

U.S. Country Commercial Guides



Oman 2020

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Doing Business in Oman

Market Overview

Oman faces prolonged economic challenges beyond 2020, after never fully recovering from a sustained economic slowdown between 2014 and 2017 due to low oil prices. Many businesses are still reeling from the dual shocks of the COVID-19 outbreak and precipitous drop in oil prices in March, further pressured by OPEC+ production reductions.

The smooth transfer of power when modern Oman's founding father, the late Sultan Qaboos, passed away in January reassured investors. However, Oman's new ruler, Sultan Haitham bin Tarik, inherited a flagging economy with weak financial reserves, and his ambitious socio-economic reform plans face significant challenges. Sultan Haitham's August 18 Cabinet reshuffle put in place the team and structure with which he will seek to achieve his economic vision.

To improve the country's overall business climate, the government will need to address its increasing financial problems, lessen its dependency on oil, and open up key sectors to private sector competition and foreign investment. The government implemented across-the-board spending cuts and budget austerity measures that appeared to exceed USD 4.7 billion in the spring in order to offset rock bottom revenues from oil sales. The government is also taking preparatory steps to implement a long-awaited value-added tax (VAT) in 2021. Oman hopes that significant new gas production in 2021 along with new projects in sectors such as manufacturing, tourism, and fishing will support its diversification. The privatization and sale of state-owned assets will likely be key to preserving the country's macro-economic stability.

Although Oman promulgated new laws in 2019 to promote foreign investment and clarify procedures for businesses, Oman remains a challenging place to do business. Smaller companies without in-country experience or a regional presence face considerable bureaucratic obstacles. The top complaints of businesses often relate to onerous requirements to hire and retain Omani national employees and heavy-handed application of "Omanization" quotas. Payment delays to companies are pervasive across various sectors and have done harm to Oman's image within the business community. Recent credit downgrades also reflect skepticism about the Omani government's efforts to raise debt, control spending, diversify the economy, and foster private sector-led economic growth.

The United States and the Sultanate of Oman share a strong bilateral relationship based on a joint commitment to the security, stability, and prosperity of the region. In 2009, the two countries signed a Free Trade Agreement (FTA) that removed the majority of customs duties and allowed citizens to set up businesses without a local sponsor. Both sides have benefited from increased flows of bilateral trade.

Foreign direct investment (FDI) in Oman reached 11.04 billion Omani rials (OMR), or approximately 28 billion U.S. dollars (USD) at the end of the third quarter of 2019, according to Oman's National Center of Statistics and Information. The United Kingdom tops the list of investors in Oman, with a foreign direct investment of OMR 5.17 billion, followed by the UAE at OMR 1.13 billion, and Kuwait at OMR 836.4 million in foreign investment.

Oman's nominal Gross Domestic Product (GDP) declined four percent in 2019, according to the Central Bank of Oman. The World Bank predicted in April that Oman's budget deficit would widen to over 17 percent of GDP in 2020. Oman also faces continuing pressure on its state budget due to relatively expensive compensation packages, subsidies, expenditures, and job creation initiatives.

Besides the economic and financial challenges, a number of geographic and demographic factors inhibit the appeal of Oman's market. For one, the country has a relatively small population and there is no high-value consumer market beyond the capital area. Intense competition from nearby global trading hub Dubai and well-established industries in Saudi Arabia also limit the growth of Oman's market.

Market Challenges

Cumbersome government regulations present challenges for foreign firms to do business. Bureaucratic obstacles include clearances for visas and permits for foreign workers, especially women, lengthy business registration requirements for specialized consultancies, and a prohibition on real property rights for foreigners outside of Integrated Tourism Complexes. The divide between the government and the private sector is not well defined in Oman, which is most noticeable in the oligarchic, closely-held businesses with familial ties to government officials.

Of particular concern for many international firms in Oman is the “Omanization” process, wherein the government sets quotas for Omani employment on a sectoral basis. Many companies, both Omani and international, have noted that some of the quotas are difficult to satisfy and are applied inconsistently. Oman’s Ministry of Manpower and other authorities strongly encourage companies to meet their Omanization quotas, turn over management jobs to Omanis, and create training programs for new hires, which can be costly. Although the FTA provides for limited exceptions for specialized upper management, U.S. companies are responsible for complying with most Omanization requirements. Obtaining labor clearances for new foreign workers, and in recent times termination of Omani employees, has also proven to be a challenge for foreign companies.

Other issues of concern to U.S. companies and investors:

- The Government of Oman announced budget cuts that appear to exceed USD 4.7 billion for 2020, and froze all new investment projects for the year;
- Payment delays for construction and infrastructure projects, most notably those authorized through the Ministry of Transportation;
- Pressure on companies related to the hiring and firing of Omani employees and local manufacturing/sourcing requirements;
- Omani customs officials continue to charge duties on American goods transshipped by road via Dubai despite the duty exemption advantage of the FTA;
- Slow company registration processes, especially for consulting firms;
- Scarcity of natural gas feedstocks for new projects;
- Price sensitivity in contract negotiations;
- Expansion of Oman’s tax regime (as described above) and increases in government service fees;
- The FTA does not enable U.S. investors to own land;
- Limited opportunities outside the oil and gas industry.

Market Opportunities

Oman offers political stability, physical security, and a predictable investment climate, as Sultan Haitham’s smooth accession in January 2020 reaffirmed. Respect for free markets, property rights, and rule of law is widespread. Residents have access to good health care and schools, and easy logistical access to global markets through a modern infrastructure network. Oman has a strategic location outside the Strait of Hormuz and is at the crossroads of the Middle East, Africa, and Asia. Oman is promoting its main ports in Duqm, Sohar and Salalah as logistical hubs for international shipping.

The government’s Vision 2040 strategy aims to boost tourism, modernize agriculture, foster technology and startup ecosystems, and establish free industrial zones. Other objectives include increasing the non-oil sector’s share of total GDP to over 90 percent, relying largely on the private sector for finance and expertise, adopting Public-Private

Partnership (PPP) models and driving privatization of government assets. Oman has completed a few high-profile downstream manufacturing and value-added processing projects, namely the recently completed Liwa Plastics and Sohar Refinery Improvement Project. The Duqm Refinery and Petrochemicals Complex are under construction and progressing steadily.

The government is increasingly seeking to engage the private sector in designing, building, financing and operating public sector infrastructure and services. The government has a good record with independent power projects (IPP) and independent water and power projects (IWPP), but has not yet delivered any major PPP scheme outside the power sector. The newly created Public Authority for Privatization and Partnership (PAPP) has identified 49 initiatives related to the health sector, education, environment, transportation, government services, agriculture and fisheries, for implementation under the PPP model.

