



# Doing Business In Oman: A 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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Oman's economy is based primarily on petroleum and natural gas, which are expected to account for 78% of the government's revenue in calendar year 2008. Oman's proven recoverable oil reserves are estimated at 4.8 billion barrels, though the Ministry of Oil and Gas estimates that there are potentially 38 billion barrels of recoverable oil. Oman's oil production for 2007 averaged 710,000 barrels per day (bpd), a 3.7% drop from the 737,700 bpd in 2006. The government has estimated, for budgetary purposes, production at 790,000 bpd over the course of 2008.

Oman's Oil and Gas Ministry projections show that the current dip in production, which has fallen from close to one million bpd in 2000, will reverse this year. The government has committed to making significant investments in enhanced oil recovery techniques on behalf of majority state-owned Petroleum Development Oman (PDO) during the course of the current five-year economic plan (2006-2011). In 2008, the government will invest \$1.74 billion in petroleum production. PDO, in partnership with Royal Dutch Shell, controls 90 percent of reserves and the lion's share of total production. Over the course of 2007, PDO invested approximately \$2 billion in its operations. Further PDO exploration will result in production increases in smaller fields, rather than larger ones. The company is using more nimble foreign operators to obtain better production from its mature fields, such as the Harweel cluster, which is geographically difficult to produce from, and the Daleel cluster, which produces only about 15,000 bpd.

Complementing PDO's production is U.S.-owned Occidental Petroleum, which is investing over \$3 billion in the Mukhaizna field. The government expects the investment will result in an increase in the field's production from 10,000 bpd to 150,000 bpd over the next several years. Occidental is Oman's second largest producer, with a current production rate of approximately 50,000 bpd. The combined efforts by PDO and Occidental could potentially boost production numbers to approximately 900,000 bpd by 2011.

Oman has developed its natural gas industry to the point where liquefied natural gas (LNG) will account for an estimated 11% of government revenues in 2008. Oman LNG began operations in April 2000 with two 3.3 metric ton per annum (MTPA) LNG production trains. The addition of a train has brought Oman's total production capacity to

10.3 MTPA, representing approximately 8% of LNG shipped worldwide annually. Off-take of much of the production has been contracted to Japanese, Korean, and Spanish buyers on a long-term basis. A September 2004 agreement guaranteed a long-term natural gas supply from the government to Qalhat LNG, which operates the third production line, and outlined the terms of an investment partnership between Oman LNG, Qalhat LNG, and the Spanish firm Union Fenosa. As a result of investment in this sector, gas production rose 2.6% over the first 10 months of 2007 compared to the same period in 2006. Six LNG transport vessels currently operate under Omani flag, with three other vessels expected to join the fleet by 2008.

With a significant amount of its gas committed to long-term LNG export contracts, strong concerns have been raised about the availability of sufficient natural gas reserves to power Oman's industrialization plans. Oman's gas reserves were revised downward from 30.3 trillion cubic feet (tcf) at the end of 2004, to 24.2 tcf in 2005, according to the Ministry of Oil and Gas. Official estimates claim that potential gas reserves stand at 33.8 tcf, reflecting efforts to encourage international companies to actively explore for gas. The government, which has allocated over \$1 billion in the 2008 budget to invest in gas production capabilities, awarded a tender to BP in December 2006 for the exploration of a deep gas field recently discovered by PDO that potentially holds 10 tcf of recoverable gas. BP is investing \$650 million to develop the Khazan and Makaram gas fields over the next five years. With the new fields being developed by British Gas along the Saudi border, the government is optimistic that indigenous reserves will increase by a sufficient amount to narrow the gap between projected supply and forecasted demand. Oman, which has been exporting gas to the United Arab Emirates (UAE), now will import gas in 2008 to support its own growing industrialization initiatives. The government is also investigating the use of imported coal as an additional energy source.

With limited energy reserves, Oman is focused on diversifying its economy away from oil and gas production. The long-term 'Oman Vision 2020' development plan highlighted the need for the Omani economy to diversify through a process of Omanization, industrialization and privatization. The largest single industrial investment target is the port city of Sohar, near the UAE border. It has witnessed approximately \$14 billion in government investment alone in the financing of several industrial projects, including a refinery, polypropylene plant, steel rolling mill, a fertilizer plant, and an aluminum smelter.

The permitted level of foreign ownership in privatization projects is 70 percent, with up to 100 percent in certain cases. The government has proceeded with several major privatization programs, including power generation projects in Salalah, Sohar, Barka, Rusayl, and the Sharqiyah region, and a water production plant in Sur. Other power and water generation projects are scheduled for construction in Salalah, Barka, and Duqm. The government is in the process of expanding its privatization efforts to its wastewater and solid waste management operations.

Oman is developing its light manufacturing sector through industrial estates managed by the Public Establishment for Industrial Estates (PEIE). More than 333 projects operate in the industrial estates, with a total investment of over \$6 billion. The most developed is Rusayl Industrial Estate, located on the outskirts of the capital. Other estates include Sohar, Raysut, Nizwa, Sur, and al-Burami, as well as Knowledge Oasis Muscat, Oman's high technology park. The government is looking to further promote small and medium-sized enterprise development through its SME Directorate General in the Ministry of Commerce and Industry and its association with the Sanad and Intilaaqah ("take-off") programs. These initiatives provide counseling and training assistance for microbusiness formation.

In addition to industrialization efforts, Oman is aggressively marketing itself as an upscale, environmentally conscious tourist destination. Through aggressive marketing campaigns and improved infrastructure, Oman hopes to triple the industry's one percent contribution to GDP and eventually create over 114,000 tourism-related jobs. International investors are taking advantage of significant improvements in local infrastructure to develop ambitious new tourist projects. Investors hope to lure 3 million visitors annually with multi-faceted resort complexes located in Muscat, Sawadi, Yiti, Sifah, and Salalah.

The Ministry of Tourism, through OMRAN, the government's tourism investment company, is moving forward on plans to construct 16 hotels and a convention center within the next several years, which will alleviate chronic hotel room shortages in Muscat. OMRAN primarily serves as the government's investor in tourism projects, either as the sole investor or in partnership with the private sector. With OMRAN's participation, multi-hotel complexes are planned for Muscat's new convention center, as well as in Salalah, Yiti, Sifah, and Duqm. The Wave, which represents the first opportunity for non-Gulf Cooperation Council (GCC) residents to purchase freehold property, is under construction, with units to be ready for occupancy by the end of 2008. Blue City recently initiated construction in Sawadi, approximately 60 miles northwest of Muscat, and a feasibility study has been initiated for an approximately \$1 billion healthcare city adjacent to Blue City.

Complementing Oman's development as a tourist destination is the government's commitment to fund the expansion plans of Oman Air through the acquisition of long-range aircraft. To support the expected increases in air traffic, the government will build a second runway and much-needed new terminal at Muscat International Airport by 2011, a new terminal and taxiway at Salalah Airport by 2010, and new airports at Sohar, Ras al-Hadd, and Duqm.

Oman is focusing on its port infrastructure as well. Two of Oman's principal ports, Sohar and Salalah, are aggressively moving forward on expansion of their respective operations. The Port of Sohar, a 50-50 joint venture between the Sultanate and the Port of Rotterdam, anchors the \$14 billion industrial development planned for the region. The industrial project is projected to employ 8,000 people, with a further 30,000 indirect jobs created. Oman is confident that the Port's advantageous location outside

the Strait of Hormuz, approximately 160 kilometers by road east of Dubai, and within 300km of three large gas reserves will lend to its success. In addition to its berths for industrial liquids, Sohar is positioning itself as Oman's largest container port with over 7 square kilometers of land and a projected 10 dedicated shipping berths.

The Port of Salalah is a key container transshipment hub for Maersk and its parent company, A.P. Moller (APM). Operated by Salalah Port Services (SPS), which is 30% owned by APM Terminals and 20% owned by the government (with the remaining 50% owned by pension funds, Omani corporations, and private investors), the port handled approximately 2.5 million 20-foot equivalent units (TEUs) in 2007. The port is adding two berths to the existing four in operation. Once completed, the \$234 million expansion, the cost of which is shared roughly evenly between SPS and the Omani government, will increase capacity by 1.8 million TEUs, bringing total capacity to 4.38 million TEUs. The government is promoting the free zone adjacent to the port with a package of incentives and is in partnership discussions with the Jebel Ali Free Zone Authority in Dubai. Gas availability, however, may hinder the pace of the zone's expansion.

The Omani government is developing a port at Duqm, a lightly populated area along the Arabian Sea. Master plans call for the construction of a drydock facility, oil refinery, petrochemicals complex and fish processing center to eventually compete with Dubai's Jebel Ali port complex. The Duqm development plan also calls for the construction of an airport to facilitate passenger and cargo shipments and a three-hotel tourism resort complex.

In moving forward on these initiatives, the government encourages job-related training for Omanis as a means to spur employment, and the Ministry of Manpower increasingly uses its authority to enforce Omanization efforts. According to the government's Human Development Report, Oman's population is growing at an estimated 3.3% annual rate, with 45.2 percent of the national population younger than 20 years old and 56 percent younger than 24 years. (Note: This growth rate is considerably higher than the 1.9% annual rate reported in the 2003 national census. End Note.) More than 50,000 Omanis graduate from secondary school each year; most are unable to find immediate work or enroll in higher education.

The number of expatriates working in Oman's private sector at the end of October 2007 was around 615,000, representing roughly one-quarter of the population. The Ministry of National Economy reported a 20.4% increase in the number of expatriates working in the private sector over the same period in 2006. The construction, automotive, and tourism sectors contributed the most to this rise. By contrast, the Ministry of Manpower reported that only around 123,300 Omanis are formally working in the private sector. Despite government efforts to replace expatriate workers with Omanis, Oman still depends heavily on South Asian and other foreign labor to fill jobs that require physical labor, clerical work, or certain technical skills.

Public companies are traded on the Muscat Securities Market (MSM). A dramatic downturn in the MSM, which lost nearly 70 percent of its value between 1998 and 2001, hurt many small and first-time investors deeply and undermined confidence in the economy. Observers attributed the sell-off to overzealous speculation, combined with abnormally high equity valuations, uninformed investors, and a lack of transparency. The market has since rebounded to close at an all-time high of 9658 in January 2008, close to double its January 2007 value. During this time, the MSM witnessed several high-profile offerings. AES Barka Power Company, a subsidiary of the AES Corporation of Virginia, mobilized capital equal to seventeen times the amount of shares offered through its IPO. Similarly, strong investor interest propelled the IPOs of Omantel, Dhofar Power Company, Taageer Finance Company, Bank Sohar, Galfar Engineering, Oman Oil, and Takamul.

