereign wealth funds; the General Reserve Fund of the Sultanate of Oman, and the Oman Investment Fund. The majority of the Funds' assets are invested abroad, although their dealings are opaque. Omani sovereign wealth funds are not required by law to publish an annual report or submit their books for an independent

audit. Many of the smaller wealth funds and pension funds actively invest in local projects.

List of State-Owned Enterprises as of 2013:

Company name	Sector/field of activity	State share %
Oman Fisheries Company	Fisheries	24
Oman Oil Company	Petroleum production and refining, petrochemicals	100
Oman Gas Company	Natural gas	80
Qalhat LNG	Natural gas	65.2
Petroleum Development Oman	Petroleum and natural gas production, refining	60
Oman Mining Company	Mining	99.8
Oman Chromite Company	Mining	15
Oman Power and Water Procurement Company	Utilities	100
Electricity Holding Company	Electricity generation, transmission, and distribution	100
Omantel	Telecommunications	70
Oman Air	Air transport	99.8
Oman Airport Management Company	Airport management	100
Oman Aviation Services	Airport auxiliary services	100
Oman Investment Fund	Fund management	100
Oman Shipping Company	Maritime transport	100
Oman's eight major ports	Maritime transport	100
Oman National Transport Company	Road transport	100
Port Service Cooperation	Port management	35.5
Salalah Port Services Company	Port management	20.1
Salalah Methanol Company	Manufacturing	100
Sohar Aluminium Company	Manufacturing	40
Oman Cement Company	Manufacturing	51
Oman Flour Mills Company	Manufacturing	51.1
Oman Polypropylene Company	Manufacturing	80
Sohar Industrial Port Company	Port management	50
Bank Muscat	Financial services	24.9
Oman Post Company	Postal services	100
Oman Holding Company For Food investment	Food products	100
Omran	Tourism	100

Corporate Social Responsibility

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There is a general awareness of corporate social responsibility (CSR) among businesses in Oman. Companies routinely host competitions in elementary and secondary schools for academic performance and artistic skill; and many sponsor charitable, academic and social events. The larger Omani firms have CSR policies; however, most of Oman's smaller enterprises do not knowingly follow CSR principles such as the OECD Guidelines for Multinational Enterprises. Foreign companies operating in Oman, however, are generally OECD compliant. Firms that pursue CSR, especially in the areas of entrepreneurship and SME development, are viewed favorably.

Political Violence

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Politically motivated violence is rare in Oman. Some incidents of violence were associated with Arab Spring-related demonstrations in 2011, although most protests were peaceful. The government allows peaceful demonstrations to occur, and there were a few related to religion, worker rights, and unemployment in 2012 and 2013.

Corruption

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Most major contracts are awarded through a slow and rigorous tender process governed by Oman's Tender Board. Pursuant to the U.S.-Oman FTA, Oman advertises most tenders in the local press, international periodicals, and on the Tender Board's website, although a few sensitive projects are not publicized and not subject to FTA "non-discrimination" obligations. Bidders are requested to be present at the opening of bids, local media typically report on announcements of shortlists and contract awards, and interested parties may view the process on the Tender Board's website. Disputes arising from the tendering process are reviewed domestically.

Ministers are not allowed to hold offices in public shareholding companies or serve as chairperson of a closely held company, though they do sit on boards of state-owned enterprises such as the national carrier Oman Air. However, many influential figures in government such as directors and undersecretaries maintain private business interests and some are also involved in private-public projects. Senior government officials are required to file annual financial disclosure reports. These activities either create or have the potential to create conflicts of interest. In 2011, the Tender Law was updated to preclude Tender Board officials from adjudicating projects involving interested relatives to "the second degree of kinship."

The Omani government vigorously prosecuted in 2013 and 2014 cases of bribery involving company officials of parastatal corporations in Oman's oil and gas sector. Both Omanis and expatriates have been sentenced to lengthy prison terms and heavy fines, demonstrating the seriousness of the government's efforts to eradicate corrupt practices in the oil and gas sector. Sultan Qaboos has dismissed several ministers and senior government officials for corruption during his reign. In one of Oman's biggest corruption scandals in several years, over 30 government and private sector employees, including the Under Secretary of the Ministry of Housing, Electricity, and Water, were convicted in October 2005 on counts of bribery and forgery, among others. There was also a major Cabinet reshuffle after the protests in early 2011 and the State Audit Institution, renamed the "State Financial and Administrative Audit Institution" (SFAAI) was granted expanded powers under Royal Decree 27/2011. In 2013 and 2014, multiple convictions of expatriates and Omanis followed investigations into public tenders granted after bribes were given to officials and members of the Tender Board.

The institution's mandates now encompass the following:

- to secure public funds, provide a framework for efficient management of such funds, and ensure their efficient and optimal utilization;
- to detect financial and administrative irregularities and identify inherent deficiencies in the relevant financial and administrative laws;
- to identify the causes of, and assign responsibility for, any deficient performances; and
- to ensure transparency in financial and administrative transactions, and make recommendations for the avoidance of conflicts of interest and for the prevention of financial and/or administrative irregularities.

In 2012, 30 cases involving financial irregularities and misuse of influence in awarding of government contracts were referred to the Public Prosecutor by the State Financial and Administrative Audit Institution. SFAAI Chairman Shaikh Nasser bin Hilal al Ma'awali said May 27, 2013, that the number of entities thus far under audit is 160 government units, with 25% audited in 2011 and plans to reach 80% by 2015.

The Omani Government has in place a number of laws targeting bribery and corruption, specifically in the public sector. Gifts and considerations in this respect would fall under the purview of anti-bribery and anti-corruption laws. Although the definition of a "gift" is not provided by the Omani legislature, nor does it define at what value a gift would be considered a "bribe," the Omani Penal Code offers a short illustration of what constitutes bribery: "Any person who accepts a bribe for himself or for another person, be it in cash or a present or a promise or any other benefit for performing a lawful act of his duties, or for forbearing to do it or delaying its execution."

In the attempt to prevent and eradicate corruption in the Sultanate of Oman, Sultan Qaboos issued Royal Decree 64/2013 ratifying the Sultanate in joining the United Nations Convention Against Corruption (the "UNCAC"). The Royal Decree was published in the Official Gazette and is effective from November 20, 2013. The UNCAC is known as the first global legally binding international anti-corruption instrument and it comprises 71 Articles divided into 8 Chapters. The UNCAC requires member countries such as Oman to implement several anti-corruption measures in the public, private and judiciary spheres.