Oman has been taking steps towards making the country a more attractive destination for foreign investment. Oman promulgated five long-awaited laws in 2019 to promote investment: the Public-Private Partnership (PPP) Law; the Foreign Capital Investment Law (FCIL); the Privatization Law; the Bankruptcy Law; and the Commercial Companies Law. The new FCIL removed minimum share capital requirements and limits on the amount of foreign ownership of an Omani company.

The FTA bestows significant benefits for U.S. businesses and investors. American companies do not require local ownership or partners. Although the new FCIL also allows other foreign companies to register without local ownership or partners, the Ministry of Commerce and Industry (MOCI) is considering their establishment on a case-by-case basis subject to unspecified conditions and rules.

Oman's Cabinet reshuffle in August ushered in a new economic team. Sultan Haitham appointed a new Minister of Commerce, Industry and Investment Promotion who has extensive private sector experience, strong ties with the U.S. business community, and a positive record of supporting the FTA. The Sultan's royal decree also transferred Oman's Public Authority for Investment and Export Promotion (Ithraa) under the Ministry of Commerce, which should reduce the overlapping and redundant roles of the entities that previously promoted foreign investment in Oman.

Market Entry Strategy

Firms that have successfully entered the Omani market usually have previous experience in the Middle East or a full-time in-country representative or office. An American company may wish to consider registering as a fully U.S.-owned company (as permitted by the FTA) in order to avoid profit-sharing and potential disputes with a local partner. However, a carefully chosen local partner can be very valuable in terms of gaining entry to local markets and dealing with local bureaucracies.

Other considerations for firms include:

- An on-the-ground presence in Oman is an advantage.
- Personal relationships are key to finding and retaining a good local partner.
- Importers commonly use agents, but they are not required to do so.
- Agreements generally require significant lead time and follow-up before finalization.
- Omanis appreciate flexibility in contract negotiations; for any concessions they make, they will expect to receive a concession on the American company's side, regardless of that company's size.
- The government often takes many months and, in some cases, years before awarding a contract.
- Importers must register with the Ministry of Commerce and Industry online through the Invest Easy system, and be members of the Oman Chamber of Commerce and Industry.

- Importers/distributors are most commonly used in the automotive and retail food business.

The U.S. Embassy Commercial Section can provide counseling, referrals, matchmaking, due diligence, and advocacy services.

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

Agricultural reports are available via the Reports Office, USDA/FAS, Ag Box 1052, Washington, D.C. 20250-1052 and via the [FAS Home Page](#) on the Internet.

Leading Sectors for U.S. Exports & Investments

Oil and Gas

This is a best prospect industry sector for this country.

Overview

Oil has been the driving force of the Omani economy since Oman began commercial production in 1967. The oil industry supports Oman's modern and expansive infrastructure, including electric utilities, roads, public education, and medical services.

Oman is capable of producing upwards of one million barrels per day of crude oil and condensates. Oman's oil reserves primarily consist of heavy crude, and China is the predominant export market. Oman's government derives roughly 70 percent of its annual budget from oil and gas revenues through taxation and joint ownership of some of the most productive fields, and the industry accounts for 30 percent of Oman's gross domestic product.

The 2020 oil price crash has hit the sector hard. Oman's 2020 government budget factored in government revenues of OMR 10.7 billion (USD 27.8 billion), based on average oil prices of 58 dollars per barrel, with oil and gas accounting for 51 and 21 percent of total revenue, respectively. In June, Moody's projected an average oil price of 35 dollars per barrel for 2020 and commented that Oman's budget-cutting measures from March to May would not be sufficient to cover revenue shortfalls. On May 1, Oman began honoring its OPEC+ commitment to reduce oil production by 200,000 barrels a day until the end of July, when production cuts will ease slightly to 161,000 barrels per day until the end of 2020.

Petroleum Development Oman (PDO), Oman's largest hydrocarbon producer, directed oilfield contractors in April to implement 30 percent cost reductions in their original contract values, a move that has resulted in a wave of job losses and pay cuts in the oilfield services industry. Before the drop in oil prices, PDO was investing heavily in alternative energy by using solar power to generate steam for Enhanced Oil Recovery (EOR), which also helps maintain production of crude oil in its mature and geologically complex oil fields. PDO continues to ramp up its In-Country Value (ICV) strategy to generate job and training opportunities for Omani nationals and to promote Omani SMEs.

Oman also has natural gas reserves that may play a leading role in fueling industrial growth in the coming years. In 2017, BP announced the production of the first gas from its concession at Khazzan, a tight, sour field. In 2018, PDO announced the discovery of a tight gas field on its own concession with estimated recoverable reserves of more than four trillion cubic feet (TcF) and 112 million barrels of condensate. Khazzan is currently producing around one billion cubic feet per day (bcf/d) as of June, according to the Ministry of Oil and Gas. BP expects production to boost to 1.5 bcf/d when the Ghazeer development, representing Phase 2 of BP Oman's multi-year development, comes on stream early in 2021.

Further downstream, Oman is making a push towards manufacturing and value-added processing through refining and petrochemicals projects such as the completed Sohar Refinery Improvement Project, Liwa Plastics, and the Duqm Refinery and Petrochemicals Complex currently under construction. The proposed USD 10 billion Duqm petrochemical complex and the USD 7 billion Duqm refinery, when complete in 2022, will be the largest industrial investments in the country.

Leading Sub-Sectors

The following are some of the leading sub-sectors in Oman's oil and gas sector: Drills and drilling services, hydraulic fracturing ("fracking") technology and services, refinery equipment, oil-extracting equipment, sand removal devices for crude oil, boilers, drilling rods, separators, burners in mobile tanks, pipeline heating for heavy crude, water treatment systems, quality inspection, steam injection and other enhanced oil recovery technologies. Other promising sub-sectors include gas plants, pipelines, flow lines, well pads, wells, compressors, rigs and frack spreads, operations support and infrastructure.

Opportunities

The oil and gas sector continues to provide some of the best prospects for U.S. goods and services. A significant portion of the country's oil infrastructure is aging, which provides a market for pipelines, wellheads, pumps, and related equipment. Additionally, Oman has a number of older fields and fields with complex geology, and the first serious offshore exploration began in 2017. As a result, Oman needs advanced technology such as 3-D seismic analysis to facilitate exploration efforts. Finally, some in Oman's oil and gas sector are interested in computer systems that can monitor remote wells and cut labor costs.