The strong performance of the MSM is partly reflective of the government's efforts to revive the market and regain investors' confidence. The government announced a \$260 million bailout in November 2000, offering to aid "small investors" and creating a national investment fund made up of contributions from government pension funds and the State General Reserve Fund, as well as offering incentives for investment companies to merge in the interest of enhancing efficiency and service offerings. In 2007, the government's regulatory agency, the Capital Market Authority (CMA), moved to encourage additional foreign investment in the market with the complete lifting of the 49% cap on foreign holdings in mutual funds. The CMA took steps to improve transparency in the market, including the enforcement of the International Accounting Standard (IAS) 39 and the establishment of new corporate governance standards. The CMA also held seminars emphasizing the importance of accurate media reporting for market confidence and growth.

## **Market Challenges**

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A number of constraints affect trade and investment in Oman. The problems posed by the country's relatively small population and small domestic markets are amplified by the absence of a modern, high-value consumer market beyond the capital area. This situation results in "leakage" to Dubai and other foreign retail centers. Other problems include bureaucratic obstacles to enterprise development and a risk-averse trading mentality. In addition, other countries in the region typically offer higher industrial subsidies than Oman, making their goods more competitive. The GCC Customs Union, implemented in January 2003, could make Oman an attractive base for certain industries, especially in light of its outside-the-Gulf ports.

Visas are easier to obtain than before, but some types may require advance planning for non-GCC residents. In July 2003, the Omani government introduced two new classes of visa available at all sea, air, and land points of entry for citizens of the United States, Western Europe, and other selected nations. The one-month visit visa costs 6 Omani Rials (approximately \$15.60), and the one-year multiple-entry visa costs 10 RO (approximately \$26). The visit visa is renewable, but the multiple-entry visa is not. Furthermore, in using the multiple entry visa, one must be outside of Oman for three

weeks before being allowed to re-enter on that visa. The Omani government charges \$26 per day for overstays of visas. Visas can also be obtained in advance through application to an Omani embassy, consulate, or trade representative abroad. There are also new expedited procedures for citizens of other GCC nations, as well as a new agreement allowing Omani visa-holders to visit Dubai via air.

As part of the GCC Customs Union, Oman is working toward unifying its standards and conformity assessment systems with those of the GCC. However, each Member State currently continues to apply either its own standard or a GCC standard, causing confusion among some U.S. businesses. More information about this issue can be found under the “Standards” section of Chapter 5.

Local agricultural production is limited to dates, seafood, vegetables, poultry, dairy and citrus fruit. For most processed food products, the import duty is a flat 5 percent ad valorem. For live animals, fresh fruits and vegetables, seafood, grains, flours, tea, sugar, spices and seeds for planting, the import duty is zero. Imports of alcoholic beverages and pork products are restricted in Oman for cultural reasons, and duties are high. The import duty on cigarettes and tobacco products, as well as pork products, is 100 percent. Arabic or bilingual English/Arabic language labels or stickers are required for all food products. Production and expiry dates are required on all “original” food labels. Products with more than 6 months’ shelf-life may carry a sell-by date only.

## **Market Opportunities**

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Oman actively seeks private foreign investors, especially in the industrial, information technology, tourism, and higher education fields. The government hopes to attract over \$12 billion in new foreign investment over the next 25 years. Investors transferring technology and management expertise, and providing employment and training for Omanis, are particularly welcome.

Omani law relating to foreign investment is contained in the Foreign Business Investment Law of 1974, as amended. A Commerce Ministry spin-off, the Omani Center for Investment Promotion and Export Development (OCIPED) opened in 1997 to attract foreign investors and smooth the path for business formation and private sector project development. OCIPED also provides prospective foreign investors with information on government regulations, which are not always transparent and sometimes contradictory. Nevertheless, despite OCIPED's efforts to assist new business development, and the Ministry of Commerce and Industry's effort to establish a 'one-stop shop' for government clearances, the approval process for establishing a business can be tedious, particularly with respect to land acquisition and labor requirements.

Notwithstanding the existence of bureaucratic barriers, a number of important factors favor Omani trade and investment development, including:

- Oman’s ratification of a Free Trade Agreement (FTA) with the United States in October 2006;

- Oman's accession to the World Trade Organization (WTO) on November 9, 2000, which facilitated Oman's integration into the global marketplace. WTO-consistent protection of intellectual property, market access, and customs valuation are making Oman a more dependable trading partner and a more attractive destination for majority foreign-owned investment;
- Oman's long-term development strategy, which promises greater efficiency and global competitiveness;
- Oman's emphasis on privatization, which offers attractive opportunities for U.S. firms in the electric power, water desalination, telecommunications, and wastewater sectors;
- Oman's per capita income of roughly \$19,100 (purchasing power parity) estimated for 2007. There is no personal income tax in the Sultanate;
- The promising potential of Port of Salalah and Port of Sohar as international air-sea transport hubs, and prospects for the Salalah and Sohar free trade zones as magnets for value-added export industries;
- New industrial ports and gas-based industries under construction in Sohar, which will help exploit Sohar's geographic location outside the Strait of Hormuz. Over \$14 billion of investment is transforming Sohar into a major industrial hub.

Of special note is that U.S. fast-food and casual dining restaurants are popular in Oman, particularly with the younger generation. Many of the ingredients are imported from the U.S. via Dubai. Good prospects for U.S. food exports, in decreasing order, include: fresh and processed fruits and vegetables; snack foods; frozen chicken parts; dairy products, particularly cheeses; breakfast cereals; fruit and vegetable juices; canned meats; and other miscellaneous food preparations, particularly hot sauces, salad dressings, catsup, edible oils, mayonnaise, vinegar, iodized salt and coffee whiteners.

## **Market Entry Strategy**

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- A company should visit Oman in order to appreciate its distinctive culture.
- Personal relationships are key to finding and retaining a partner.
- Agents are commonly used, but not always required.
- Agreements generally require significant lead time and follow-up before finalization.
- Importers must be registered with the Ministry of Commerce and be members of the Oman Chamber of Commerce and Industry.
- Importers/distributors are most commonly used in the retail food business.
- Food processors and the hotel/restaurant industry may import directly or purchase goods locally from distributors.

For assistance in locating an agent, the U.S. Embassy's Commercial Section offers an International Partner Search service. The Section can be reached at: TEL (968) 2464-3693, FAX (968) 2464-3730. Email: [muscatcommercial@state.gov](mailto:muscatcommercial@state.gov)

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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 the link below to the U.S. Department of State Background Notes.

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

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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 they are no longer legally required to enter into exclusive agency agreements. In special cases, as when the government has directly approached a foreign firm, the agency requirement may be waived altogether. Further, in August 2000, a ministerial decision was issued eliminating the restriction that only majority Omani-owned companies could obtain import licenses. Agents are useful, though not legally required, for sales to the Omani government. 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, personal contact is the key to success in trade relationships.

If a foreign manufacturer or supplier does enter into an exclusive agency agreement, it is not permitted to sell or distribute the specified product, good, or service itself or through another agent or broker, except for the exemption on bringing goods in through ports or airports. An importer bringing in goods covered by an agency agreement must pay its agent a five percent commission if the goods are brought into Oman overland. This requirement is waived, however, if the goods are brought in via ports or airports.

Separate agency agreements for the Northern Region (Muscat Area) and the Southern Region (Salalah) are permitted but not practiced. The manufacturer or supplier

may not unilaterally terminate the agency agreement except where there is an unjustifiable breach of agreement by the agent. Agents are encouraged to register agreements at the Oman Chamber of Commerce and Industry (OCCI). However, they have to register with the Registrar of Agents and Commercial Agencies of the Ministry of Commerce and Industry (MOCI). The practical effects of this regulation on a foreign supplier are substantial: the MOCI may prohibit the importation of goods and merchandise of suppliers who do not have an independent commercial agent registered in Oman.

Regional food shows provide good opportunities to meet importers and distributors. Although the Sultanate is making great strides in developing its own food production industry, food imports continue to soar 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) and ANUGA (major set of food trade shows in Germany), as well as U.S. food shows such as the FMI (Food Marketing Institute). Exhibiting in such shows has proven to be a sound strategy for many U.S. companies.

In terms of locating an agent, the Embassy's Commercial Section can provide details and background on major Omani companies. In addition to consulting the Embassy, personal visits to potential agents are recommended. Due to the complexity of Omani regulations, it is useful 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 advised 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. The Consular Section can be reached at: TEL (968) 2464-3622, FAX (968) 2464-3535. Commercial office space is constrained in Muscat and Sohar, but readily available elsewhere in Oman.

## **Establishing an Office**

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The first step in establishing a local office in Oman is to register at the Ministry of Commerce and Industry (<http://www.mocioman.gov.om/>). Depending on the size of the business, the company may be required to register at the Oman Chamber of Commerce and Industry (<http://www.chamberoman.com/>). In terms of registering a franchise, in addition to the steps above, the owner is required to register at the local municipality (for example, Muscat Municipality, on-line at <http://www.mctmnet.gov.om/>).

## **Franchising**

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A number of U.S. franchises are well-established in Oman, particularly in the fast-food restaurant sector, as they are popular with the younger generation. Most major brands are established in Oman (McDonalds, KFC, Pizza Hut, Domino's, Hardees, Subway, Papa John's, Chili's, and Starbucks), 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. U.S. car rental franchises (Hertz, Budget, Avis, Thrifty, and Pay-Less) are also popular. Omani entrepreneurs continue to express interest in U.S. franchise opportunities.

The legal requirement for franchising in Oman consists of a formal contract between the principal and the local agent. Agency agreements must be approved by the OCCI and registered with the Registrar of Agents and Commercial Agencies of the MOCI and the local municipality.

## **Direct Marketing**

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Advertising is most commonly done through newspapers, although billboards, handouts, flyers, radio, and TV are also used. There are three daily English language newspapers in which companies can advertise - the Oman Daily Observer, Oman Tribune and the Times of Oman - each of which publishes business supplements and is read predominantly by expatriates. The three major Arabic dailies, Oman, Al-Watan and Al-Shabiba, reach a broader Omani audience and are also published seven days a week. Other Arabic weeklies include Al Isbou'a, Al Youm A'Saba, Seven, and Futoon. Two independent business monthly magazines, Business Today and Oman Economic Review, began publication in 1998, and there are three free English language weeklies: The Week, Hi, and Y. Advertising is also possible on Omani television and radio and on limited highway signs. A royal decree in 2004 provided a framework for the future development of private media outlets in the Sultanate, and in October 2005, the government announced that it had awarded its first television and radio broadcasting licenses to Omani private sector entities. Three private radio stations, two in Arabic and the other in English, have since begun operations. It is possible to advertise on the Internet and via text messaging on cellular networks (Oman Mobile and Nawras are the two mobile phone service providers). Many grocers and restaurants also distribute flyers in residential neighborhoods.

Direct marketing is possible to the food-processing sector, particularly in vegetable oils (including corn, soybean and sunflower-seed oils), beverage bases, and a variety of food ingredients for the snack food and bakery industries. The growing hotel and restaurant industry provides additional opportunities for direct marketing.