The Sultanate has the following national legislation in place to deal with corruption in public and private sectors:

1. The Law for the Protection of Public Funds and Avoidance of Conflicts of Interest (the "Anti-Corruption Law") (promulgated by Royal Decree 112/2011); and
2. The Omani Penal Code (promulgated by Royal Decree 7/1974).

The Anti-Corruption Law predominantly concerns employees working within the public sector. It is also applicable to private sector companies if the Government holds at least 40% shares in the company or in situations where the private sector company has punishable dealings with Government bodies and officials. The Omani Penal Code is the other key legislation which defines and penalizes bribery and targets corruption in the private sector.

A lack of domestic whistleblowers legislation in Oman has resulted in the private sector taking the lead in enacting internal anti-bribery and whistleblowing programs. Omani and international companies doing business in Oman that plan on implementing anti-corruption measures will likely find it difficult to do so without also putting in place an effective whistleblowing program and a culture of zero tolerance.

In 2013, the State Financial and Administrative Audit Institution (SFAAI) introduced several whistleblowing approaches, including the ability to directly report complaints by visiting SFAAI headquarters in Muscat or any of its branches in the governorates; a toll-free hotline at 80000008; or through its electronic complaint window (<http://www.sai.gov.om/en/Complain.aspx>) and smartphone applications.

Bilateral Investment Agreements

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Oman is a member of the Gulf Cooperation Council, which is in the process of finalizing Free Trade Agreements with the European Union, Malaysia, and Singapore. While enjoying a Free Trade Agreement, Oman does not have a bilateral taxation treaty with the U.S. Omani tax authorities may allow relief for foreign taxes paid and the U.S. typically credits U.S. companies for corporate tax paid overseas. Oman has signed double taxation treaties with many countries including: Algeria, Belarus, Belgium, Brunei, Canada, China, Croatia, Egypt, France, India, Iran, Italy, Mauritius, Morocco, Moldova, Netherlands, Pakistan, Russia, Seychelles, Singapore, South Africa, South Korea, Sudan, Syria, Tanzania, Thailand, Turkey, Tunisia, the United Kingdom, Uzbekistan, Vietnam and Yemen.

OPIC and Other Investment Insurance Programs

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Oman is eligible for Export-Import Bank of the United States (EXIM) financing as well as Overseas Private Investment Corporation (OPIC) insurance coverage. Unusual for a Gulf country, Oman provides export credit insurance against commercial and political risk, through the Oman Development Bank. Oman Development Bank (ODB), 100% government-owned, is Oman's main financial development institution, providing soft loans to Omani-owned SMEs, and seasonal agricultural loans. The maximum loan is RO 1 million (USD 2.6 m), for up to ten years. ODB charges a fixed interest rate of 9% per year (6% is paid by the Government and 3% by the borrower), with flexible grace periods and repayment terms (up to ten years). In addition, the independent Export Credit Guarantee Agency of Oman, a closed stock company, extends credit insurance, guarantees and financial support to Omani exporters, though its limit is \$1 million per transaction. The U.S. Embassy in Muscat purchases local currency at the fixed rate of 1

Omani Rial to USD 2.6. Due to the likelihood of continuing high oil prices, there is very little risk of devaluation or depreciation of the Omani rial in the next year.

Labor

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Oman's 2003 Labor Law governs employee-employer relations in the private sector, and enumerates the protections afforded all legally resident workers. The law sets the minimum working age at 15, provides clear guidelines on working hours, and specifies the penalties for noncompliance with its provisions. The labor law and subsequent regulations also detail requirements for occupational safety and access to medical treatment. In large part to qualify for eligibility for the FTA, Oman in 2006 made significant amendments to the 2003 Labor Law. The amendments and associated Ministerial Decisions allow for more than one union per firm, require employers to engage in collective bargaining over terms and conditions of employment, and specify guidelines for conducting strikes. The amendments also prohibit employers from firing or otherwise penalizing workers for engaging in union activity, and increase the penalties for hiring underage workers or engaging in forced labor. As a result, at the time, about 100 unions were registered, covering both Omanis and expatriates. There are now almost 200 unions in Oman's private sector; Oman's labor law does not provide for unionization in the public sector. Collective bargaining, settlement of labor disputes and peaceful strikes is governed by the Labor Law (promulgated by Royal Decree 35/2003, as amended) (the "Labor Law") and Ministerial Decision 294/2006 (the "MD") which was issued pursuant to the Labor Law. The Labor Law and MD provide that the employees' have the right to hold peaceful strikes in order to demand betterment of working conditions. However, strikes held by employees working in enterprises providing essential services are considered illegal.

While unions appear to be making strides in their advocacy efforts for workers, management in major industrial zones remains frustrated with ambiguity in the labor law. For example, business leaders in Salalah note that the labor code was written for traditional retail and office jobs. The industrial jobs that dominate Salalah's economy require different (and technically illegal) hours and schedules, leaving these workers in a legal limbo, without clear coverage by the law. In 2013, Civil Aviation contacts complained about Muscat airport workers striking over personnel issues such as promotions, parking spots, and bonuses. In early 2014, an American manufacturer in Salalah Free Zone experienced a strike by Omani employees upset over the dismissal of a union leader; according to the company, the employee had been fairly and legally terminated after several warnings about performance. Management also noted that workers ask for concessions and privileges given to the public sector (housing allowances, free loans, and generous pensions, for example). Management in Sohar and Salalah expressed additional concerns about the labor law's lack of clarity on a number of issues. The labor law was first published in 1973 and updated only intermittently, without explanation or clarifications. For example, there is no specificity in the law regarding what an employer must pay to an employee who is injured in a workplace accident that is his own fault. Management believes that they should not be

held responsible for such accidents, while the law seems to hold that in any accident, no matter how negligent the employee, the employer is to blame. Another contentious example surrounds bonuses; the law suggests that bonuses must be paid every year, regardless of the company's profit margins. Management argues that companies without a profit should not be forced to pay bonuses.

Oman is a member of the ILO. Oman has ratified four of the eight core ILO standards, including those on forced labor, abolition of forced labor, minimum working age, and the worst forms of child labor. Oman has not ratified conventions related to freedom of association or collective bargaining, or the conventions related to the elimination of discrimination with respect to employment and occupation.