Analysts expect investment to shift towards maximizing output from cost-effective reservoirs using innovative technologies to cut costs and eliminate waste. PDO is aiming to dramatically reduce the vast amounts of gas flared from more than 60 stacks distributed across its operations in the country. The Omani government has been investing in liquid bulk storage and hydrocarbon logistics projects in Oman.

Important technical advances are underway in oil discovery and recovery in Oman's onshore blocks. Industry experts assess great potential for new operations in the country's virtually unexplored offshore blocks. Omani officials have expressed particular interest in proven fracking technologies, presenting opportunities for American companies and their suppliers. As Oman attempts to weather the unstable oil market, it will continue to turn towards more innovative and unconventional oil recovery methods to cut costs and increase efficiencies. Many multinational companies operating in Oman are drawing on their experiences from the U.S. market, primarily in relation to shale production.

Opportunities in renewable energy could emerge as Oman pursues economic diversification and explores alternatives to hydrocarbons for power generation. Alternative energy supplies could allow Oman to offset substantial domestic consumption of fossil fuels used in electricity production and desalination – the source of most of Oman's potable water. Substituting alternative energy for fossil fuels in these areas could help Oman generate additional revenues since this would enable Oman to export those fossil fuels instead.

Resources

[Ministry of Oil and Gas](#) (renamed the Ministry of Energy and Minerals in August by royal decree)

[Petroleum Development of Oman](#)

[OQ](#)

[Business Gateways- Joint Supplier Registration System](#)

[Oman Petroleum and Energy Show](#)

[Oxford Business Group: Energy Report](#)

Renewable Energy

This is a best prospect industry sector for this country.

Overview

Oman is looking to expand its electricity generation capacities through renewable independent power projects (IPP), with plans to derive at least 30 percent of electricity from renewables by 2030. Although the government has reined in some of its ambitious renewables targets due to fiscal austerity measures implemented in 2020, opportunities exist for U.S. firms in this sector.

Oman has led the Gulf Cooperation Council (GCC) countries in the development of independent water and power plants (IWPP) and IPPs since 1994 when it launched its first IPP. The state-owned Petroleum Development Oman (PDO) was an early pioneer in large-scale solar power projects in Oman. In 2015, PDO launched the 7-megawatt (MW) pilot for the Miraah concentrated solar power project.

In February 2019, a consortium led by Japan's Marubeni signed a power purchase agreement (PPA) with PDO to develop a 100MW PV solar project at Amin. Oman Power and Water Procurement Company (OPWP) has put Oman's first waste-to-energy project, which received government approval, on hold citing economic challenges.

A consortium of Saudi and Kuwaiti firms secured financing in March for the 500 MW solar photovoltaic (PV) independent power project (IPP) at Ibri in Oman. OPWP selected the Gulf firms as preferred bidders in March 2019. The Beijing-based Asian Infrastructure Investment Bank (AIIB) loaned USD 60 million of the USD 275 million total amount, heralding AIIB's first renewable energy financing in Oman and the region. The financial deal was an important achievement for Oman in the face of recent credit downgrades.

Oman has embarked on many other projects in line with targets for the year 2030, including the following: a wind farm in Dhofar; two solar IPPs in Manah; 11 solar-diesel hybrid facilities; and the 'Sahim' initiative to install small-scale solar panels on residential and commercial buildings, among others.

The government approved plans in early April to overhaul PDO and recast it as Energy Development Oman (EDO), a holding company with an enlarged mandate to cover investments in renewable and alternative energy resources, according to local media reports. The restructuring of the Ministry of Oil and Gas as the Ministry of Energy and Minerals should also raise the visibility of renewable energy resources.

Leading Sub-Sectors

Solar IPPs, wind and concentrated solar power projects are leading sub-sectors in Oman's renewable energy sector, and have created opportunities for U.S. businesses in sale of equipment and services, technology transfer, research and development, and privatization of government assets.

Opportunities

Below are renewable projects in Oman that present business opportunities for experienced renewable energy firms as well as local SMEs, according to MEED Projects. The government will likely delay future projects awards due to Oman's economic situation.

Project	Sub-Sector	Net Project Value (\$m)	Project Status	Award Year	Completion Year
OPWP - Solar PV IPP at Ibri 2	Solar	400	Execution	2019	2024
Tanweer - 146MW Hybrid Solar-Diesel IPP	Solar	180	Main Contract Bid	2020	2023
PDO - Amin Solar PV IPP	Solar	80	Execution	2019	2020

OPWP - 200 MW Duqm Wind IPP	Wind	200	Main Contract Pre- Qualification (PQ)	2021	2024
OPWP - Dhofar Wind Farm IPP	Wind	100	Main Contract PQ	2021	2022
OPWP - Manah Solar 2 IPP	Solar	500	Main Contract PQ	2020	2023
OPWP - Manah Solar 1 IPP	Solar	500	Main Contract PQ	2020	2022
SPF - 25MW Solar Photovoltaic (PV) Plant	Solar	24	Execution	2020	2022
Hebei Electric / Ningxia Electric JV - SEZAD - 300MW Coal Power Plant	Coal	406	FEED	2021	2023
OPWP - 500 MW Solar2022 Independent Power Project (IPP)	Solar	500	Study	2020	2022
OPWP - 150 MW Dhofar II Wind Power Plant (IPP)	Wind	150	Study	2022	2024
OPWP - 200 MW Dhofar III Wind Power Plant (IPP)	Wind	200	Study	2022	2024
OPWP- 500 MW Adam Solar IPP	Solar	500	Study	2020	2023

Resources

[Petroleum Development of Oman](#)

[Oman Power and Water Procurement Company and AER](#)

[Oman Energy and Water Conference & Exhibition: 7-9 September 2020](#)

[Embassy Muscat's March 2019 Webinar on Renewable Energy](#)

Transportation and Logistics

This is a best prospect industry sector for this country.

Overview

The Sultanate's Oman Logistics Strategy (SOLS) lays out long-term objectives for increasing the contribution of the logistics sector to GDP. Oman's strategic objectives over the past few years focused on easing congestion and enhancing capacity by investing in infrastructure and technology for new ports and road links, as well as expanded routes for national airline carriers.