## **Joint Ventures/Licensing**

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The Omani government welcomes foreign capital and provides incentives to investors. It looks to the private sector to invest in tourism, higher education, agriculture, services, and light industry, with special emphasis placed on the emerging downstream opportunities in Sohar. It also seeks foreign investment for the technical expertise it brings and the training it provides to Omanis. In accordance with Oman's accession to the WTO, certain changes were made to the foreign investment regime, including the relaxation of restrictions on majority foreign-owned investments and the elimination of tax discrimination against majority foreign-owned companies in Oman.

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 percent 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. The recently signed Free Trade Agreement includes an investment chapter. Oman is also a designated beneficiary for the Generalized System of Preferences (GSP) program, which assists Oman in exporting selected products to the U.S. with preferential tariff treatment.

Several Omani firms have entered into licensing agreements with American technology providers, including Johnson Industries, FMC, Gorman Rupp, and Midrex Technologies. Certain classes of goods require a special license (e.g., alcohol, pork, firearms, pharmaceuticals, and explosives), while certain key consumer goods and other items are exempted from customs duty. Examples of the latter include currency, seeds, fertilizers, live plants, agricultural implements and insecticides, books, refined petroleum products, and basic food commodities, such as rice and meat.

All media imports are subject to 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.

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All major civilian projects and acquisitions for the government are channeled through an independent Tender Board comprised of senior government officials and staffed by professional technocrats. Petroleum Development Oman (PDO) runs its own tender board, as do the Royal Oman Police, the Diwan of Royal Court, Oman Telecommunications Company, and the Ministry of Defense. While the central Tender Board earns generally high marks for transparency and fairness, the other specialized tender boards do not enjoy similar reputations for openness in every case. Although not a party to the WTO Agreement on Government Procurement, Oman is negotiating its accession to the Agreement. A chapter on Government Procurement is included in the ratified Free Trade Agreement text, though it does not include defense purchases.

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 250,000 RO (\$650,000). 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.

In order to submit a bid, firms should have an Omani sponsor or partner and must be registered with the Ministry of Commerce and Industry and with the Tender Board. However, the Tender Board will accept a bid from a firm without an Omani sponsor if the company is new to the Omani market and does not have time to secure a sponsor prior to submitting the bid. In special cases, as when the government directly approaches a foreign firm, the agency requirement may be waived altogether. A sponsor is advisable given the need for local follow-up and knowledge of the market. A temporary deposit in the form of a bank guarantee for two percent of the value of the tender is required.

Contracts are generally, but not necessarily, awarded to the lowest bidder. The Tender Board takes into account factors other than price, such as past performance, experience, financial responsibility, compliance with registration procedures, proposed local content, and percentage of Omanization (i.e., employment of Omani nationals) of the firm. Broadly speaking, price appears to be the primary factor in decision-making, and Omani-registered firms are granted a ten percent price preference. If Omani products are unavailable or do not conform to technical specifications, products of GCC origin are preferred to foreign products, with a five percent preference margin. 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.

Although there are frequent delays in evaluation of bids and awarding of tenders for major projects, Tender Board proceedings are generally regarded as fair, with measures in place to eliminate malfeasance or bias toward a particular bidder. The Tender Board has improved its efforts to publicize bids to international companies, particularly through the development of a website ([www.tenderboard.gov.om](http://www.tenderboard.gov.om)), where it announces its tender openings and decisions. In addition, tender announcements are published in the widely-circulated Middle East Economic Digest, in the Official Gazette, and in local newspapers. The Oman Chamber of Commerce and Industry website ([www.chamberoman.com](http://www.chamberoman.com)) lists tender opportunities and offers a tender updates service free of charge. Tender opportunities are published in English and in Arabic. Procedures for appeal are specified in the Tender Law and regulations. The Tender Board is currently working to update its website to move to an all-electronic tendering system, which will enable it to manage its tender information more efficiently and provide for greater interaction with tender stakeholders.

The members of the Tender Board include the following: the Minister of Transport and Communications (chairman); the Minister of Regional Municipalities, Environment, and Water Resources (Deputy Chairman); the Ministers of Civil Service, Manpower, and Social Development; and the Under Secretaries of Finance, Transport and Communications, and Commerce and Industry. In addition, the Tender Board professional staff includes a Secretary General, a Director General, and various contract experts and technocrats responsible for administering the tender process.

Most goods enter Oman through Port Sultan Qaboos in Muscat. A well-developed road infrastructure links almost all points in the country. In addition, goods enter Oman overland after arriving at ports in the UAE. Numerous logistics, transport, and retail companies serve the domestic market.

The Port of Salalah, located some 1,000 kilometers southwest from 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 on a limited basis. Maersk is the principal customer of the port. The Port of Salalah is the only port between Europe and Singapore that can accommodate S-class container vessels – the world’s largest. The development of a free trade zone adjacent to the port has the potential to make Salalah a major air-sea cargo hub and a center for industrial development. The government has offered a number of incentives, including 100% foreign ownership of firms; 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, to attract business.

The government is also promoting a free zone at Sohar to facilitate several major industrial projects planned there, and is constructing a commercial port at Duqm to provide dry dock, crude shipment, and fish processing services. In addition, the government has improved port facilities at Khasab in the Musandam governorate. At the other end of the Sultanate, the government has established a free-trade zone along an interior border crossing point with Yemen (al-Mazyounah), but the project is small scale with little prospect for attracting overseas investors.

Private supermarkets account for 80 percent of retail food sales, and this sector is expanding. Wholesale markets account for an estimated 10 percent of food products marketed in Oman, while institutional users account for the remaining 10 percent of sales. The distribution channel is as follows: the importer/agent first sells to private supermarkets, institutional users, and wholesalers and convenience stores. The wholesale market then sells directly to consumers, to contractors, and to small supermarkets and restaurants. Generic and brand supermarket promotions are very common in Oman and are commonly employed by both exporting countries and companies. Newspaper advertisements and inserts are most commonly used for food and other edible products. TV advertising on Oman’s only television station is expensive and not highly effective. Food product margins typically run 20-25 percent for distributors, 5 percent for wholesalers, when applicable, and 10-15 percent for retailers. Oman does not apply a value-added tax (VAT).

The first phase of the GCC Customs Union was put into effect on January 1, 2003. However, the new union still has teething problems, which GCC officials hope to

overcome in the final two phases of implementation. Common GCC labeling standards of imported goods is one of the key issues. Presently, labels must be printed in Arabic and English, although some items are sold in the market without proper 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 acceptable. Many U.S. firms consider Omani shelf-life limits more restrictive than scientifically necessary. Major slaughterhouses in the U.S. are able to offer Halal supervision.

## **Electronic Commerce**

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The government is actively promoting a “digital society” and “e-government” services through the Information Technology Authority. It is expected that some of the most frequently requested government services, such as business registration and visa applications, will be conducted on-line. The government is also in the process of reviewing a draft e-commerce law to govern such commercial transactions.

Oman Tradanet specializes in Business-to-Business services: Oman Tradanet LLC (<http://www.otn.com.om>). Other sites specializing in e-commerce applications are Petroleum Development Oman (<http://www.pdo.co.om/>), Oman LNG (<http://www.omanlng.com/>), and Knowledge Oasis Muscat (<http://www.kom.om/>).

## **Trade Promotion and Advertising**

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Oman International Trade and Exhibition (<http://www.oite.com/>) and Omanexpo (<http://www.omanexpo.com/>) are Oman’s leading companies in organizing local and international trade shows and exhibitions. In terms of advertising trade shows, most promotion occurs in the local newspapers.

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 the raw material and labor, distribution, promotion and advertising, taxes and customs. Taxes usually are assessed on the company’s profits, which do not include a value added tax (VAT). Companies also are assessed municipality and tourism taxes, and labor-related taxes upon issuance of a work visa. Many companies pass such burdens on to their customers in the form of increased prices. Most restaurants in Oman charge municipality and tourism taxes in their invoices.

After-sales service and customer support for foreign products are performed by local sales and service agents.

## Introduction

Several general principles are important for effective management of intellectual property rights (IPR) in Oman. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Oman than in the U.S. Third, rights must be registered and enforced *in Oman*, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government (USG) generally 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 U.S. Government 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 always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Oman require constant attention. Work with legal counsel familiar with Oman's laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

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 or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- 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

## IPR Resources

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](http://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](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits, visit: [www.StopFakes.gov](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 a detailed discussion of intellectual property protection in Oman, please refer to the "Intellectual Property" section in Chapter 6.

## Due Diligence

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The Commercial Section at the U.S. Embassy offers business counseling, export promotion services, and a wealth of information on opportunities and companies in the Omani market. For Omani firms, we offer a wide range of resource information on U.S. export products, new technologies and trade-related programs and events. We offer the

following services: International Partner Search, International Company Profile, Customized Market Analysis, and Gold Key Service. For additional information about our services, please visit our website: <http://www.buyusa.gov/oman/en/19.html>.

## **Local Professional Services**

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For more information on local professional services, please refer to the following website:

<http://www.buyusa.gov/oman/en/marketing.html>

## **Web Resources**

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Commercial Section (U.S Embassy, Muscat)

<http://www.buyusa.gov/oman>

Oman Chamber of Commerce and Industry

<http://www.chamberoman.com>

The Omani Center for Investment Promotion and Export Development

<http://www.ociped.com>

Ministry of National Economy

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

Ministry of Commerce and Industry

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

Ministry of Information

<http://www.omanet.om>

Oman International Trade and Exhibition

<http://www.oite.com>

OMANEXPO LLC

<http://www.omanexpo.com>

USTR

<http://www.ustr.gov>

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

### Commercial Sectors

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- [Transportation](#)
- [Water and Environmental Technology](#)
- [Medical Equipment](#)
- [Electrical and Mechanical Equipment](#)
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## Oil and Gas

### Overview

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The Omani government and private sector have embarked on multibillion-dollar plans for investment in upstream and downstream oil and gas projects over the next few years. The project list includes: pipelines, enhanced oil recovery systems, steam processing units, gas processing units, refineries, and petrochemical plants. Since the oil and gas industry represents approximately 50 percent of the country's GDP, more than 80 percent of the country's exports and 78 percent of the government's revenues, these projects will continue to represent strong export potential for American firms in the foreseeable future.

### Best Products/Services

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Drills and drilling services, oil-extracting equipment, sand removal devices for crude oil, burners in mobile tanks, pipeline heating for heavy crude, water treatment systems, steam injection and other enhanced oil recovery technologies.

### Opportunities

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The Oil and Gas Ministry projects that the current dip in production, which has fallen from close to one million bpd in 2000 to 710,000 bpd in 2007, should end in 2008. The government is making significant investments in enhanced oil recovery techniques on behalf of majority state-owned Petroleum Development Oman (PDO) during the course of the current five-year economic plan (2006-2011). In 2008, the government will invest \$1.74 billion in petroleum production. Further PDO exploration will result in production increases in smaller fields, rather than larger ones. The company will focus on using more nimble foreign operators to obtain better production from its mature fields, such as the Harweel cluster, which is geographically difficult to produce from, and the Daleel cluster, which produces only about 15,000 bpd.