While there is no statutory provision that defines employer's rights and the formation and operation of trade unions, it is important to note the following:

1. The Omani labor law provides that a trade union/labor federation/general federation have the right to freely practice their activity without interference in their affairs or exerting influence.
2. No company/establishment can dismiss or otherwise punish a worker's representative in the trade union/labor federation/general federation by reason of exercising trade union activities.
3. In the event of collective negotiations being conducted between a company/establishment and the representatives of a trade union, the company is obliged to provide necessary data and information to conduct the negotiation.
4. While the negotiation between a company and the representatives of a trade union are ongoing, any measures or decisions taken by the company shall be considered unlawful.
5. In the event that a collective labor agreement is concluded between a company and trade union, in accordance with Article 5 of Ministerial Decision 294 of 2006, it is the employer's responsibility to display the collective labor agreement prominently at the work place.

On March 31, 2013, the Ministry of Manpower (MoM) issued a decision amending some articles of the Labor Law in order to speed up negotiations between employees and employers and avoid work stoppage from strikes.

On October 26, 2011, Sultan Qaboos issued Royal Decree No 113/2011 amending provisions in the Labor Law to provide increased protections and rights to the private sector workforce including shorter workweeks, fully paid maternity leave, and increases in overtime pay. The business sector has expressed concern about the increased costs of implementing many of these changes. The changes are expected to primarily affect only Omani citizen workers; expatriate workers are often hesitant to assert their rights

out of concern that their employment contracts might be allowed to lapse, requiring them to leave Oman.

The most important changes to the Labor Law after the 2011 “Arab Spring” include:

- If the ownership of a project, partially or wholly, changes hands, the new owner must continue to employ the previous Omani workforce at its previous salaries;
- Direct deposit receipt is the only proof of payment of salary;
- 30 days annual paid leave (up from 15) after six months of continuous work (down from one year) and six days of paid emergency leave (up from four). A worker may not waive his or her leave;
- Overtime begins to accrue after 45 hours of work in one week (down from 48) or more than nine hours in one day;
- During Ramadan, Muslim workers shall not be required to work more than 30 hours a week (down from 36) or 6 hours a day;
- Overtime day work will be paid at 25% above the normal salary rate; night work at 50%, if such work is performed during the weekly rest day or during the official holidays the employee shall, unless compensated with another day during the subsequent week, be entitled to double salary for such day, unless he is granted another day in lieu thereof within the following week;
- Every worker must receive two paid days of rest (up from 24 hours) after five continuous days of work; (Note: Many service-based employers fail to comply with this provision, though local legal analysts report double pay or accumulation of annual leave is allowable in lieu of the second rest day.)
- Women may not be required to work between the hours of 9:00 p.m. to 6:00 a.m. (previously 7:00 p.m. to 7:00 a.m.) (Note: This rule is subject to multiple exceptions as published by the Ministry of Manpower, such as health workers, transportation workers, and women working in certain petrochemical fields.)
- Paid maternity leave of 50 days up to three times per woman per employer (up from 42 days of unpaid leave);
- Unlawfully discharged workers (as determined by the courts) will receive a minimum of three months of their gross wage and any severance pay to which they were due in the original work contract;
- New penalties for failure to adhere to Omanization rates.

On February 7, 2013, the Ministry of Manpower announced another rise in the national minimum wage for Omani workers, with the current rate of \$520 per month rising to \$845 as of July 1, 2013. In fact, many companies were instructed to implement the rate immediately for new hires, and the Oman Society of Contractors protested the move, calling for the government to reimburse unexpected increases in construction project costs. Many commentators believe this was an effort by the GoO to narrow the gap between private and public sector wages and encourage more Omanis to work in the private sector.

There is no minimum wage for non-Omanis. On January 30, 2012, the government of Oman issued Ministerial Decision 32/2012, requiring a yearly minimum increment of 3% for all employees with satisfactory performance who have been employed more than six months in order to ensure wages keep up with inflation. In August 2012, the Ministry of Manpower clarified that all employees, both Muslim and non-Muslim, must receive a salary advance before Eid due to enhanced family holiday obligations.

The 2014 edition of "Employment and Salary Trends in the Gulf," released on March 17 by the online recruitment firm GulfTalent, shows that Oman is leading the GCC in wage growth, with an 8% expected increase in average private sector wages for the year. (Aon Hewitt estimated a 5.6% increase.) In its annual compensation and benefits report for Oman, Hay Group noted the rise in salaries has predominantly taken the form of an increment on basic salary, which rose 5.7%, on average, rather than adding to allowances such as housing, transport and education. Hay Group's report noted 21% of employees moved up a salary grade, and that pay raises stand well above inflation (officially reported at only 1.2% for 2013), indicating an increase in disposable income. According to the report, Oman's oil and gas sector had the highest pay rises in the region, an average of 7%. Hays' Global Salary Guide stated Oman paid expatriate oil and gas sector workers about \$12,000 more in 2012, taking salaries to \$92,100, while locals in the petroleum industry were paid an average of \$72,600, up by \$4600.

Participation in the Public Authority for Social Insurance (PASI) scheme is mandatory for all employers employing Omanis. Employees are covered for old age, disability, occupational and non-occupational injuries and death. The employer and employee are required to contribute 9.5% and 6.5%, respectively, of the basic salary to the fund every month, and every employer must pay a further 1% as security against occupational injuries and diseases. For foreign employees who are not beneficiaries of PASI, End of Service Benefits (EOSB) are calculated per the Labor Law.

In late 2013, the Ministry of Manpower issued a Ministerial Decision permitting employers in the private sector for the first time to recruit Omani employees on a part-time basis. The Ministerial Decision states that an employer may hire a part-timer under the following conditions:

- the work hours should not exceed four hours per day;
- the wage per hour should not be less than RO 3;

- part-time jobs are confined to Omani nationals;
- the part-timer is also known as “job seeker;” therefore, those aged 16 are only permitted to work between 6:00 a.m. and 6:00 p.m.; and
- part-timers' ratio is not more than ten percent of the Omanization ratio.

Employment on a part time basis is restricted to private institutions practicing activities such as sale of food commodities; petrol filling; hotels, restaurants and coffee shops; sale of electronic and electrical devices; stores; automobile agencies; farming; exchange agencies; child and elderly care; travel and tourism agencies; tour guides; driving; educational and medical services.

Terminating a worker for non-performance is difficult but not impossible. A major issue is that the worker must sign to acknowledge receipt of legally required warning letters. If the worker refuses to sign, two Omani male witnesses should sign a copy of the letter to state that they witnessed the worker’s refusal. Article 30 of the Labor Law states that a worker cannot be accused of a violation after the expiry of 15 days from the discovery of the misdeed. The same provision also states that no disciplinary penalty shall be imposed on a worker after 30 days has elapsed from the date a violation is proven. The Courts will often rule against an employer based on a procedural breach of Article 30. Employers should also follow transparent disciplinary procedures registered in advance with the Ministry of Manpower, and ensure penalties are proportionate. The Ministry of Manpower has issued a template disciplinary procedure. Furthermore, Ministerial Decision 129/2005 sets out the maximum penalty allowed in respect of certain violations.