Omani ports are now connected with 86 ports in 40 countries. The strategic port town of Duqm, located halfway between Muscat and Salalah, is Oman's flagship development project. Duqm will eventually include the following: a new port; naval base; dry dock; fisheries hub; industrial free zone; hotels; power and desalination plants; a refinery; a 250-kilometer pipeline network from interior oil fields; liquid jetty; and an oil tank storage terminal. The government also aspires to one day build a rail line to facilitate the transfer of mineral resources from the Shweimiyah area in the Dhofar governorate to the port.

Road construction is another major focus of domestic and regional development. The government opened more than 100 miles of roadways along the Sharqiya Expressway in 2020 connecting the city of Bidbid, near Muscat, with the governorates along Oman's coastline. The government plans to open a new road connecting Oman and Riyadh, Saudi Arabia. There is also an ongoing drive to improve the public transport infrastructure in Oman through the expansion of the current bus system and private taxi service. Khazaen Economic City, a 20-square mile logistics-led development outside of Muscat, will feature an automobile market. The government is also considering privatizing the national bus and ferry networks.

The Sultanate's flag carrier, Oman Air, is exploring direct flights to the United States as part of a general strategy to expand routes and designations. Oman's first budget airline, Salam Air, launched operations in 2016 and has expanded its regional routes. With the prolonged grounding of flights due to the COVID-19 pandemic, these carriers are likely to focus on cost optimization initiatives in the short term. The new Muscat International Airport opened in March 2018, and U.S. contractor Bechtel played an important role in its construction. Duqm's passenger terminal opened in September 2018 and the airport hopes to add regional and international routes in the future.

In light of tightened budgets, the government anticipates a larger role for the private sector in the future, not only in providing capital, but also in tie-ups with the public sector to help manage state assets. One significant change in the sector's organization in recent years has been the formation of two large holding companies, Oman Aviation Group and Asyad.

Leading Sub-Sectors

Oman imports vehicles for domestic sales and for re-exports to regional markets. In addition to a continuing market for passenger vehicles, Oman is importing construction, airport, and port equipment including buses, aircraft, X-ray security screening equipment, cranes, rubber tire gantries, port access control and security solutions, logistics software, and engineering, project management, and consultancy services.

Opportunities

Oman's strategic location outside of the Strait of Hormuz is its main selling point as its logistics infrastructure grows and connectivity improves. The short-term challenge will be financing amid budget constraints and oil price uncertainty. Many large infrastructure projects are currently on hold or delayed.

The Special Economic Zone Authority for Duqm (SEZAD) and the Port of Duqm are actively seeking foreign investment to help finance development. In addition to the massive array of construction projects, the new city of Duqm requires infrastructure development in sewage treatment, drainage, water desalination, power plants, buildings, telecommunication services, and landscaping.

Oman's two established ports in Sohar and Salalah also present significant opportunities. Sohar's free zone has been at the forefront of Oman's downstream manufacturing growth. The industrial zone is seeking to attract additional manufacturing companies to establish facilities or distribution centers. Sohar also hosts Oman's largest operating oil refinery, and it is in the process of a USD 1.5 billion expansion to add another 60,000 barrels to its current 116,400 bpd capacity.

Salalah is in a prime location at the crossroads of East-West shipping and boasts the fastest transit times between Europe and Asia. Its port has a container terminal with seven berths of up to 18 meters draft and a general cargo terminal of 12 berths of up to 16 meters draft, with infrastructure to handle the world's largest container vessels, as well as bulk cargo, bunkering and warehousing.

Oman is increasingly looking to the private sector for investment and expertise, particularly to develop its projects pipeline through joint ventures or PPPs. The government will also rely on PPPs to run the four terminals for containers, general cargo, bulk goods, and liquids at Port of Duqm; and in the developments of ports at Khasab and Shinas located in the north of Oman. The government seeks to transform Port Sultan Qaboos into a mixed-use waterfront cruise and leisure destination under a PPP model.

Resources

[ASYAD](#)

[Port of Salalah](#)

[Port of Duqm](#)

[Sohar Port and Freezone](#)

[Oman Rail](#)

[Oman Air](#)

[June 24 "Direct Line" Webinar on Oman's Logistics sector](#)

Information and Communication Technology (ICT)

This is a best prospect industry sector for this country.

Overview

Vision 2040, Oman's long-term development plan, calls for the enhancement of national technical capabilities, the construction of vital ICT infrastructure, and the improvement of e-government services. The government has prioritized the development of ICT and the sector is well positioned for growth in the years ahead.

Oman's sovereign wealth fund formed the Oman ICT Group (OICT) in early 2019 to focus on cloud and data services, cybersecurity and smart applications, and next-generation technology. A royal decree in October 2019 created the Ministry of Technology and Communications (MTC), and shifted the Information Technology Authority (ITA) under the MTC's control to implement national IT infrastructure projects and execute e-government initiatives. A royal decree in August reunited the two ministries, into the Ministry of Transport, Communications and Information Technology.

Although the government reorganization signaled more centralized control over ICT, the Telecommunications Regulatory Authority (TRA) has maintained considerable oversight and policy guidance, most notably in the deployment of Oman's 5G networks in 2020 and its decision to lift the ban on VoIP calls after the COVID-19 outbreak in March. Several Omani start-ups, backed by government investments, are also at the forefront of IT initiatives in response to COVID-19. The Oman Technology Fund (OTF) has invested in local companies that developed online auction, marketplace, and teaching platforms.

Omantel and Ooredoo are Oman's two main telecommunications providers. A third operator, Vodafone, will enter the market in the latter half of 2020 and will provide more competition and lower prices for consumers. Oman's price sensitive market has increased the appeal of low-cost options from untrusted vendors such as Huawei, but telecommunications providers have shown a willingness to diversify 5G partnerships.

Authorities are building the ICT infrastructure to reduce the digital divide through the National Broadband Strategy (NBS), which envisions half of the country's population with access to high-speed fiber connections by the end of 2020.

Leading Sub-Sectors

E-government services, smart city initiatives, cyber security solutions, drones and anti-drone systems, data management/centers, disaster recovery services, expansion of broadband infrastructure, e-commerce, blockchain/AI/IoT solutions, and training & development.

Opportunities

Training and workforce development: OICT has expressed aspirations to develop a center of excellence with a specific focus on SME mentoring and support and is looking to form partnerships with global technology organizations.

E-government services: The MTC manages the government network and cloud and is heading efforts to increase e-government services. Around 59 government departments are part of an initiative introduced in August 2019 to digitalize key government services by 2022.

Data centers: In line with the Digital Oman Strategy, businesses are increasingly looking at cloud computing creating opportunities to establish data centers. Oman Data Park (ODP) is another joint venture between the government-owned telecommunications company (Omantel) and another private sector company.