Complementing PDO's production is U.S.-owned Occidental Petroleum, which will invest over \$3 billion in its recently acquired Mukhainza field. The government expects the investment will result in an increase in the field's production from 10,000 bpd to 150,000 bpd within a five-year time span. Occidental is Oman's second largest producer, with a current production rate of 50,000 bpd. The combined efforts by PDO and Occidental could potentially boost production numbers to approximately 850,000-900,000 bpd by 2011.

The government, which allocated over \$1 billion in the 2007 budget to invest in gas production capabilities, awarded a tender to BP in December 2006 for the exploration

of a deep gas field recently discovered by PDO that potentially holds 10 trillion cubic feet (tcf) of recoverable gas. BP is investing \$650 million to develop the Khazan and Makaram gas fields over the next six years. With the new fields being developed by British Gas along the Saudi border, the government is optimistic that indigenous reserves will increase by a sufficient amount to meet forecasted demand.

The local demand for gas is expected to double once all gas-based projects come on-line in 2010. Hence, the demand for pipelines and associated pressure-limiting and valve stations of the Gas Transportation System (GTS) is expected to continue for several more years. PDO has completed construction of its third gas-processing plant at Saih Nihayda, with a production capacity of 20 million cubic meters per day. PDO, which is constructing a fourth plant at al Kawthar, currently supplies Oman LNG, Qalhat LNG and several power stations with natural gas.

Several multi-billion dollar projects are in the works in Oman, 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. As a result, Oman needs advanced technology for secondary and tertiary recovery, as well 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.

## Resources

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Ministry of Oil and Gas

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

Ministry of Commerce and Industry

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

Petroleum Development of Oman

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

Oman LNG

<http://www.omanlng.com>

Occidental of Oman

<http://www.oxy.com>

## Transportation

### 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 is the government's plans to construct an additional runway and new terminal complex at Muscat International Airport by 2011 and an expanded terminal at Salalah Airport by 2010. The government also plans to construct three new regional airports. The construction of an industrial and transshipment port in Sohar is proceeding, and the Port of Salalah is expanding. Road construction is another major focus of regional development, with multi-million dollar projects, such as the capital's Southern Expressway, underway in various parts of Oman.

### Best Prospects/Services

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Construction equipment, buses, aircraft, X-ray security screening equipment, ships, air traffic control equipment, port equipment (cranes, rubber tire gantries), port control and logistics software.

### Opportunities

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The Omani government reassumed management of the Sultanate's airports in November 2004 from a private consortium that had operated the airports since 2002. An ambitious new development plan for the airports in Muscat and Salalah should be completed by 2011 and 2010, respectively. Plans are already underway to build a new runway and terminal that has the capacity of handling twelve million passengers per year at Muscat International Airport, and a new terminal at Salalah capable of handling two million passengers per year. The government is also proceeding with plans to construct new regional airports at Sohar, Ras al-Hadd, and Duqm.

The government is focused on expanding its port system. In association with the Port of Rotterdam, the government has established an industrial and container port in the city of Sohar, which is quickly becoming a major regional industrial hub. The government is moving forward with plans to construct a commercial port at Duqm, which will provide dry docking and crude shipment services. The Port of Salalah is also expanding to six berths, which, once completed, will expand its capacity to 4.38 million 20-foot equivalent units (TEUs), up from the port's current capacity of 1.8 million TEUs.

Transport equipment (vehicles, aircraft, and vessels) are another leading import. Oman's national airline, Oman Air, will complement its all-Boeing fleet with additional

Boeing 737 acquisitions in 2008 and Airbus A330 aircraft in 2009. The company increased its capital base from \$34.5 million to \$130 million in 2007 to raise funds for these acquisitions.

## **Resources**

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Ministry of Transport and Communications

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

Port of Salalah

<http://www.salalahport.com>

Sohar Industrial Port Company

<http://www.portofsohar.com>

Directorate General of Civil Aviation and Meteorology (DGCAM)

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

Port Services Corporation

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

## **Water and Environmental Technology**

### **Overview**

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Development and rapid population growth have impacted Oman's water resources significantly, and there is substantial demand for water conservation technology. The salinity of groundwater is a growing problem in coastal agricultural areas, with water tables falling throughout the country.

### **Best Prospects/Services**

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Water recycling and wastewater equipment, tsunami early warning systems, desalination equipment, weather monitors, advanced irrigation equipment, water quality monitoring systems.

### **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 sewage and wastewater treatment may also find opportunities, particularly

with construction of a \$1 billion wastewater treatment system for the Muscat area, which is currently underway.

## **Resources**

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Ministry of Transport and Communications

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

Ministry of Housing, Electricity and Water

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

Ministry of Environment and Climate Affairs

Oman Wastewater Services Company S.A.O.G

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

## Medical Equipment

### Overview

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Oman's health care system, already overburdened, will need to expand to meet Oman's projected annual population growth rate of 2%. The government's determination to provide all its citizens with basic health care means that health-related expenditures will continue to grow. There is also a market for modern private services, as the government shifted expatriate care to private hospitals and clinics in 2002. Such private services have also attracted wealthier Omani citizens. The Ministry of Health has expressed interest in U.S. health care management information technologies as part of its efforts to standardize operations and establish interconnectivity among Oman's 150 hospitals and regional clinics.

### Best Prospects/Services

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Pharmaceuticals, medical equipment and supplies, X-ray and MRI apparatus, ultrasound devices, surgical equipment, management information systems, distance medicine.

### Opportunities

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The Omani market offers solid prospects for U.S. health care products. Having constructed several regional hospitals during the last five-year plan, Oman is now focused on upgrading facilities and diagnostic capabilities. Health authorities are seeking to ration services provided at principal hospitals while extending the rural clinic network. For 2008, government expenditures for Oman's health sector will rise 15% from 2007 totals to \$592 million.

Furthermore, an announcement was made in March 2008 that the Ministry of Tourism has allotted 1 million square meters to Kuwaiti-financed Majan Development Company for the construction of an approximately \$1 billion healthcare city close to the proposed Blue City development. The project, which is now subject to a feasibility study, will include medical colleges, hospitals, hotels, and shopping malls.

### Resources

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Ministry of Health  
<http://www.moh.gov.om/>

Al Shatti Hospital

<http://www.alshattihospital.com.om/>

Oman Medical College

<http://www.omc.edu.om/myweb/en.htm>

Muscat Private Hospital

<http://www.muscatprivatehospital.com/text/map.htm>

## **Electrical and Mechanical Equipment**

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Electrical machinery and mechanical equipment continues to be a leading sector for U.S. exports to Oman. Given the large number of industrial and infrastructure projects underway, the demand for such equipment and modern instrumentation is projected to increase in the coming years.

### **Best Products/Services**

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Appliances, elevators, cranes and bulldozers, building and construction equipment, shipment handling and transportation, electrical switchgear, dredging equipment.

### **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-based projects such as an independent power facility, a new oil refinery, several fertilizer and methanol plants, a polypropylene plant, an aluminum smelter, an iron and steel factory, and a petrochemical complex, this sector is expected to continue its robust growth.

### **Resources**

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Ministry of Housing, Electricity and Water

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

Omani Tender Board

<http://www.tenderboard.gov.om/Eng/default.asp>

Oman Oil Company

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

## 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—the 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 BOO power projects, including the \$260 million 240 MW power project in Salalah, won by a consortium led by the New Jersey-based energy company PSEG. The tender for a 400 MW power and 3800 cubic meter desalination plant at Barka was awarded in November 2000 to Virginia-based AES Corporation, and officially opened for business in June 2003. The contract for a 200 MW power plant in the Sharqiya region was awarded in September 2000 to a consortium led by U.K.- based National Power Company. Suez Tractebel has won contracts to construct power plants at Sohar and Barka, and the government is now looking to the private sector for the construction of additional plants in Salalah, Duqm, and Barka.

### 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. A consortium led by Suez Tractebel constructed a 500MW power and desalination project for the new industrial area in Sohar, and captured a tender for the construction of an additional power and water desalination plant in Barka. This tender also included the acquisition of a government-owned power plant in Rusayl.

The government forecasts significant demand increases for power and water over the next six years. To meet these forecasts, the government recently has tendered for a 400MW power and 15 million gallons per day water desalination plant in Salalah, and is searching for an advisor for the construction of a 700MW power and 140,000 cubic meter water desalination plant in Barka.

### Resources

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Ministry of Housing, Electricity and Water

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

Dhofar Power Company

<http://www.pseg.com/companies/global/plants/salalah.jsp>

AES Barka (AES Corporation)

<http://www.aes.com/aes/index?page=home>

## Franchises

### Overview

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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, Hardees, Subway, Papa John's, Chili's and Starbucks). U.S. car rental franchises (Hertz, Budget, Avis, Thrifty and Pay-Less) are also popular, and Radio Shack opened the first of several planned outlets in 2006. Omani entrepreneurs continue to express interest in U.S. franchise opportunities.

### Best Products/Services

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Toys and games, food and restaurants, car products and 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.

### Resources

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Ministry of Commerce and Industry

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

Muscat Municipality

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

Oman Chamber of Commerce and Industry

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

## Telecommunications

### Overview

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Overall telecommunications infrastructure and service in Oman remains less developed than in its Gulf neighbors. Fixed line and Internet penetration rates are low, yet the young and growing population is generating increased demand for modern telecommunications and broadcasting systems.

Oman's telecommunications sector is slowly opening up to competition. In 2004, the Sultanate announced that Nawras Telecom (a consortium of Qatar's Q-Tel, Denmark's TDC, and local investors) had won the second GSM license to provide cellular service in Oman. Nawras' subsequent introduction of service marked the first crack in the state telecoms monopoly.

In July 2005, the government, which was required per WTO commitments to liberalize its telecom sector, floated 30 percent of its shares in state telecoms giant Omantel (formerly known as the General Telecommunications Organization, or GTO). The company is now looking for a strategic investor in advance of government efforts to open the fixed-line communications sector through the issuance of additional licenses.

All telecommunications companies are governed by the Telecommunications Regulatory Authority, which was established by the government in 2003 to oversee all aspects of privatization and regulation. The TRA currently is formulating licensing regulations to comply with the U.S.-Oman Free Trade Agreement. It is expected that growth in this sector will be robust following the issuance of these regulations, which will lead to greater opportunities and increased demand as a result of lower tariff rates.

### Best Products/Services

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Fixed telephone and cellular (GSM) equipment, network solutions and software, fiber optic cabling, and wireless networking.

### Opportunities

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Oman plans to make telephone service available in all but the smallest villages, although the capital expenditure is prohibitively expensive in a large, topographically challenging country like Oman. American companies have had limited success in these areas. Omantel has contracted with Ericsson, Siemens and Motorola to expand GSM service to outlying areas.