According to Article 40 of the Labor Law, an employer may dismiss the employee without prior notice and without end-of-service benefit in any of the following cases:

1. if he assumes a false identity, or if he resorts to forgery to obtain the employment;
2. if he commits a mistake which results in a material financial loss to the employer provided that the latter notifies the Ministry of Manpower of the incident within three days of the date of his knowledge of its occurrence;
3. if he, in spite of being notified in writing, does not comply with instructions the compliance with which is necessary for the safety of employees or the workplace, provided that such instructions shall be written and hung in a conspicuous place and the contravention of which is likely to cause grievous damage to the workplace or harm to the employees;
4. if he absents himself from his work for more than ten days without reasonable cause during one year or for more than seven consecutive days, provided that such dismissal shall be preceded by a written notice to him from the employer after his absence for five days in the former case;
5. if he discloses any secrets relating to the establishment in which he works;

6. if a final judgment is entered against him for an offence or felony for breach of honor or trust or for a felony committed in the workplace or during the course of his work;

7. if he is found during working hours in a state of drunkenness or was under the influence of an intoxicating drug or mental stimulus;

8. if he commits an assault on the employer, the responsible manager, or if he commits a grievous assault on any of his superiors in the course of the work, or if he assaults one of his colleagues in the workplace by hitting him, which causes sickness or delay of the work for a period exceeding ten days; or

9. if he commits a grave breach of his obligations to perform his work as agreed upon in his contract of work.

The Supreme Court has held that it is a justified, fair dismissal if an expatriate employee is replaced with an Omani national. On certain occasions, the Omani courts have held that it is justified for a company to lay off workers if the company is suffering heavy losses.

The approach of the Omani Courts is to only allow one fixed term contract per worker. Subsequent contracts, even if stated to be fixed term contracts, will in fact be treated as contracts of unlimited duration. Hence, it is advisable to leverage internships and trainee programs to the fullest extent in order to ensure extensive screening of potential employees. The Labor Law provides for, but does not require, a three month probationary period, during which either party may terminate the contract with seven days' notice. For indefinite contracts, employment may be terminated by either party with 30 days' notice (waived if compensation equal to the salary for the notice period is paid instead).

The government's Omanization initiative, a quota system mandating hiring of specified percentages of Omani citizens, is a high priority for the government. Approximately 50,000 young Omanis enter the workforce each year. Most of these new entries seek government employment, and Omanis make up more than 80% of the public sector's labor force while less than 20% of the private workforce is Omani. Organizations with more than 50 employees are expected to set aside the following 100% "Omanized" positions for citizens: HR Manager, Security Officers, Secretarial / Administrative Clerks / Receptionists, Public Relations Officers, and Drivers. Omanization requirements increased after "Arab Spring" protests in 2011, and included an obligation to provide a minimum wage and more training programs for Omani employees. Omanization targets were again increased as of March 1, 2014.

Current Omanization rates for selected sectors are as follows:

- Information Technology:
 - o Senior Management 9 %
 - o Sales and Marketing 100 %
 - o Technical Support and Infrastructure 15 %
 - o Applications and Services Development 15 %
- Consultancy Services:
 - o Engineers 25%
 - o Draftsman 70 %
 - o Material Supervision 45 %
 - o Land Survey 80 %
 - o Accountants 60 %
 - o Administrative Posts 90 %
- Oil & Gas 82-90 %
- Telecom 54-80 %
- Finance and Insurance Sector 45- 90 %

As part of a package of incentives for foreign investors, Oman's Free Zones allow for lower Omanization rates. The Ministry of Manpower will not issue expatriate labor clearances for companies that fail to hire qualified Omanis to meet the labor targets. If qualified Omanis are not available, the Ministry may issue labor clearances pending future availability of qualified Omanis to fill such positions. The Ministry also assists companies in training Omanis for high-demand positions if the companies agree to hire them once trained. U.S. companies are not exempt from Omanization requirements under the FTA, despite some exceptions for managers, board members, and specialty personnel. Private companies have expressed concerns about the work ethic of Omanis compared with expatriate staff, as well as absenteeism of Omani workers who are harder to dismiss because of the protections they enjoy under local employment laws.

However the Ministry of Manpower is authorized to impose fines on companies that don't achieve targets. These fines can reach 50% of the average of total non-Omani salaries making up the difference between target and actual Omanization rates, though they are rarely enforced if the company is making good faith efforts to recruit Omanis. In addition, harsh penalties, including deportation, are applicable for transferring employment visa sponsorship from one individual to another or working under tourist visa status.

In a 2011 International Labor Organization (ILO) survey, 66% of survey respondents felt that current labor legislation is a constraint on enterprise growth. Only 13% of respondents believed that the local workforce has the necessary skills demanded by business, while only 9% believed that Oman's tertiary and vocational education system generally meets the needs of the business community. A 2012 Oman American Business Council survey similarly cited workforce quality as the top challenge to doing business in Oman.

In 2014, the Ministry of Manpower issued Ministerial Decisions raising Omanization quotas in certain professions including: carpentry, metalworking, brickmaking, janitorial services, construction, automotive, debt collection, cashiering, and shop-keeping. There were exceptions for establishments registered under the excellent grade and international grade categories, as well as local companies complying with labor laws. In early 2014, Ministry of Manpower officials acknowledged that work permits for expatriate women would be suspended through November 2014, unless sponsoring companies could secure a waiver from the relevant ministry demonstrating unique circumstances required an expatriate female worker to fill the position.

Foreign-Trade Zones/Free Ports

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The government has established free-trade zones to complement its port development projects investing heavily in the Duqm, Salalah, and Sohar Free Zones. These areas include strategically located ports and are well connected with modern infrastructure and facilities. An incentive package for investors includes a tax holidays, duty-free treatment of all imports and exports, and tax-free repatriation of profits. Additional benefits include streamlined business registration, processing of labor and immigration permits, assistance with utility connections, and lower Omanization requirements. Up to 30% of free-zone production may be sold on the domestic market, i.e. at least 70% must be exported. Goods produced by companies that meet both the 51% GCC ownership and 40% value-added criteria are considered as Omani; they are not subject to the 30% limitation, on their sales on the domestic market, and these are not treated as imports.