Disaster recovery services: Oman anticipates investments of around RO 25 million (approximately USD 65 million) from the government and private sectors in establishing itself as a full-fledged hub for Disaster Recovery Services. The Omani government identified disaster recovery services as a prospect sector in a "ICT & the 4th Industrial Revolution Lab."

Cybersecurity: In August 2019, Oman announced plans to build a cybersecurity industry, focusing on managed security services, cybercrime analysis, security incident management, and consultancy. Oman's first cyber-security center facility is a part of the Oman National CERT, a task force that safeguards government institutions from cyber risks.

Blockchain/AI/IoT: The SaS Center for Entrepreneurship Center under MTC is overseeing a smart cities project to launch initiatives in the internet of things (IoT), artificial intelligence (AI), and blockchain. Omantel is providing smart cities project implementation and ICT solutions including blockchain technology and smart cloud call center services to government customers. Sultan Qaboos University has opened an IoT laboratory and a Communication & Information Research Center to implement projects such as smart streets and a remote healthcare system for monitoring and diagnosis.

Space technologies: Space Communications Technology LLC (SCT) is a wholly government-owned entity with a mandate to develop and implement Oman's maiden satellite communications project. In June, SCT invited international consultancy firms to bid for a contract to provide financial and technical advisory services linked to the implementation of this strategic project. SCT aims to launch Oman's first satellite by 2023 or 2024.

Resources

[Ministry of Technology and Communications \(MTC\)](#) (renamed as Ministry of Transport, Communications and Information Technology)

[The Official Oman eGovernment Services Portal](#)

[Oman Technology Fund](#)

[Oman ICT Group](#)

[Implementation Support & Follow-Up Unit ICT Sector Report](#)

[Omantel](#)

[COMEX -Technology Show](#)

[Oman eCommerce Conference 2020](#)

Mining and Minerals

This is a best prospect industry sector for this country.

Overview

Mining is one of the Omani government's focus sectors under the Tanfeedh economic diversification program. Oman's mining industry has attracted increasing interest from both foreign and local operators as Oman was the first GCC producer and exporter of ferrochrome. The government established the Public Authority for Mining (PAM) in 2014 to regulate the sector, and two years later it established Minerals Development Oman (MDO) as a new holding company to serve as the executive arm. A royal decree in August dissolved PAM and transferred its powers to the newly created Ministry of Energy and Minerals, which could increase transparency and competitiveness in Oman's mining sector.

In February 2019, the government issued the long-awaited Law of Mineral Wealth. The new mining law increased the minimum mining license period from one year to five years, introduced flexible royalties, and broadened the scope and authority of PAM. Coinciding with the mining law's publication, PAM announced 110 new mining blocks for exploration and investment, and issued new licenses to several companies.

Although numerous quarrying and mining operations are underway, Oman's mineral resources are still relatively untapped, with large deposits of metals and industrial minerals waiting to be unearthed. Oman's mountains host intact and exposed ophiolites, which could contain metal deposits such as chromite, cobalt, copper, gold, lead, magnesium, manganese, nickel, palladium, platinum, silver, vanadium, and zinc. Below are some of the minerals in Oman that hold particular promise.

Gypsum: Oman is reportedly the world's largest gypsum exporter. Industry analysts estimate Oman has more than one billion tons of gypsum resources.

Potash: Gulf Mining Group, one of Oman's largest privately-owned mining corporations based in the Sultanate, announced in April 2019 that it would scout the international market for a strategic partner to support the development of its Sulphate of Potash project.

Chromite: Approximately 30 million metric tons of chromite ore are located in Oman, according to the Oman Chromite Company, which reportedly produced almost 20,000 metric tons in 2019. Oman recently began exporting metallurgical grade chromite ores in response to rising demand from China and shortages of ferrochrome worldwide.

Copper: Oman's 2020 budget identified large-scale copper mining as a strategic project and several foreign mining companies are active in Oman. A joint venture with an Australia-based mining firm plans to construct a copper concentration plant that would produce one million metric tons per year. In August 2019, British firm Savannah Resources received mining permits for two copper deposits in Oman.

Other Materials: Surveys have indicated deposits of asbestos, coal, iron ore, lead, manganese, nickel, silver, and zinc.

Leading Sub-Sectors

Main Metallic Minerals: Copper, Chromite, Laterite, Manganese

Industrials Minerals and Rocks: Limestone, Marble, Dolomite, Gypsum, Silica sands and Quartzite, Clays and Shale, Salt, Coal, Olivine, Kaoline, Salt, Aggregates

Opportunities

In mid-February, PAM announced plans to tender 15 to 20 pre-approved mining blocks in 2020 and promised to issue exploration licenses within 14 to 20 weeks of the successful bid. PAM opened public bidding for the first two pre-approved mining blocks in areas known for marble, limestone, and dolomite deposits. Local press reported future pre-approved blocks for investment hold rich deposits of chromite, silica, gypsum, carbonate, attapulgite, clay, basalt, laterite, and feldspars.

The paramount player in Oman's mining industry is Minerals Development Oman (MDO), a state-owned conglomeration of four Omani sovereign wealth funds and government investment entities. MDO has received multiple mining licenses and is investing heavily in prospective mineral resources, as the government's preferred partner for mineral concessions.

Although foreign firms can acquire mining permits, foreign investors still face considerable bureaucratic and environmental challenges and may only be able to enter the market as service contractors or joint venture partners with Omani firms.

Oman has longstanding plans to develop an internal rail network for the transportation of minerals from the southern interior to the Port of Duqm for processing and refining.

Resources

[Public Authority for Mining](#), absorbed into the newly created Ministry of Energy and Minerals

[Minerals Development Oman](#)

[Oman Mining Expo](#)

[February 19 "Direct Line" Webinar on Oman's Mining Industry and presentations](#)

[Oxford Business Group Mining Research](#)

Customs, Regulations & Standards

Trade Barriers

Companies looking to import goods to Oman must register with the Ministry of Commerce and Industry through the Bayan system. The Bayan digital platform links all customs partners, including government agencies, shipping and clearing companies, commercial banks and operators of ports and airports into a single electronic window. Companies must obtain a special license for the importation of certain classes of goods, such as alcohol, livestock, poultry, firearms, narcotics, and explosives. The licensing of business activities can be complicated and can significantly add to the time it takes to get goods to or out of market.