Furthermore, the government intends to continue privatization efforts by licensing at least one additional national fixed line operator for local, national, and international service. It also will encourage the entry of additional internet service providers and audio text services, and may open the mobile sector further.

## Resources

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Ministry of Transport and Communications

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

Omantel

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

Nawras Telecom

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

Telecommunications Regulatory Authority

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

## Leading Non-Agricultural Imports

### Vehicles

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	2005	2006	2007 (estimated)
Total Exports	0	0	0
Total Imports	2340	2500	2780
Imports from the U.S.	137	142.8	156

All figures are in millions of USD. Source: Royal Oman Police (note: 2007 figures estimated by Embassy Muscat)

### Metals

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	2005	2006	2007 (estimated)
Total Exports	246	319	350.9
Total Imports	992	1500	1650
Imports from the U.S.	28	29.5	31.6

All figures are in millions of USD. Source: Royal Oman Police (note: 2007 figures estimated by Embassy Muscat)

## Machinery and Electrical Equipment

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	2005	2006	2007 (estimated)
Total Exports	116	257	283
Total Imports	1900	2500	3000
Imports from the U.S.	227	238.2	261

All figures are in millions of USD. Source: Royal Oman Police (note: 2007 figures estimated by Embassy Muscat)

## Chemicals

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	2005	2006	2007 (estimated)
Total Exports	231	358	394
Total Imports	563	532	578
Imports from the U.S.	29.1	28.7	29.5

All figures are in millions of USD. Source: Royal Oman Police (note: 2007 figures estimated by Embassy Muscat)

## Instruments

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	2005	2006	2007 (estimated)
Total Exports	.013	.015	.016
Total Imports	127	135	148
Imports from the U.S.	9.8	10.9	12.3

All figures are in millions of USD. Source: Royal Oman Police (note: 2007 figures estimated by Embassy Muscat)

## Agricultural Sectors

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This section was developed by the U.S. Agricultural Trade Office in Dubai, UAE (ATO Dubai).

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\\_frm.asp](http://www.fas.usda.gov/scriptsw/bico/bico_frm.asp) and (market research) [http://www.fas.usda.gov/scriptsw/attacherep/attache\\_lout.asp](http://www.fas.usda.gov/scriptsw/attacherep/attache_lout.asp).

Exports of US food products to Oman almost doubled in 2007, reaching \$25 million up from \$13 million in 2006. Consumer-ready products such as poultry, beef, snack foods, processed fruits and vegetables & intermediate agricultural products such as sugars, sweeteners & beverage bases represent the best prospects for U.S. food exporters.

Other U.S. products in demand include fresh and processed fruits and vegetables, and fruit and vegetable juices.

For additional information please contact the Foreign Agricultural Service in Dubai at [atodubai@fas.usda.gov](mailto:atodubai@fas.usda.gov).

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## Corn Oil

### Overview

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	2004	2005	2006 (estimated)
Total Market Size	24	26	28
Total Local Production	0	0	0
Total Exports	2	4	4
Total Imports	24	26	28
Imports from the U.S.	4	6	8

(All figures in thousand metric tons; Source: ATO Dubai estimates)

Corn oil is the preferred cooking oil in Oman and other Gulf countries. The Areej Vegetable Oils & Derivatives, a local firm, imports U.S. corn and sunflower seed oils in bulk and repackages them for retail. Consumption of corn (and sunflower seed) oils, and consequently imports from the U.S., is increasing steadily as locally packed oil is competitively priced with other oils. Singapore, Saudi Arabia and the UAE, frequently using repackaged U.S. edible oil, are other principal suppliers of corn oil to the Omani market.

## Poultry Meat

### Overview

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	2004	2005	2006 (estimated)
Total Market Size	93	95	96
Total Local Production	30	31	32
Total Exports	3	3	4
Total Imports	66	67	68
Imports from the U.S.	2	3	4

(All figures in thousand metric tons; Source: ATO Dubai estimates)

U.S. poultry meat, particularly chicken parts and to a lesser degree whole chicken and turkey, is well known for its high quality. This past year witnessed a large influx of branded chicken parts at very competitive prices. Brazil, Saudi Arabia, France and Denmark dominate the market for frozen whole chickens. Brazil and the U.S. dominate the market for chicken parts. Whole chickens represent 90 percent of total chicken meat imports. The preferred size for whole chicken ranges from 900-1,200 grams per bird. Chicken parts are imported in two-pound trays.

## Beef

### Overview

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	2004	2005	2006 (estimated)
Total Market Size	16	17	20
Total Local Production	2	3	4
Total Exports	1	2	2
Total Imports	15	16	18
Imports from the U.S.	0	1	1

(All figures in thousand metric tons; Source: ATO Dubai estimates)

U.S. beef, particularly frozen beef and to a lesser degree chilled beef, is well known for its high quality and is sought after by higher-end hotels and restaurants. Rapid expansion of the American fast food/quick service restaurants in Oman prompted a marked increase in the import of U.S. beef. India and Australia are the principal suppliers of frozen beef in the market. Imports from Europe, specifically from Ireland, France and the Netherlands, were curtailed due to the BSE problem. Imports from the U.S. were banned throughout 2004 after BSE was detected in one American dairy cow, though this ban was later lifted by the Ministry of Agriculture and Fisheries.

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## Chapter 5: Trade Regulations and Standards

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- [Trade Barriers](#)
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### Import Tariffs

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On January 1, 2003, Oman implemented the GCC Unified Customs Law (UCL). The UCL imposes a five percent ad valorem duty on practically all products imported from non-GCC countries, including automobiles. Live animals, fresh fruits and vegetables, seafood, grains, flours, tea, sugar, spices and seeds for planting are exempt from customs duty. Tobacco, pork, and alcohol products are assessed 100 percent customs duty.

### Trade Barriers

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Some classes of goods require a special license (e.g., alcohol, firearms, and pharmaceuticals), while others are exempted from customs duty. Examples of the latter include currency, agricultural implements and material, books, and basic food commodities, such as rice and meat.

All 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.

In addition to agency requirements, the licensing of business activities can be time-consuming and complicated, and can significantly add to the time it takes to get goods to or out of market.

Although local tax treatment was extended to local agents representing foreign firms, higher tax rates are still imposed on local branches of foreign companies, which sometimes hamper the competitiveness of U.S. exports in the Omani market.

Another potential barrier to trade is the 10 percent price preference given to locally produced goods on government purchases, provided they meet quality standards. This preference is extended to foreign industrial producers participating in joint ventures with local concerns.

## **Import Requirements and Documentation**

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With the exception of food products, an authentication procedure is not required if the importing company has an existing agency agreement with a U.S. exporter. In 1996, Oman began the process of simplifying customs clearance documentation to expedite the flow of goods and promote its ports and airports. For example, Arab League boycott-certification is no longer required. However, only Omani nationals and companies of WTO member countries that are registered as importers are permitted to submit documents to clear shipments through customs, and only Omani nationals are permitted to drive vehicles shipping commodities and products from wholesale centers, or own and operate food retail establishments. All imported meats (i.e., beef and poultry products) require a health certificate issued by the country of export and a “Halal” slaughter certificate issued by an approved Islamic center in that country.

## **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 usage nature. There are several regulatory bodies responsible for ensuring that compliance issues are met. The following list includes most of these bodies, a number of which maintain websites with further information.

- [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 Arms Controls and Nonproliferation, Export Control Division
- Department of Energy, Office of Fuels Programs
- [Defense Threat Reduction Agency - Technology Security](#)
- Department of the Interior, Division of Management Authority
- [Drug Enforcement Administration, International Drug Unit](#)
- [Drug Enforcement Administration, International Chemical Control Unit](#)

- [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.

## **Labeling and Marking Requirements**

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**Labeling:** Common GCC labeling standards of imported goods is a key issue facing U.S. exporters. Food labels must include product and brand names, production and expiry 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. Arabic stickers are accepted.

**Shelf-life Standards:** Oman enforces GCC Shelf Standards GS 150/1993, Parts 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.

## **Prohibited and Restricted Imports**

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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 suspect. In practice, the effect of this censorship on non-pornographic materials is usually mild. Imports of pork products and alcoholic beverages are restricted.

## Customs Contact Information

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For more information, contact the Omani Directorate General of Customs, Royal Oman Police at:

Telephone: + (968) 24 521-109/24 521-108

Fax: + (968) 24 510-488

Or visit the Royal Oman Police website: [www.rop.gov.om](http://www.rop.gov.om)

## 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. However, each Member State currently continues to apply either its own standard or a GCC standard, causing confusion among some U.S. businesses.

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 SPS and technical barriers to trade 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.

The GCC Standards Committee has recently approved two new standards that will replace existing standards for the labeling and expiration periods of food products. While the new standards appear to attempt to incorporate international guidelines and address some longstanding issues, particularly in relation to expiration periods, some requirements that have previously complicated the export process remain. All six Member States are expected to adopt these two standards as national standards in order to implement them.

The GCC shelf-life standard establishes mandatory expiration periods for 22 perishable products or product categories such as chilled meats, chilled offal, fresh dairy products, baby foods, fruit juices, and table eggs. This standard also establishes

voluntary expiration periods for a range of frozen and processed products. Manufacturers have the option of using the actual expiry period *in lieu* of the voluntary expiration periods established in the standard. The standard also exempts a number of products from expiration periods including salt, white sugar, dried legumes, dried vegetables, spices and certain condiments, tea, rice, vinegar, and fresh fruits and vegetables including potatoes that have not been peeled or cut.

The new standards eliminate the long standing requirement that at least one-half of a product's shelf-life be valid when a product reaches the port of entry. However, they still require both a production date and an expiration date on non-perishable food items, forcing U.S. producers to re-label products exported to the GCC, and leading to increased costs. The new standards are inconsistent with international standards and do not have a scientific basis. Specifically, the standards do not reflect Codex guidelines, thus raising concerns under the WTO SPS Agreement and the U.S. free trade agreements with Bahrain and Oman. The United States has outlined its specific concerns with these standards and is working to establish a dialogue between U.S. and GCC technical experts to discuss the standards and potential amendments to address the concerns raised.

## **Standards Organizations**

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The 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  
P.O.Box. 550 Muscat  
Sultanate of Oman  
Phone: (+ 968) 24 813-418  
Fax : (+ 968) 24 815-992  
E-mail : [dgsm123@omantel.net.om](mailto:dgsm123@omantel.net.om)

## **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 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.

## **Product Certification**

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A product certificate is required to assure the product's conformity to international or Omani/GCC standards.

## **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 GCC, along with related information.

## **Labeling and Marking**

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See the section on Labeling and Marking Requirements above.