Foreign Direct Investment Statistics

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According to the National Center for Statistics and Information (NCSI), the total volume of foreign direct investment (FDI) into Oman stood at RO6.48billion (USD16.83billion) as of 2012, registering a growth of 9.6% compared with RO5.9billion at the end of 2011. FDI flows into Oman surged 41% in 2012 to RO570million (USD1.47billion) from RO404million in 2011. Total FDI volume as a percentage of GDP in 2012 - at RO30billion (or USD 77billion) - was 21.6%. The oil and gas exploration sector received

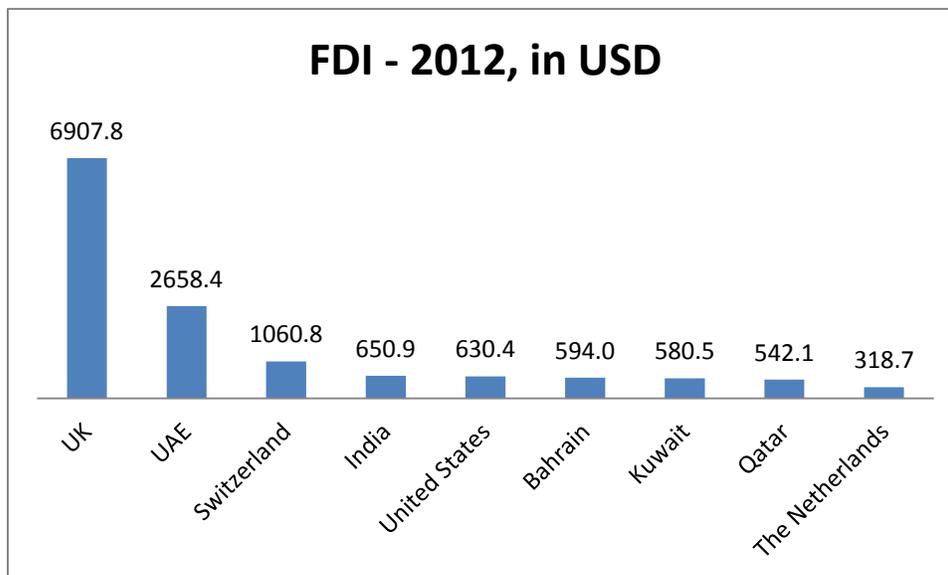
FDI of RO3.07billion (USD7.97billion) as of 2012 and remained the largest beneficiary of investment flows into the country, accounting for 46.4% of the total. With a share of 18.3%, manufacturing was next in terms of attracting FDI, receiving RO1.34billion as of 2012. With total FDI of RO914million, the financial intermediation sector stood third, accounting for 15.5% of the total FDI. The UK was the largest contributor, injecting total FDI worth RO2.29billion (USD5.95billion) as of 2011, and accounting for a 38.7% share. UAE was the second biggest contributor, followed by the US and India. The UK and the US dominated in terms of FDI flows into oil and gas exploration, while the manufacturing and construction sectors were dominated by UAE and India. GCC countries dominated FDI in the real estate and renting businesses.

Total foreign investment, including FDI, foreign portfolio investments (FPI), financial derivatives and other foreign investments, in the sultanate stood at RO12.71billion (USD32.98billion) at the end of 2011 against RO11.52billion in 2010.

FDI accounted for 46.5 % of total foreign investment as of 2011, while other foreign investments and foreign project investment accounted for 49.7% and 3.2%, respectively.

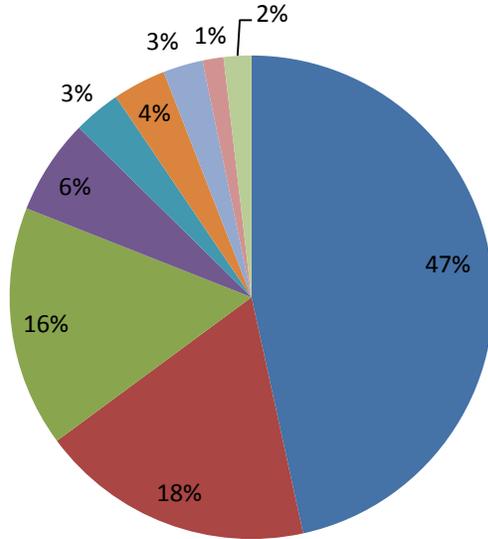
Major foreign investors that have entered the Omani market recently include BP (UK), Sembcorp (Singapore), Daewoo (Korea), LG (Korea), Veolia (France), Huawei (China), SinoHydro (China), and Vale (Brazil).

Source of all charts below: National Center For Statistics & Information



Total FDI by Sector

- Oil & Gas Exploration
- Manufacturing
- Financial Intermediation
- Real Estate
- Construction
- Trade
- Transport
- Hotels and Restaurants
- Other



U.S. FDI by Sector

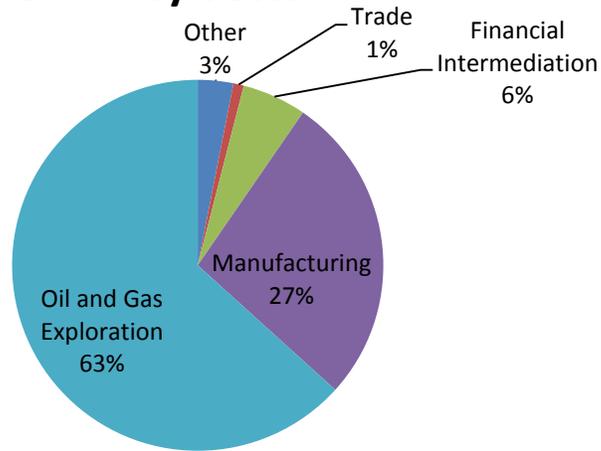


TABLE 2: Key Macroeconomic data, U.S. FDI in host country/economy

	Host Country Statistical source*		USG or international statistical source		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP)	2013	\$94,86billion	2012	\$78.11billion	http://www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country	2012	\$631	2012	630.4	<p>(BEA) click selections to reach.</p> <ul style="list-style-type: none"> • Bureau of Economic Analysis • Balance of Payments and Direct Investment Position Data • U.S. Direct Investment Position Abroad on a Historical-Cost Basis • By Country only (all countries) (Millions of Dollars)
Host country's FDI in the United States	N/A	N/A	2011	1.3billion	<p>(BEA) click selections to reach</p> <ul style="list-style-type: none"> • Balance of Payments and Direct Investment Position Data • Foreign Direct Investment Position in the United States on a Historical-Cost Basis • By Country only (all countries) (Millions of Dollars)