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

Import Tariff

Oman's tariff schedule imposes duties, generally not exceeding 10 percent, on all foreign, non-American/GCC goods imports. Virtually all U.S.-origin products enjoy duty free access, and Oman has phased out nearly all tariffs on the remaining handful of products. Tariff preference levels on certain textile and apparel products expired at the end of 2018.

Despite the entry into force of the FTA, some difficulties remain for duty-free access of selected goods. The Royal Oman Police (ROP) Customs still occasionally collects customs duties on some bonded items that are transshipped to Oman by road via the UAE. American companies have reported that goods not individually engraved as "Made in the USA" do not receive the preferential treatment to which they are entitled under the FTA. In addition, some importers have reported Omani customs officials denying duty-free entry to imports meeting the 35 percent American origin requirement for duty free access due to the presence of a few non-American parts in the same container. This practice is also in violation of the FTA. The FTA does not require legalization or "consularization" of trading documents. The FTA also does not require shipments to originate in U.S. ports or airports, and it allows transshipment by land.

Import Requirements & Documentation

ROP Customs requires the following for clearance of imported goods:

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

- Filling in the import statement and the form of clearing and classifying the goods according to the operating system along with other required documents, which should be submitted “To Whom It May Concern”;
- In case there is an absence of a valid purchase invoice or a valid certificate from the manufacturer, the clearance will cost OMR 20 paid in cash. The ROP Customs reimburses this fee if the required documents are submitted within 90 days from the date of payment;
- Providing an approval from the authority in charge for the restricted goods only;
- Paying the required taxes and custom fees for the total value of the shipment including cargo and insurance (CIF).

The government requires all imports into Oman above OMR 1,000 to have an accredited copy of commercial registration; a copy of the affiliation certificate to OCCI; a commercial invoice; a bill of lading; or airway bill; the relevant certificate or permit for restricted imports (section 3.2.6); and a certificate of origin for preferential imports.

In order to accelerate the flow of goods and promote its ports and airports, Oman has simplified customs clearance documentation with the implementation of the Bayan system. In line with the digital transformation initiatives of the national logistics strategy, the Directorate General of Customs is moving towards a paperless supply chain, introducing e-delivery and e-cargo release orders. Oman implemented the Customs Valuation Agreement and is working to further enhance its customs valuation systems.

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

Oman has been applying the GCC Laws on Veterinary Quarantine and Plant Quarantine since 2004. The Ministry of Agriculture and Fisheries Wealth’s (MAFW) quarantine section inspects imports, exports, and domestic production of plants and animals. The MAFW also examines and issues Sanitary-Phytosanitary (SPS) certificates for all agricultural products prior to their export. The MAFW requires SPS certificates and prior permission from the Directorate General of Agricultural Development for imports of agricultural seeds, plants, plant parts, and plant products.

Customs authorities require a health certificate and prior permission from the Directorate General of Animal Wealth (DGAW) to import live animals from all countries. DGAW inspects imports of foodstuffs of animal origin, including milk and milk products, to ensure that they are free from contaminants, and must have a certificate declaring them free of radiation and dioxin.

Municipal officials are responsible for the inspection of domestic products. These officials analyze all imports of consignments before release. Authorities assess the results against GCC and Codex Alimentarius standards to ensure that imported food items are safe for human consumption. Customs officials reject unfit foodstuffs at the port of entry, either destroying them or returning them to the country of origin per the preference of the importer.

To settle customs valuation and classification disputes, an operator may appeal to the Directorate General of Customs under the ROP, then to the Inspector General of Police and Customs, then to the Minister of Finance, and lastly, to the Omani Court of Arbitration.

Labeling/Marking Requirements

GCC labeling standards of imported goods is a key issue facing U.S. exporters. Food labels must include product and brand names, production and expiration dates, country of origin, name and address of the manufacturer, net weight in metric units, and a list of ingredients in descending order of importance. The label must specifically identify all fats and oils (including gelatins) used as ingredients. Labels must be in Arabic only or Arabic/English, although authorities approve some English-only labels for exceptional marketing purposes. Customs officials accept Arabic stickers commonly used by U.S. exporters to Oman. In April, the Ministry of Commerce and Industry (MOCI) temporarily permitted the import of food products with English-only labels.

Oman enforces GCC Shelf Standards GS 150/1993, Part I, which affects 44 food products. Health and safety officials accept the manufacturer-established shelf life for other food products. Many U.S. firms consider Omani shelf-life limits more restrictive than scientifically necessary. The U.S. supplier should work closely with the importer to ensure compliance with local shelf-life requirements.

Omani customs agents sometimes require that the individual engraving of each U.S. made good and its packaging as “Made in USA” to accord duty-free treatment under the FTA, a practice in contravention of the FTA.

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

TRA issued labelling guidelines for telecommunication equipment in June 2010. Dealers of such equipment must register with the TRA. The label must contain the approval number and the dealer number. The labelling of imported goods may occur after customs clearance, but must occur before the goods enter the Omani market.

A royal decree in 2000 required hallmarking for all precious metals, jewelry, and gemstones, whether imported or locally produced. The precious metal assaying laboratory at the Directorate General for Specifications and Measurements’ (DGSM) operates the gold hallmarking scheme.

Oman prohibits exports of antiques, ancient manuscripts, and Maria Theresa Thalers (historic Omani currency tender). In addition, customs authorities require export permits for locally mined or quarried products. Export restrictions apply to date seedlings and to three species of fish (lobster, abalone, and shark) during the breeding and reproduction seasons when fishing of these sea creatures is prohibited. Oman periodically bans or restricts the export of various species of fresh or frozen fish. The MAFW cites the need to control price inflation due to strong demand in neighboring countries, as well as to protect certain species’ breeding seasons. The MAFW limits the export of other fish species to 50 percent of the quantity available due to a decrease in the volume of catch and to help maintain stocks and affordable pricing for the local market.

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags", or warning signs, and compiled "Know Your Customer" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the e-CFR (Electronic Code of Federal Regulations) and is updated as needed.

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

Temporary Entry

Chapter Three of the FTA grants temporary admission for the following goods:

- professional equipment, including equipment for the press or television, software, and broadcasting and cinematographic equipment, necessary for carrying out the business activity, trade, or profession of a person who qualifies for temporary entry pursuant to the laws of the importing Party;
- goods intended for display or demonstration;
- commercial samples and advertising films and recordings; or
- goods imported for sports purposes.

In the case of auto re-exports, customs authorities may refund the duties if the company or individual re-exports the vehicles within six months.

Prohibited & Restricted Imports

According to the FTA's tariff schedule, prohibited category "I" products, including live swine, became duty free in 2019 but remain illegal.