## **Trade Agreements**

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After consultations with Congress, the United States began Free Trade Agreement (FTA) negotiations with Oman in March 2005. On January 19, 2006, U.S. Trade Representative Rob Portman and Omani Minister of Commerce and Industry Maqbool bin Ali Sultan signed the FTA. Following Congressional approval of the FTA in September 2006, the President signed the FTA into law on September 26, 2006. Sultan Qaboos signed the FTA shortly afterwards. The FTA will be brought into force once the governments of both the United States and Oman certify that respective regulations are in compliance with the provisions of the Agreement. The FTA supplants previous discussions regarding a Bilateral Investment Treaty, as the FTA includes an investment chapter.

## **Web Resources**

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- <http://www.rop.gov.om>
- <http://www.moneoman.gov.om>
- <http://www.mocioman.gov.om>

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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Oman actively seeks private foreign investors, especially in the industrial, information technology, tourism, and higher education fields. The government hopes to attract over \$12 billion in new foreign investment over the next 25 years. Investors transferring technology and management expertise, and providing employment and training for Omanis, are particularly welcome. Omani law relating to foreign investment is contained in the Foreign Business Investment Law of 1974, as amended. A Commerce Ministry spin-off, the Omani Center for Investment Promotion and Export Development (OCIPED), opened in 1997 to attract foreign investors and smooth the path for business formation and private sector project development. OCIPED also provides prospective foreign investors with information on government regulations, which are not always transparent and sometimes contradictory. Nevertheless, despite OCIPED's efforts to assist new business development, and the Ministry of Commerce and Industry's efforts to establish a 'one-stop shop' for government clearances, the approval process for establishing a business can be tedious, particularly with respect to land acquisition and labor requirements.

With Oman's accession to the World Trade Organization in October 2000, automatic approval of majority foreign ownership (up to 70 percent) is available. Registration of these joint ventures is treated in the same manner as that common to all registrants, though foreigners must meet a capital adequacy requirement of 150,000

Omani rials (USD 389,610). The foreign firm must supply documentary evidence of its registration in its home country, its headquarters location, its capital holdings, and its principal activities. If a subsidiary, it must demonstrate its authority to enter the joint venture. Except in the petroleum sector, where concession agreements with the Ministry of Oil and Gas determine the terms of investment, new entities with greater than 70 percent foreign ownership are subject to the approval of the Minister of Commerce and Industry.

In early 1999, the government amended its corporate tax policy and lifted the requirement that foreign-owned joint ventures include a publicly traded joint stock company listed on the MSM in order to enjoy national tax treatment. In 2003, Oman extended national tax treatment to all Omani-registered companies regardless of percentage of foreign ownership, i.e. a maximum rate of 12% tax on net profit. Omani branches of foreign companies are treated as foreign companies and therefore taxed at a maximum of 30%. Since Omani labor and tax laws are complex, investors should consider engaging local counsel.

New majority foreign-owned entrants are barred from most professional service areas, including engineering, architecture, law, or accountancy. In 1996, existing foreign-owned professional service firms were given timeframes within which to obtain Omani partners (e.g., five years for accounting firms). An exception exists for professional service firms with subspecialties of critical importance to Oman. Wholly U.S.-owned service firms present in Oman include KPMG and the law firm Curtiss, Mallett, Colt, Mosle, and Prevost. Under Omani commercial law, wholly foreign-owned branches of foreign banks are allowed to enter the market.

The permitted level of foreign ownership in privatization projects increased to 100 percent in July 2004, based on a Royal Decree providing an updated privatization framework. By privatization, Oman refers not only to the conversion of a state-owned or mixed enterprise into a private sector firm, but also to the establishment of any new firm providing a commercial service that had previously been provided by the state. For example, the government completed a tender in 2006 that included the privatization of an existing power plant in Rusayl in addition to the construction of a new power plant in Barka. One approach to partial conversion was applied to the state-run telephone company, Omantel, in which the government floated 30 percent of its stake in the company, while retaining the remaining 70 percent. The government is currently seeking foreign strategic partners to purchase approximately 20% of Omantel.

Industrial establishments must be licensed by the Ministry of Commerce and Industry. 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. Foreign workers must obtain work permits and residency permits from the Ministry of Manpower and the Royal Oman Police's Immigration Office. Oman's investment incentives focus on industrial development and include the following:

- Five year tax holiday, renewable once for an additional five years;

- Low-interest loans from the Oman Development Bank (now available on a very limited basis, and only for small firms);
- Low-interest loans from the Ministry of Commerce and Industry;
- Subsidized plant facilities and utilities at industrial estates;
- Feasibility studies supplied by the Ministry of Commerce and Industry; and
- Exemption from customs duties on equipment and raw materials during the first ten years of a project, with packaging materials exempted for five years.

## **Conversion and Transfer Policies**

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Oman has no restrictions or reporting requirements on private capital movements into or out of the country, and there have been no reports of difficulty in obtaining foreign exchange. The Omani Rial is pegged to the dollar at a rate of 0.3849 Omani Rials to the U.S. dollar. The rial was devalued slightly in 1986 due to the collapse in oil prices, although the government did not find the devaluation productive. In spite of recent speculation, the government has firmly and publicly stated that it is committed to maintaining the current peg.

Oman maintains a strong and effective regulatory regime with respect to its formal financial institutions, and local banks are subject to Central Bank regulations on lending practices to individuals and corporations outside the Sultanate. The government reinforced its anti-money laundering regulations through the March 2002 ratification of the "Law of Money Laundering" and the July 2004 promulgation of implementing regulations. Under these provisions, the commercial banks work closely with the Central Bank and the Royal Oman Police to identify suspicious transactions. Individuals have to be resident in Oman to open a bank account and transfer funds. For foreign bank transfers, Omani banks require complete documentation of the source of funds before approving the transaction. Omani banks, which maintain a strict "know your customer" policy, will not process transfer requests from unknown or suspicious foreign financial institutions. The government is also in the process of further strengthening its regulatory regime by incorporating several Financial Action Task Force recommendations into law.

## **Expropriation and Compensation**

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Oman's belief in a free market economy and desire for increased foreign investment and technology transfer make expropriation or nationalization extremely unlikely. In the event that a property must be nationalized, Article 11 of the Basic Law of the State stipulates that the Government of Oman provide prompt and fair compensation. Furthermore, under the U.S.-Oman Free Trade Agreement, Oman will follow international law standards for expropriation and compensation cases, including access to international arbitration.

Oman is a party to the International Center for the Settlement of Investment Disputes (ICSID). However, the ultimate adjudicator of business disputes within Oman is the Commercial Court, which was reorganized in mid-1997 from the former Authority for Settlement of Commercial Disputes (ASCD). The Commercial Court has jurisdiction over most tax and labor cases, and can issue orders of enforcement of decisions (the ASCD was limited to issuing orders of recognition of decisions). The Commercial Court can also accept cases against governmental bodies, which the ASCD was unable to do. In such cases, however, the Commercial Court can issue, but not enforce, rulings against the government. Many practical details remain to be clarified.

Decisions of the Commercial Court are final if the value of the case does not exceed \$26,000. A Court of Appeals exists for cases in which the sum disputed is greater than \$26,000. A Supreme Court was established in mid-2001, and decisions of the Supreme Court are final. However, a case may be re-opened after a judgment has been issued if new documents are discovered or irregularities (e.g., forgery, perjury) are found. There is no provision for the publication of decisions.

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. While Oman is a member of the GCC Arbitration Center, located in Bahrain, that center has yet to establish a track record.

Since Oman's accession to the WTO in November 2000, it has been subject to TRIMs obligations.

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. Firms involved in agriculture and fishing may also be included. Companies must have at least 35 percent Omani employees, distributed evenly among different administrative levels, to qualify for these incentives.

In addition, companies selling locally produced goods are given priority for government purchases, provided that the local products meet standard quality specifications and their prices do not exceed those of similar imported goods by more than 10 percent. This incentive is available to Omani-owned commercial enterprises, as well as foreign industrial producers in joint ventures with local concerns. 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.

## **Right to Private Ownership and Establishment**

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Under Oman's foreign capital investment law, non-Omanis are not allowed to conduct commercial, industrial, or tourist-related businesses, or participate in any Omani company without a license issued by the Ministry of Commerce and Industry.

According to Oman's commercial companies law, all actions by private entities to establish, acquire, and dispose of interests in business enterprises must be announced in the commercial register, and may be subject to the approval of the Ministry of Commerce and Industry. Subject to the licensing and taxation previously noted, foreign and domestic entities can engage in all legal forms of remunerative activity. Government entities do not compete with the private sector, and public policy favors the privatization of public utilities.

## **Protection of Property Rights**

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Real property rights are recognized and enforced in Oman, and records are well-kept. There is no contemporary history of arbitrary seizures of land. Subject to government approval, GCC nationals may own property anywhere in Oman. The government actively seeks to promote tourism, and a key component of the drive to attract investment is the ability to sell villas and estates in mixed tourist/residential developments slated for construction. For this reason, the government finalized regulations in 2007 allowing foreign nationals to own real estate within government-recognized tourism complexes in Oman, such as the Wave, Yiti, Sifah, and Blue City. This law permits freehold ownership of residential property, including full rights of inheritance according to the laws of the owner's country of origin, as well as residency status for landowners and their immediate family members. The law does not apply to commercial real estate, which cannot be owned by non-GCC nationals.

Oman will provide strong intellectual property rights protection under the U.S.-Oman Free Trade Agreement. The government is finalizing revisions to its industrial property and copyright laws to comply with these obligations prior to the Agreement's entry into force. Under its FTA obligations, Oman will provide increased IPR protection for copyrights, trademarks, geographical indications, and patents. Oman will also improve enforcement and protection of undisclosed test data from unfair commercial use.

These revisions will build upon Oman's 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 in 2000. Further, in October 2000 Oman issued new, WTO-consistent IPR legislation to protect patents and other intellectual property rights.

Under Oman's TRIPs-compliant trademark law, 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. Since January 1999, the government has enforced copyright protection for audio and videocassettes, and destroyed stocks of pirated cassettes seized from vendors. The government did not extend protection to foreign-copyrighted software until late 1998, when it declared that retailers must halt the importation and sale of non-licensed software by July 1, 1999.

In October 2005, 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. To improve inter-ministerial coordination, a committee consisting of members from the Ministry of Commerce and Industry, Ministry of Information, Ministry of Heritage and Culture and Royal Oman Police meets regularly to review intellectual property concerns. Enforcement of the copyright protection decree by this committee has been effective, as once plentiful pirated video, audiotapes and computer software have largely disappeared from local vendors' shelves. For example, over the years, the government conducted a series of coordinated sweeps that netted over 40,000 counterfeited media products.

Nonetheless, under-the-counter sales of unauthorized software and DVDs persist in various locations, and authorities continue to grapple with effective enforcement measures against such sales. To assist government efforts, the private sector has been active in promoting awareness and enforcement of intellectual property rights. For example, in late October 2003, 16 Omani companies signed the Business Software Alliance (BSA) Code of Ethics; the number of Omani signatories has now grown to 40. The Code of Ethics declares that the signatories would neither commit nor tolerate the manufacture, use or distribution of unlicensed software and would only supply licensed software to customers. The government signed a three-year contract with Microsoft Corporation for the use of the company's licensed products in 2006, and in 2007, Microsoft reached agreement with several local companies to halt their distribution of unauthorized software. According to local satellite TV representatives, the Ministry of Commerce and Industry has staged sporadic raids on unlicensed distributors of pirated satellite signals in response to industry complaints, though the problem persists.