Total inbound stock of FDI as % host GDP (<i>calculate</i>)	2011	0.80	N/A	N/A	
--	------	------	-----	-----	--

Contact Point at Post for Public Inquiries

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Contact Point at Post for Public Inquiries:

Economic & Commercial Officer

U.S. Embassy, P.O. Box 202, Postal Code 115, MSQ, Muscat, Sultanate of Oman

Tel: +968-2464-3623

E-mail: muscatcommercial@state.gov

Web: <http://oman.usembassy.gov/business.html>

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Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
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How Do I Get Paid? (Methods of Payment)

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The most common method of payment in Oman is by providing a letter of credit from a bank. Oman has four debt collection agencies: Debt Recovery Service, Fort Travel and Tours, United Finance Company, and United International Recovery. There are no credit rating agencies or bureaus currently established in Oman.

How Does the Banking System Operate

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Oman's banking sector consists of 17 licensed local and foreign commercial banks and two specialized banks. Two Islamic commercial banks began operations in 2013: Al Izz Bank International and Bank Nizwa. The banks are subject to supervision by the Central Bank of Oman (CBO), which regulates and licenses private banks, monitors interest rates, and issues development bonds and notes. Oman's banks are generally well capitalized with low non-performing loan rates and the Central Bank introduced a Financial Stability Unit in 2013.

Foreign-Exchange Controls

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The Omani Rial is fully convertible and is pegged to the U.S dollar (1 RO = \$2.60). There is no restriction on the repatriation of capital from Oman.

U.S. Banks and Local Correspondent Banks

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Local banks in Oman maintain U.S correspondents: Bank Muscat (J.P. Morgan Chase), National Bank of Oman (Wells Fargo), Oman Arab Bank (Arab Bank PLC), Bank Dhofar (Wells Fargo and J.P. Morgan Chase). There are no U.S. banks operating in Oman, although Citibank remains active in the Omani market working out of its Dubai office.

Project Financing

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While salary-based personal consumption loans have traditionally composed up to 70% of bank lending (the household sector currently holds about 46% of total bank credit),

Omani banks are slowly beginning to heed calls for more financing of large industrial projects. However, interest rates average 5.6% and can reach 15% for riskier projects. SME financing, historically only 2% of total lending before the Central Bank increased the target to 5% in 2013, has been limited as banks are unwilling to take risks on start-ups, though the government is now promoting greater lending to start ups.

The Sultanate has two loan programs to promote investment. The Ministry of Commerce and Industry (MOCI) administers a program designed to promote industrial investment. Formerly interest free, the program now charges 4% annual interest, with generous repayment terms. MOCI loans will match equity contributions in the Muscat capital area, or 1.25 times equity for other locations. Projects with a high percentage of local content or employing large numbers of Omanis are given priority, as are tourism projects outside the capital area. Some large utility projects require 40% listing on the Muscat Securities Market (MSM) exchange within five years. The Oman Development Bank (ODB) also administers loans with a RO 1m (\$2.6m) ceiling to support development of smaller industries in the agriculture, fisheries, petroleum, mining, and services sectors. ODB also offers an SME loan guarantee program in partnership with commercial banks, interest subsidies, and attractive export financing rates. Foreigners can participate in IPOs on the MSM via local brokers. Public joint stock companies (SAOG) may issue shares to the public with a minimum of RO 2 million, or \$5.2 million. Investors may also seek financing from the Gulf Investment Corporation located in Kuwait. In 2013, the government launched the RO70 million Al Rafd fund to finance start-ups and entrepreneurial ventures.

Web Resources

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Ministry of Commerce and Industry

<http://www.MoCIoman.gov.om>

Central Bank of Oman

<http://www.cbo-oman.org/>

Oman Development Bank

<http://www.odboman.net/>

Bank Muscat

<http://www.bankmuscat.com>

Oman International Bank

<http://www.oiboman.com>

National Bank of Oman

<http://www.nbo.co.om>

Oman Arab Bank

<http://www.oman-arabbank.com>

Bank Dhofar

<http://www.bankdhofar.com/>

Ahli Bank
<http://ahlibank.om/>

HSBC Oman
<http://www.hsbc.co.om>

Oman Capital Market Authority
<http://www.cma.gov.om>

Muscat Securities Market
<http://www.msm.gov.om>

Central Bank of Oman
<http://www.cbo-oman.org>

Oman Investment Corporation
<http://www.omaninvcorp.com>

Oman Investment Fund
<http://www.oif.om>

Oman-Emirates Investment Fund
<http://www.omanemirates.com/>

Al Husn Oman-Qatar Investment Fund
<http://www.alhosnoman.com>

Oman-Brunei Investment Fund
<http://obinvestco.com/en/>

Iskan Oman Investment Company
<http://www.iskanoman.com>

Export-Import Bank of the United States
<http://www.exim.gov>

U.S. Overseas Private Investment Corporation
<http://www.opic.gov>

U.S. Small Business Administration- Office of International Trade
<http://www.sba.gov/oit/>

USDA Commodity Credit Corporation
<http://www.fsa.usda.gov/cc/default.htm>

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Business Customs

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While most Omani businesspersons are accustomed to western business practices, some still operate along more traditional lines. A visit to Oman may involve the following: appointments will sometimes not be made until after the foreign businessperson arrives in Oman; upon arriving for an appointment, s/he may discover that others have appointments at the same time, or have arrived without one. However, a visitor should be on time, particularly for government appointments. Once the meeting begins, it may be interrupted by telephone calls. Politeness is highly valued; blunt statements should be recast into constructive, balanced terms. Devout Muslims pray five times every day; visitors should be sensitive to hosts who break off a discussion for prayer at noon, which falls during business hours. In dealing with one of the many Omani executives educated in the U.K. or the United States, there is little other than the “dishdasha” national dress worn by the Omanis that a visiting businessperson might find different from home. English is very widely spoken, particularly in the capital area.

Coffee, tea, or soft drinks will probably be offered (except during the Muslim holy month of Ramadan when it would be impolite to expose Omani counterparts to open food), and should be accepted. It is customary for a guest to have one cup of Arabic coffee and a teaspoon-sized portion of halwa, a gelatinous sweet. If spoons are provided, the guest uses the spoon to scoop a small portion from the bowl or platter to eat. If a guest wants a second scoop, it is acceptable to use the same spoon to take another portion. If spoons are not provided, the guest will use the thumb and two forefingers of the right hand to scoop a piece of halwa from the bowl or platter. A server may then bring water and a towel hand washing. This may also be followed by an offer of rosewater which is poured onto the open palm for the guest to rub into their hands. Arabic coffee is poured into a small cup and offered to the guest for immediate consumption. The server will stand by to pour a second cup. If the guest does not wish for his cup to be refilled, he should shake the empty cup to indicate he is finished.