Customs Regulations

The Bayan system is an online single window/one-stop service offering from the Royal Oman Police (ROP) - Directorate General of Customs that facilitates seamless, convenient and fast clearance of goods for trading communities and various stakeholders. The Bayan system provides a coordinated view of the government to trade community customers and eases their administrative and logistical processes. For more details, visit the ROP Customs website at <https://www.customs.gov.om/dgcportal/web/dgc/home>.

Standards for Trade

Overview

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

American businesspeople at times complain that European standards are used in tender specifications.

Standards

The Directorate General of Specifications and Measurements (DGSM) at the Ministry of Commerce and Industry (MOCI) is responsible for standardization, metrology, testing, quality control and quality assurance, conformity assessment and certification, and accreditation activities. Oman is harmonizing its technical regulations and standards at the GCC level, and develops technical regulations and standards at the national level only if there is a pressing need, according to authorities.

DGSM's point of contact and address is the following:

Nouria Bint Suleiman Al Kharousia
Director of Standards Department
Directorate General for Specifications and Metrology
Ministry of Commerce and Industry <https://www.moci.gov.om/>
Way 3505, Ruwi, Muscat
Tel: +968 2482-8000

The address for the regional customs union standards body is the following:

GCC Standardization Organization
P.O. Box 85245
Riyadh 11961
Phone: (+ 966) 1 - 2746655

Fax: (+96611) 2105391

Email: csc@gso.org.sa / gso@gso.org.sa

National Institute of Standards and Technology (NIST) Notify U.S. Service

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. **Notify U.S.** (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed in NIST, which is within the U.S. Department of Commerce.”

Testing, inspection and certification

In the wake of an indefinite suspension of the “GCC Guide for Control on Imported Foods,” the United States continues to engage in discussions with the GCC and its member states regarding their import requirements for food and agricultural products. The U.S. Department of Agriculture and agricultural stakeholders have raised concerns over Omani import requirements for the certification for pesticide residues as well as radiation attestations for agricultural products.

Authorities require a manufacturer declaration to assure conformity to Omani/GCC standards. The DGSM should receive a letter with authenticated results of laboratory testing in cases of nonconformity to current standards or the need for consideration of other internationally-recognized standards.

Authorities allow non-food products automatic entry to Oman on the basis of a Manufacturer's Declaration of Conformity Assessment Certificate, with a test report verified by the DGSM. Authorities temporarily release and test samples of imported products that are not covered by certificates.

The DGSM requires any laboratory testing certificates relating to conformity to Omani or international standards.

Publication of technical regulations

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

Contact Information

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U.S. Commercial Service | U.S. Embassy Abu Dhabi

U.S. Department of Commerce | Int'l Trade Administration
Email: Thomas.Bruns@trade.gov

Trade Agreements

Under the FTA, Oman provided immediate duty-free access on virtually all industrial and consumer products in its tariff schedule, and it phased out tariffs on the remaining handful of products in 2019. Oman provided immediate duty-free access for U.S. agricultural products in 87 percent of agricultural tariff lines. The United States provided immediate duty-free access for 100 percent of Oman's current exports of agricultural products to the United States. Oman is also a member of the Gulf Cooperation Council, which allows for duty-free trade between its members and with other countries with which it has a free trade agreement.

Licensing Requirements for Professional Services

Oman requires foreign consultancy companies seeking to form an engineering consultancy in Oman to have at least ten years of experience in engineering consulting projects. This condition can pose difficulties for newer engineering consultancy companies, particularly those in cutting-edge sub-fields of engineering where length or experience is unavailable and expertise is in any case more crucial.

The Capital Market Authority (CMA) is the government entity that supervises the operations of the capital market and insurance sector in Oman. The CMA allows audit firms to carry out three services for their audit clients: audit-related services, taxation advisory services, and investigation of matters arriving from auditor findings or observations.

Selling US Products & Services

Distribution & Sales Channels

Overview

Numerous transport, logistics and retail companies serve Oman's domestic market. Most goods destined for the Omani market enter through the Port of Sohar, Oman's import/export hub, which is located two hours by road from Muscat. A well-developed road infrastructure links almost all points in the country. In addition, goods may enter Oman overland after arriving at seaports in the UAE. Omani customs authorities exempt American goods from the five percent GCC customs duty under the terms of the FTA, although the GCC duty has been charged on occasion on American goods entering Oman overland from the UAE at the Wajaja border post, in contravention of the FTA.

The Port of Salalah, located some 1,000 kilometers southwest of Muscat in southern Oman, has established itself as a leading container transshipment center on the Indian Ocean Rim since its November 1998 opening, and it also handles import/export shipments. Maersk is the principal customer of the port and a majority shareholder in the Port of Salalah Company. The Port of Salalah is the only port between Europe and Singapore that can accommodate S-class container vessels. Salalah boasts 14-day turnaround times to the United States. The government has offered a number of incentives to attract business to the adjacent free trade zone, including: reduced or deferred corporate taxes; extended period for re-exports; availability of hard currency and financing; favorable rental charges; reduced local content requirements; and lower customs duties and Omanization requirements.

The Port of Sohar is Oman's third largest port. Sohar is located just outside the Strait of Hormuz and is proximate to the busy shipping lanes of the Gulf. By entering the Gulf through Sohar, companies avoid the high insurance premiums normally levied on vessels that ply the Upper Arabian Gulf. Sohar Port is a deep-draft port with remote-controlled container gantries capable of loading and unloading some of the world's largest container ships, with general cargo, liquid bulk, container, service-dedicated terminals, modern management and vessel notification system, and is home to a diversity of companies offering a full spectrum of maritime support. The port largely serves four industries: metals, logistics, petrochemicals and food. Sohar Industrial Port Company, a 50-50 joint venture between the Port of Rotterdam and the Sultanate of Oman, manages Sohar Port and its adjacent Freezone. The Sohar Freezone offers investment incentives which include: a 10-year corporate tax holiday; no minimum capital requirements; a relaxation on the quotas of Omanis a company must employ; and a one stop shop for business registration and permits.

The government is in the process of constructing a large commercial port at Duqm boasting a dry dock, deep water draughts, hotels, and a special economic zone. The port connects to a 2000-sq-km special economic zone (SEZ), divided into eight main areas: the port, a dry dock, an oil refinery, a regional airport, an industrial complex, a residential and commercial area, a tourism area, and a logistics services area. The Special Economic Zone Authority for Duqm (SEZAD) offers its own One-Stop Shop for investors, facilitating business registration, work visas, reduced Omanization requirements, and permits directly.