Oman joined the World Intellectual Property Organization (WIPO) in February 1997, and registered as a signatory to the Paris and Berne conventions on intellectual property protection in July 1999. In 2005, Oman acceded to the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. In 2007, Oman acceded to a number of intellectual property treaties, conventions, and protocols in accordance with the implementation of the U.S.-Oman Free Trade Agreement.

The Ministry of Commerce and 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 hosted a number of IPR enforcement seminars for government officials in 2006 and 2008.

## **Transparency of Regulatory System**

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The government recognizes that its regulatory environment may hamper investment and commercial activity. In addition to ownership and agency requirements already mentioned, licensing of business activities can be time-consuming and complicated. The absence of a particular clearance can stall the entire process. For example, processing shipments in and out of the Mina Qaboos Port in Muscat can add significantly to the amount of time it takes to get goods to market or inputs to a project.

Oman's tax laws also impede foreign investment. Although Oman amended its tax laws to allow national tax treatment for joint ventures regardless of percentage of foreign participation, branches of foreign companies are taxed at 30 percent of income. Oman's labor laws, which require minimum quotas of Omani employees depending on the type of work, form another potential impediment to foreign investment. The government's Omanization effort has been the subject of criticism in the Omani private sector, which often complains that it can harm productivity and restrict hiring and firing policies.

Government red tape and long delays in official decision-making are other frequent complaints in the local private sector. Because decisions often require the approval of multiple ministries, the government decision-making process can be tedious and non-transparent.

In 2003, the Telecommunications Regulatory Authority (TRA) began functioning as a legal and regulatory body in Oman. The TRA oversees the process of liberalization and privatization of the telecommunications sector. Chaired by the Secretary General of the Ministry of National Economy, the TRA's committee members include officials from the Royal Oman Police. The TRA is currently working with a consultant on plans to open its fixed-line sector to competition, with a view toward issuing new licensing requirements in 2008. Proposed regulations have been made available for

public comment on the TRA's website. In addition, the new privatization framework law passed in July 2004 provides for a new regulator for public utilities that have been privatized in the power and water sectors.

The government has issued a series of regulations aimed at increasing transparency and disclosure in its financial markets. The Capital Market Authority (CMA) has ordered 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. The new rules will help increase transparency in financial transactions in local banks and the Muscat Securities Market (MSM), and will help clarify the activities of publicly traded companies. Finally, the CMA has moved to shorten the time period companies have to file their financial statements after the close of the fiscal year from three months to two, shorten the time period in which companies have to hold their annual meeting after the close of the fiscal year from four months to three, and require that an internal audit be completed for joint stock companies with capital of over five million RO (USD 13 million).

## **Efficient Capital Markets and Portfolio Investment**

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There are no restrictions in Oman on the flow of capital and the repatriation of profits, and foreigners may invest in the MSM, as long as this is done through an authorized broker. Access to Oman's limited commercial credit resources is open to Omani firms with some foreign participation. 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.

The Sultanate has two loan programs to promote investment. The Ministry of Commerce & Industry (MOCI) administers a program designed to promote industrial investment. Formerly interest free, the program now charges 4 percent 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. The Oman Development Bank also administers a loan program to support development of small and medium-sized enterprises in Oman.

The commercial banking sector currently consists of 16 licensed banks (six domestic and ten foreign), with Bank Muscat being the largest. Most recently, the Bank of Beirut and the Commercial Bank of Qatar commenced operations in Oman. In addition, there are two government-controlled and one private lending entities. The

sector as a whole has largely rebounded from the 1999 economic downturn, with banks posting healthy profits for 2007. The banking law issued in November 2000 allowed more efficient control over the financial sector by the authorities. Furthermore, early in 2003, the Central Bank of Oman promulgated new rules and regulations to ensure proper and efficient management of the banks. The effect of this circular was enhanced by the implementation of a Code of Corporate Governance, as well as by amendments to the Capital Market Law and the Commercial Companies Law, which stipulate that boards of directors of all jointly listed companies must appoint an internal audit committee, an internal auditor, and a legal advisor.

In November 2005, the government set limits on remuneration of boards of directors by amending the Commercial Companies Law through Royal Decree 99/2005. Under the decree and accompanying regulations, remuneration for a board of directors may not exceed five percent of a company's net profits, up to a maximum of 200,000 R.O. (\$516,000), unless the company's Articles of Association provides for a higher rate. The regulations also require that company reports be published within two months of the end of the financial year, and that an ordinary meeting of the general assembly be held within three months of the end of the financial year.

## **Political Violence**

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Politically motivated violence is virtually unknown in Oman. Since October 2000, there have been some demonstrations, with the most recent occurring in May 2005, but these were generally orderly and peaceful.

## **Corruption**

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Article 53 of the Basic Law of the State, issued in November 1996, compelled ministers to resign their offices in public shareholding enterprises. As of 1999, Under Secretaries (deputy ministers) are also required to resign from the boards of public companies. Most major contracts are awarded through a slow, rigorous, but generally clean tender process. Oman advertises tenders in the local press, international periodicals, and on the Tender Board's website. Also, bidders are now requested to be present at the opening of bids, and interested parties may view the process on the Tender Board's website. Contracts awarded through a ministry's internal tender process are subject to fewer controls.

Although Oman is not a signatory to the OECD convention on combating bribery, 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. Oman has not yet signed the UN Convention Against Corruption. In 2007, Transparency International ranked Oman 53rd

best out of 177 countries in its "Corruption Perception Index," a noticeable decline from its 28th place ranking in 2005.

## **Bilateral Investment Agreements**

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After consultations with Congress, the United States began Free Trade Agreement (FTA) negotiations with Oman in March 2005. On January 19, 2006, U.S. Trade Representative Rob Portman and Omani Minister of Commerce and Industry Maqbool bin Ali Sultan signed the FTA. Following Congressional approval of the FTA in September 2006, the President signed the FTA into law on September 26, 2006. Sultan Qaboos signed the FTA shortly afterwards. The FTA will be brought into force once the governments of both the United States and Oman certify that respective regulations are in compliance with the provisions of the Agreement. The FTA supplants previous discussions regarding a Bilateral Investment Treaty, as the FTA includes an investment chapter.

## **OPIC and Other Investment Insurance Programs**

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Oman is eligible for Export-Import Bank of the United States (EXIM) financing and insurance coverage. In late 2003, the Overseas Private Investment Corporation (OPIC) proposed an update to its existing 1976 bilateral agreement with Oman to reflect current investment realities. An agreement has yet to be reached on the proposed updates.

## **Labor**

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Oman's 2003 Labor Law governs employee/employer relations in the private sector, and enumerates the protections afforded both Omani and migrant workers. The law sets the minimum working age at 15, provides clear guidelines on wages and working hours for Omani citizens, and specifies the penalties for noncompliance with its provisions. In conjunction with the U.S.-Oman Free Trade Agreement, Oman 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.

The minimum wage for Omanis working in the private sector, including salary and benefits, is 140 R.O. (about \$363) per month. Work rules must be approved by the Ministry of Manpower and posted conspicuously in the work place. The workweek is five days in the public sector and generally five and one-half days in the private sector. The labor law and subsequent regulations also detail requirements for occupational safety and access to medical treatment. There is no minimum wage for non-Omanis,

however. In addition, non-Omanis in retail, personal service outlets, construction, and the petroleum fields typically work up to seven days a week, depending on their contracts. Oman relies heavily on expatriate labor, primarily from India, Bangladesh, Pakistan and Sri Lanka, to perform menial and physically taxing work. Expatriates also fill many managerial positions.

However, 'Omanization,' the localization of labor, is a high priority for the government. The government has published Omanization rates per sector for the period running from 2006 through 2010 for each individual sector of the economy. Omanization targets are legally enforceable. The Ministry of Manpower will not issue a labor clearance for those 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. The sectoral committees revise hiring targets and the plan can be readjusted to meet market realities. Under the U.S.-Oman Free Trade Agreement, the Omani government may set Omanization targets of 80%, excluding managers, board members, and specialty personnel.

In 1994, Oman became a member of the International Labor Organization (ILO). Oman has since 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.

## **Foreign-Trade Zones/Free Ports**

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The government is keen to establish free zones to complement the Sultanate's port development. Salalah's free zone is taking shape, as the Salalah Free Zone Company (SFZC) is working with the government to finish the first phase of the project, which includes the establishment of roads and utility lines, as well as the leveling of industrial plots. An incentive package includes a 30-year tax holiday, duty-free treatment of imports and exports, permission for 100% foreign ownership, and tax-free repatriation of profits. Additional benefits include a one-stop shop for business registration and a low 10 percent Omanization requirement. U.S.-based Octal Petrochemicals, India-based TVS Group, and government-supported Salalah Methanol are the anchor tenants. The government is also establishing a free zone adjacent to Sohar Port. In addition, the government opened a free trade zone at an interior border crossing point with Yemen (al-Mazyounah) in 1999.

The most recent figures released by the Ministry of National Economy show that total gross foreign investment reached \$15.58 billion in 2006, a \$5.17 billion increase over the \$10.41 billion figure reported in 2005. Foreign direct investment (FDI) jumped from \$4.21 billion in 2005 to \$5.87 billion in 2006. Leading the pack was investment from the United Kingdom at \$1.7 billion, followed by the United Arab Emirates at \$996 million and the United States at \$774 million. U.S. FDI posted the strongest gain from 2005, rising \$507 million. Of the total FDI, 41.4% was concentrated in the oil and gas sector, followed by industry at 18.5% and financial services at 16.1%.

As per Capital Market Authority statistics from October 2007, foreign participation equaled 24% in terms of shares held in the Muscat Securities Market. Foreign capital constituted 25% of the shares held in finance, 23% in manufacturing, and 22% in insurance and services.

The largest foreign investor in Oman is Royal Dutch Shell Oil, which holds 34 percent of Petroleum Development Oman, the state oil company, and 30 percent of Oman Liquid Natural Gas. Other companies, such as Occidental Petroleum, BP, Novus Petroleum, Hunt, British Gas, and Nimr have also invested in Oman's petroleum and gas sectors. Two U.S. firms, Gorman Rupp (water pumps) and FMC (wellhead equipment), have entered into industrial joint ventures with Omani firms. Both joint ventures involve modest manufacturing operations. Since 1999, Oman has witnessed increased foreign direct investment through the privatization process. Major foreign investors that have entered the Omani market recently include AES (U.S.), Suez-Tractabel (France), Alcan (Canada), LG (Korea), Veolia (France), SinoHydro (China), and National Power (U.K.). Bechtel is constructing an aluminum smelter on behalf of Sohar Aluminum.