On formal occasions, frankincense may also be brought into the room and held in front of the guest for a few seconds to allow him to wave some of the smoky vapors onto himself. After each guest has had the opportunity to wave the vapors on to themselves, the frankincense will be taken out of the room.

Ramadan Protocols:

The holy month of Ramadan is the ninth month of the Islamic calendar, during which all Muslims must observe a fast by abstaining from eating and drinking between dawn and dusk. The Sultanate of Oman has formulated regulations to be followed during the holy month of Ramadan.

Ramadan working hours:

- RD No. 113 of 2011, amended Article 68 of the Labour Law (promulgated by RD No. 35 of 2003), thus reducing the maximum working hours during Ramadan to not more than six hours a day or 30 hours a week for all Muslim workers.
- The Minister of the Diwan of Royal Court and Chairman of the Civil Service Council issued a decision declaring that official working hours at ministries, public authorities and other departments of the state's administrative apparatus during the Holy Month of Ramadan for the year of 2013 would be reduced to 5 hours per day, i.e. from 9am to 2pm.
- The working hours in the private sector during the Holy Month of Ramadan for the year of 2013 were reduced to six hours per day and (30) hours per week, according to a ministerial decision issued by the Ministry of Manpower.
- The Central Bank of Oman issued a circular on 3 July 2013, declaring that the official working hours for all licensed Banks in the Sultanate of Oman during the holy month of Ramadan would be from 9 am to 1 pm.

Guidelines for Non-Muslims during the holy month of Ramadan:

- Drinking and eating in public during the holy month of Ramadan is considered discourteous in Oman. All restaurants and cafes are closed during the day and they re-open only after sunset. Non-Muslims should refrain from smoking, eating or drinking water and other beverages in public places during the hours between dusk and dawn.
- It is advisable for Non-Muslim employees to eat food/drink water or other beverages discreetly, at their desks, out of sight of Muslim employees or in a canteen or in a separate designated room or at their homes. No food or drink should be provided during meetings. Muslim employees should not be required to attend business lunches during Ramadan.
- Employers should ensure that business meetings and training sessions for Muslim employees are shortened or postponed until after Ramadan.
- During the holy month of Ramadan, the Non-Muslims should adhere to modest dress code and their behavior should be empathetic and courteous towards the Muslims in general.
- Companies operating during non-conventional working hours, such as shift working, should make provision for suitable breaks for Muslim employees to enable them to take their meal at the time of Suhoor and Iftar.

Travel Advisory

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As of the date of publication, there are no travel advisories in effect for Oman. However, in 2014 the U.S Embassy issued advisories on travel to Dhofar region and the Oman-Yemen border area, and regional and global advisories remain in effect. See <http://www.travel.state.gov/> for up-to-date travel advisories/warnings.

Tourist and business visas are relatively easy to obtain at the airport or a land border. A single-entry tourist or business visa costs \$52 (20 RO) and is valid for one month; the visa may be renewed for a \$52 (20 RO) fee. As of February 2012, a 10-day visa can be purchased at land and sea entry ports for \$13 (5 RO). A multiple-entry tourist or business visa, which is valid for one year, costs \$130 (50 RO). Both may be obtained upon arrival at the airport. Visas can also be obtained in advance through application to an Omani embassy, consulate, or trade representative abroad. There are also expedited procedures for citizens of other GCC nations, as well as an agreement allowing Omani visa-holders to visit Dubai via air. In 2011, a "New Employee Contract Visa" was introduced, which allows for up to 6 months of visits for pre-award negotiations, interviews etc.

Self-sponsorship, through an Investors Visa, is available for a minimum RO 250,000 (\$650,000) capital investment, and provides for two years of residency.

U.S. nationals registering a business in Oman under the FTA can "self-sponsor" for a work permit by establishing a normal LLC, and assigning themselves as the General Manager or Director, therefore following the normal process of a labor clearance. The visa is called an investor visa for general manager in Arabic "*mudeer a'aam mustathmar*" and is issued from the ROP office in Seeb once the Ministry of Manpower has provided clearance.

Doing any kind of business, even visiting a field site, on a tourist visitors' visa is not recommended as this can result in heavy fines.

The U.S. Embassy in Muscat does not arrange visas for visiting businesspersons. A multiple entry visa is strongly recommended; however, not all Omani diplomatic missions inform U.S. citizens of that option. The State Department's Consular Information Sheet for Oman, which includes travel advisory information, can be found at: http://travel.state.gov/travel/cis_pa_tw/cis/cis_991.html

Omani visa inquiries can be directed to:

Mr. Seif Al-Rawahi
Consular Officer
Embassy of Sultanate of Oman
2535 Belmont Road N.W.
Washington D.C. 20008
Tel: +1 202 387 1980 Ext. 112 (9:30 am - 12:30 pm EST)
Fax: +1 202 745 4933
Email: snmohd@msn.com
Web: <http://www.omanet.com>; <http://omanembassy.net/>

U.S. companies that require travel of foreign businesspersons to the United States should refer to the following links for U.S. visa application procedures:

State Department Visa Website: <http://travel.state.gov/visa/index.html>

Consular Section, U.S. Embassy in Muscat: <http://oman.usembassy.gov/>

Telecommunications

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Omantel and NARWAS operate a relatively modern and efficient telephone system. (See Chapter 4 for more detail.) Virtually all businesses use fax machines, and official e-mail correspondence is becoming more common. Mobile (GSM) phones are widely used; roaming arrangements cover the GCC, the U.S., the UK, and European countries. The networks for GSMs are operated by the telecommunications providers in Oman, NAWRAS and Omantel, although other competitors, Friendi, Renna, Mazoon Mobile, Samatel and Injaz Mobile have recently entered the market. Omantel and Nawras also provide broadband Internet services.

Transportation

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Western visitors rarely patronize the local, non-air conditioned bus or collective taxi system in Muscat and this is not recommended for unaccompanied women. Outside of the capital area, public transport is rarely found off main highways. Taxis are ubiquitous throughout urban areas. Customers are advised to negotiate the fare before entering the taxi and ask a trusted local regarding pricing for the distance travelled. There are currently no metered taxis, though in 2012 plans to introduce metering in airport taxis were announced and surveys have continued since then. There are many international rental car companies active in Oman, counters can be found upon arrival at the international airport.