**Web Resources**

Ministry of Commerce and Industry

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

Ministry of National Economy

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

Omani Center for Investment Promotion and Export Development (OCIPED)

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

Ministry of Information

<http://www.omanet.om/english/home.asp>

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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](#)
- [Project Financing](#)
- [Web Resources](#)

### 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 16 licensed local and foreign commercial banks and three specialized banks. Some local banks have significant foreign shareholders, with expatriates in senior positions. The banks are subject to close supervision by the Central Bank of Oman (CBO), which regulates and licenses private banks, monitors interest rates, and issues development bonds and notes. The CBO raised its minimum capital requirements in recent years, forcing several bank mergers. Foreign banks find CBO requirements to maintain a 12 percent level of capital adequacy and restrict consumer lending to 40 percent of the bank's overall loan portfolio to be onerous.

### Foreign-Exchange Controls

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The Omani Rial is fully convertible and is pegged to the U.S dollar (roughly 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), [Oman International Bank](#) (Citibank), [National Bank of Oman](#) (Wachovia), [Oman Arab Bank](#) (Arab Bank PLC), [Bank Dhofar](#) (Union Bank of California, Wachovia 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.

In terms of project financing, 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 percent 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. The Oman Development Bank also administers a loan program to support development of smaller industries in the agriculture, fisheries, petroleum, mining, and services sectors.

The International Bank for Reconstruction and Development (IBRD), a member of the World Bank group, offers long-term loans to developing nations at market interest rates. The International Development Agency (IDA), the soft loan arm of the World Bank, lends to the poorest developing countries. Both the IBRD and IDA work to promote broad-based economic growth and frequently focus on structural adjustment, sectoral reform, and individual project lending; they operate under the same set of procurement guidelines. The World Bank does not typically finance the entire cost of a project.

**CONTACTS:**

U.S. Department of Commerce  
Liaison to the U.S. Executive Director's Office  
International Bank for Reconstruction and Development  
1818 H. St., NW  
Washington, D.C. 20433  
Tel: (202) 458-0118  
Fax: (202) 477-2967

Office of Multilateral Development Banks  
U.S. Foreign Commercial Service  
U.S. Department of Commerce  
Room H 1107  
Washington, D.C. 20230  
Tel: (202) 482-3399  
Fax: (202) 273-0927

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

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

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.omanab.com>

Bank Dhofar

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

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

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

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

U.S. Agency for International Development: <http://www.usaid.gov>

Islamic Development Bank: <http://www.isdb.org/>

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## Chapter 8: Business Travel

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- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
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- [Local Time, Business Hours and Holidays](#)
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### **Business Customs**

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While most leading Omani businesspersons are accustomed to Western business practices, some still operate along more traditional Arab 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. Coffee, tea, or soft drinks will probably be offered (except during the Muslim holy month of Ramadan), and should be accepted. 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.

### **Travel Advisory**

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As of the date of publication, there are no travel advisories in effect for Oman. However, regional advisories remain in effect: see: <http://www.travel.state.gov/>.

### **Visa Requirements**

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Business representatives who plan to visit Oman should be aware that entry into the country is strictly controlled. U.S. visitors can obtain a visa in advance from an

Omani embassy or consulate abroad, or apply for a visa upon arrival at the airport. Oman grants U.S. citizens one-month visit visas, or one-year multiple-entry visas: \$15.60 for visit visas, \$26 for multiple-entry visas. 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](http://travel.state.gov/travel/cis_pa_tw/cis/cis_991.html)

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>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

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

## **Telecommunications**

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Oman's dominant fixed-line carrier, Omantel, operates a relatively modern and efficient telephone system. Virtually all businesses have fax machines. Mobile (GSM) phones are widely used; roaming arrangements already cover the GCC, the U.S., the UK, and European countries. In addition, a second mobile phone operator, Nawras Telecom, came on-line in 2005 to compete with Oman Mobile for subscribers. Omantel and Nawras provide Internet services. International telephone access cards cannot be used in Oman, nor can collect calls be made or received. International rates are very high—upwards of \$1.30 per minute to Europe and the Western Hemisphere during peak hours. VOIP service providers are blocked from the Omani market, though internet-based programs may work on occasion.

## **Transportation**

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Public transportation in Oman is not widely used. Taxis are often not air-conditioned. Western visitors are unlikely to patronize the local, non-air conditioned bus or collective taxi system in Muscat. Outside of the capital area, public transport is rarely found off main highways.

## **Language**

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The official language of Oman is Arabic. English is widely spoken as the language of business; 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 the major hotels. The Omani government inspects restaurants to maintain hygienic standards. The use of bottled water is recommended, particularly 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. Virtually all physicians are English-speakers, with Indian nationals predominating.

## Local Time, Business Hours, and Holidays

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Local holidays for 2008 include: January 10 (Islamic New Year), March 22 (Birth of the Prophet), July 23 (Renaissance Day), July 30 (Ascension Day), October 1-3 (Eid al Fitr), November 18-19 (Oman National Day), December 8-10 (Eid Al Adha\*). These dates are approximate. Muslim religious holidays are determined by locally observed phases of the moon. (\*Note: The actual date and duration of the National Day holiday is announced shortly before the holiday is to take place, and is usually about a week after the actual National Day; the holiday can last for two or three working days.)

## Temporary Entry of Materials and Personal Belongings

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The Sultanate prohibits pornography and firearms from entering Oman. Local law limits each arriving traveler to two bottles of alcohol. Items subject to confiscation at the airport include compact discs, and video and audiocassettes. In addition, the Ministry of Information regulates the entry of magazines and newspaper editions if it takes exception to a story on Oman.

## Web Resources

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U.S Embassy, Muscat

<http://oman.usembassy.gov/>

Travel Advisory Website

<http://www.travel.state.gov/>.

Superintendent of Documents, U.S. Government Printing Office, Washington, D.C.

<http://www.access.gpo.gov>

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## Chapter 9: Contacts, Market Research, and Trade Events

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- [Trade Events](#)

### Contacts

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Muscat American Business Council (MABC)

Ali Daud, President

Emmee Haun, Executive Director

TEL: (968) 24 797-623 FAX: (968) 24 798-291

E-mail: [mabcoman@omantel.net.om](mailto:mabcoman@omantel.net.om)

Embassy of the Sultanate of Oman

Her Excellency Hunaina al-Mughairy, Ambassador

2535 Belmont Road, NW

Washington DC 20008

Website for the Government of Oman: [www.omanet.com](http://www.omanet.com)

Omani Center for Investment Promotion and Export Development (OCIPED)

Salim bin Nasser Al-Ismaili, Executive President

P.O. Box 25 - Wadi al-Kabir

Postal Code: 117

Sultanate of Oman

TEL: (968) 24 812-344; FAX: (968) 24 810-890

E-mail: [info@ociped.com](mailto:info@ociped.com)

Website: [www.ociped.com](http://www.ociped.com)

Oman Chamber of Commerce and Industry

His Excellency Khalil bin Abdullah bin Mohammed al-Khonji, Chairman

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@omanchamber.org](mailto:info@omanchamber.org)

Website: [www.chamberoman.com](http://www.chamberoman.com)

Ministry of Commerce and Industry (MOCI)

P.O. Box 550 Muscat

Postal Code 113

Sultanate of Oman

TEL: (968) 24 774-240, FAX: (968) 24 794-239/771-7239

Website: [www.mocioman.gov.om](http://www.mocioman.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) 24 774-800, FAX: (968) 24 815-992

Website: [www.mocioman.gov.om](http://www.mocioman.gov.om)

Handles all standards, including food standards

Ministry of Agriculture

P.O. Box 467

Muscat, P.C. 113

Tel: +968 24 696-539

Fax: +968 24 694-465

E-mail: [mafvet@omantel.net.om](mailto:mafvet@omantel.net.om)

Contact: Dr. Rashid Al Suleimany, Director, Dept. of Animal Health

Inspection of meat, poultry, eggs, live plants and animals

Ministry of Housing and Water

P.O. Box 173 - Muscat

Postal Code 113

Sultanate of Oman

TEL: (968) 24 693-333, FAX: (968) 24 695-723

Ministry of Finance

P.O. Box 506 - Muscat

Postal Code 113

Sultanate of Oman

TEL: (968) 24 738-201 thru 210/ 24 739-764 thru -772, FAX: (968) 24 737-068

Ministry of National Economy

P. O. Box 881, P. C. 113

Sultanate of Oman

TEL: (968) 24 604-285, FAX: (968) 24 698-467

e-mail: [mone@omantel.net.om](mailto:mone@omantel.net.om)

Website: [www.moneoman.gov.om](http://www.moneoman.gov.om)

Ministry of Health

P.O. Box 393 - Muscat

Postal Code 113

Sultanate of Oman

TEL: (968) 24 602-177, FAX: (968) 24 602-162/601-430

Ministry of Oil and Gas

P.O. Box 551 - Muscat  
Postal Code 113  
Sultanate of Oman  
TEL: (968) 24 603-333/341/563, FAX: (968) 24 696-972

Ministry of Environment and Climate Affairs  
P.O. Box 461 - Muscat  
Postal Code 113  
Sultanate of Oman  
TEL: (968) 24 692-550/696-444, FAX: (968) 24 693-995/693-858

Ministry of Transport and Communications  
P.O. Box 338 Ruwi  
Postal Code: 112  
Sultanate of Oman  
TEL: (968) 24 697-888/698-931, FAX: (968) 24 696-817/ 24 696-670

Central Bank of Oman  
P.O. Box 1161 - Ruwi  
Postal Code 112  
Sultanate of Oman  
TEL: (968) 24 702-222, FAX: (968) 24 707-913, 24 702-253

Commercial Section  
American Embassy, Muscat  
P.O. Box 202  
Postal Code 115  
Sultanate of Oman  
TEL: (968) 2464-3693  
FAX: (968) 2464-3730  
E-mail: [muscatcommercial@state.gov](mailto:muscatcommercial@state.gov)  
Website: <http://www.buyusa.gov/oman>.

Agricultural Trade Office  
David Williams, Regional Director  
U.S. Agricultural Trade Office  
P.O. Box 9343  
Dubai, UAE  
TEL: (9714) 311-6183  
FAX: (9714) 311-6189  
E-mail: [atodubai@emirates.net.ae](mailto:atodubai@emirates.net.ae)  
Website: <http://www.usembabu.gov.ae/atodubai.htm>  
(Covers: Oman, Bahrain, Kuwait, Qatar, and UAE)

USDA/Washington Contact Information  
Trade Assistance and Promotion Office (TAPO)

Foreign Agricultural Service (FAS)  
U.S. Department of Agriculture  
Ag Box 1052  
Washington, DC 20250-1052  
TEL: (202) 720-7420  
FAX: (202) 690-4374  
Website: <http://www.fas.usda.gov>

## **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.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

## **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 the link below.

<http://www.buyusa.gov/oman>

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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.