Language

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The official language of Oman is Arabic. English is widely spoken as the language of business and higher education; Swahili, Farsi, Urdu, Baluchi, Hindi, and various languages of south Asia are common.

Health

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Sanitary standards for food and water are generally quite good, particularly at major hotels. The Omani government inspects restaurants to maintain hygienic standards. The use of bottled water is recommended in the summer months. Health care in Oman is adequate and there are a number of Western or Western-educated health care providers in the Muscat area. A list can be found at: http://oman.usembassy.gov/medical_resources.html

Local Time, Business Hours, and Holidays

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Local Time:

Oman is four hours ahead of Greenwich Meantime and eight hours ahead of Eastern Daylight Time (EDT); as Oman does not observe daylight savings time, during winter months it is nine hours ahead of Eastern Standard Time (EST).

Business Hours:

Weekdays are Sunday through Thursday. Many companies open at 7:30, close for the afternoon at 13:00 and reopen at 16:00, closing for the day at 18:00. Larger businesses operate from 8:00 to 16:30. Government offices are open from 7:30 to 14:30. During the month of Ramadan government offices and most businesses have shortened hours.

Public Holidays for 2014:

- Birth of the Prophet* January 13
- Prophet's Ascension Day* May 26
- Renaissance Day July 23
- Eid al Fitr* July 28-29
- Eid al Adha* October 5-7
- Islamic New Year* October 25
- Oman National Day November 18

* For religious holidays the actual date will be announced upon sighting of the moon.

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U.S Embassy, Muscat
<http://oman.usembassy.gov/>

Travel Advisory Website
[http://www.travel.state.gov/.](http://www.travel.state.gov/)

Comprehensive Visitor Guide
<http://seemuscat.com/>

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Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Oman American Business Council (OABC)
Ali Daud, Chairman
c/o Galina Prokhina, Coordinator
TEL: (968) 24 797-623; FAX: (968) 24 798-291
E-mail: mabcmuscatoman@gmail.com
Website: <http://www.mabcoman.org/>

Embassy of the Sultanate of Oman
Her Excellency Hunaina al-Mughairy, Ambassador
c/o Shireen Said, Trade Attaché
2535 Belmont Road, NW
Washington DC 20008
E-mail: shireensaid@live.com ; shireensaid@yahoo.com
Website: <http://www.omanet.com>; <http://omanembassy.net/>

Public Authority for Investment Promotion and Export Development (PAIPED)
His Excellency Salim bin Nasser Al-Ismaili, Chairman
c/o Director General of Investment Promotion Faris al-Farsi
P.O. Box 25 - Wadi al-Kabir
Postal Code: 117
Sultanate of Oman
TEL: (968) 24 623-333; FAX: (968) 24 623-332
E-mail: info@ociped.com; faris@ociped.com
Website: <http://www.ociped.com>

Public Authority for Consumer Protection
Director General of Consumer Services
Omar Faisal al-Jahadhmi
Tel: +968-24119229 (office) +968-80079009 / 80077997 (hotline)
Mobile: +968-9934-3455
Fax: +968-2481-2030 / 2411-9444
E-mail: oman1961@yahoo.com; info@pacp.gov.om

Oman Chamber of Commerce and Industry
H.E. Said bin Saleh Al-Kiyumi, Chairman
c/o Director General Abdul Adheem Abbas al-Bahrani
P.O. Box 1400, Ruwi
Postal Code 112
Sultanate of Oman
TEL: (968) 24 707-674/84/94; FAX: (968) 24 708-497
E-mail: info@chamberoman.org ; Adheem@chamberoman.org
Website: <http://www.chamberoman.com>

Ministry of Commerce and Industry (MOCI)
His Excellency Eng. Ali bin Masoud al-Sunaidy, Minister
c/o Minister's Advisor for Commercial Relations Seif al-Rizeiqi
P.O. Box 550 Muscat
Postal Code 113
Sultanate of Oman

TEL: (968) 24 774-240, FAX: (968) 24 794-239/771-7239
E-Mail: seif_alrizeiqi@yahoo.com
Website: <http://www.MoCloman.gov.om>

Directorate General for Specifications and Measurements (MOCI)
Saud bin Nasser al-Khusaibi, Director General
P.O. Box 550
Muscat, P.C. 113
Sultanate of Oman
TEL: (+968) Tel: 24774800 – 24774818, FAX: (968) 24 815-992
E-mail: Saoudnasser2@yahoo.com
Website: <http://www.MoCloman.gov.om>
Handles all standards, including food standards.

Directorate General of Commerce (MOCI)
Khamis al-Farsi
P.O. Box 550
Muscat, P.C. 113
Sultanate of Oman
TEL: (968) 2482-8100/115, FAX: (968) 24 815-992
E-mail: khaalfarsi@gmail.com
Website: <http://www.MoCloman.gov.om>
Handles commercial registration and One Stop Shop for investors.

Directorate General for International Organizations & Commercial Relations (MOCI)
Khalid Al Shuaibi, Director General
P.O. Box 550
Muscat, P.C. 113
Sultanate of Oman
TEL: (968) 2477 4159 / 24828152 / 24816241, FAX: (968) 24 815-992
E-mail: shuabi777@hotmail.com
Website: <http://www.MoCloman.gov.om>
Handles implementation of the FTA.

Ministry of Agriculture and Fisheries
His Excellency, Dr. Fuad bin Mohammed Ja'afar bin Mohammed al Sajwani, Minister
c/o Habib al-Hasni, Director of International Cooperation
P.O. Box 467
Muscat, P.C. 113
Tel: +968 24 694182
Fax: +968 24 695909
E-mail: agricop@omantel.net.om
Website: <http://www.mofw.gov.om>

Authority for Electricity Regulation
John Cuneen, Executive Director
P.O. Box 954 - Muscat
Postal Code 133
Al Khuwair, Sultanate of Oman
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Market Research

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To view market research reports produced by the U.S. Commercial Service, please go to the following website: <http://www.buyusainfo.net> and click on Country and Industry Market Reports.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

Please click on the link below for information on all major U.S. food and agricultural exhibitions:

<http://www.fas.usda.gov/agexport/tradeshows/DomesticShows.html>

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers to U.S. businesses, please click on <http://www.export.gov/oman> and <http://oman.usembassy.gov/our-services.html>.

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.