Oman has airports in Muscat, Salalah, Duqm, Khasab and Sohar apart from desert airports serving the petroleum facilities.

Using an Agent to Sell U.S. Products and Services

Foreign companies wishing to distribute their products in Oman often prefer using a local agent. Agents are particularly useful for sales to the Omani government due to their contacts, language ability, and cultural knowledge. In practical terms, it is still difficult for foreign firms to sell to the government without an Omani agent scouting for and bidding on tender opportunities. As in other Gulf countries, regular, personal contact is the key to success in trade relationships.

The manufacturer or supplier may not unilaterally terminate an agency agreement except where there is an unjustifiable breach of agreement by the agent. Agents must register agreements at the Oman Chamber of Commerce and Industry (OCCI). Agents must register in writing (in Arabic) with the Registrar of Agents and Commercial

Agencies at MOCI (soon to become the new Ministry of Commerce, Industry, and Investment Promotion after the August 18 royal decree)), renewable every three years. Agencies may be non-exclusive and more than one agent may be engaged to promote the same product or services.

The Embassy's Commercial Section can provide due diligence on most Omani companies and/or potential agents for a small fee via our “International Company Profile” service. The Embassy recommends personal visits to potential agents and obtaining legal counsel before drawing up an agency agreement. The Embassy recommends formal legal counsel for specific questions on labor, investment, tax laws, and licensing procedures, and for the resolution of commercial disputes.

The Embassy's Consular Section website has a list of [local attorneys](#), including those specializing in commercial law.

Establishing an Office

Due to the provisions of the FTA, Omani authorities do not require a U.S. company to incorporate or make any form of local investment when supplying its services on a cross-border basis. In other words, Oman does not require a U.S. company wishing to provide its service to have any formal presence in the country. This is a benefit to all U.S. service providers, especially small and medium enterprises (SMEs), which may not have the resources to maintain a presence outside of the United States, nor conduct enough business to justify a physical presence. However, many U.S. businesspeople prefer to have a local presence to facilitate transactions.

MOCI's [Invest Easy Portal](#) (One Stop Shop) provides e-services to help set up and manage companies in Oman. Its page has instructional videos on how to use the online portal. [Ithraa](#), the government's investment promotion agency, also has resources.

Franchising

A number of U.S. franchises and major brands are well established in Oman, particularly in the fast-food restaurant sector. U.S. car rental franchises are also popular. Relatively high per capita income, a young population, a high rate of unaccompanied expatriates, and the lack of alternate entertainment venues encourage out-of-home dining and entertainment options. Omani businesses continue to express interest in U.S. franchise opportunities, especially family-oriented, recreational, and educational outlets. Oman has hosted two exhibitions for franchise businesses over the past several years.

To franchise in Oman, the franchisor and the local franchisee must sign a formal contract, which must be approved by OCCI and registered with the Registrar of Agents and Commercial Agencies at MOCI and the local municipality. Under Omani law, franchise relationships fall under the authority of the Commercial Agencies Law (the “CAL”) promulgated by Royal Decree No. 26 of 1977 (as amended). Parties can also make franchise agreements under a non-Omani legal system, if these agreements include an arbitration clause.

Registration is extremely important for a franchisee because courts will not recognize an unregistered franchise in the event of any dispute concerning the franchise relationship. Similarly, despite the fact Oman is a party to the New York Convention of 1958 on the Enforcement of Foreign Arbitral Awards (the “New York Convention”), if the franchise is not registered, Omani courts may not enforce a foreign arbitral award in relation to the agreement.

For the franchisor, it is recommended that provisions permitting the franchisor to terminate the agreement if the franchisee performs inadequately are contained in the agreement. A [blog entry](#) from a local law firm has further information pertaining to franchises and franchisees in Oman.

Direct Marketing

There are three daily English language newspapers in which companies can advertise - the Oman Daily Observer, Muscat Daily, and the Times of Oman - each of which has a business section that reach a predominantly expatriate readership. The Arabic dailies - Oman Daily, Al-Watan, Al-Shabiba, and Al-Roya - reach a broader Omani audience and are also published seven days a week. Most dailies have a website for company advertisements. Arabic weeklies

include Al Isbou'a, Al Youm A'Saba, and Futoon. Two independent business monthly magazines, Business Today and Oman Economic Review, began publication in 1998, and there are three free youth-oriented English language weeklies: The Week, Hi, and Y. Advertising is also possible on Omani television and radio and on highway signs. Many businesses also distribute flyers in residential neighborhoods, with permission from the municipal authorities.

The main regulation that governs advertising within Muscat is Local Ordinance 25 of 1993 ("Ordinance"). The Muscat Municipality controls and inspects all advertisements in Oman, including cases of non-compliance with the Ordinance.

Limitations exist on freedom of the press and freedom of expression, including advertising content. Government authorities prohibit advertising deemed detrimental to state security or public order, or offensive to societal values or customs.

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

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

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

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

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

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

- The period of the permit for advertisement fixed boards is two years renewable for one or more equal periods. Companies wishing to advertise should seek renewal at least one month before the expiry date of the permit.
- Violations of the Ordinance are subject to fines and the Municipality has the right to remove any advertisement which is not in compliance with the Ordinance.

Joint Ventures/Licensing

The Omani government welcomes foreign capital and expertise, particularly in the tourism, health care, higher education, fisheries, infrastructure, and manufacturing sectors. Oman seeks foreign investment for the technical expertise it brings and the training it provides to Omanis. Under the U.S.-Oman FTA, U.S. investors qualify for national treatment in Oman. Joint ventures with GCC citizens also would qualify for national treatment.

Express Delivery

Major global organizations such as DHL, FedEx, UPS, ARAMEX, and others operate in Oman and offer express delivery services. Transit times vary, but for packages shipped from the United States to Oman, the average time is 3-10 days, not including the customs clearance process. All items offensive to the Muslim culture or sensitive to the Middle East security situation are prohibited. These include pork products, religious publications/figures, imitation firearms/paraphernalia, and military uniforms.

Due Diligence

The International Company Profile is one of [Embassy Muscat's Commercial Services](#) fee-based services, which provides a comprehensive background check on Omani companies, reporting on its owners, sales, business activities, and its suitability as a business partner for U.S. companies. Trade and bank references (when available) are used in forming an opinion and making recommendations. Turn-around time to deliver this report is usually 30 work days from the date of accepting the Participation Agreement.

eCommerce

Overview

The necessity of doing business remotely during Oman's COVID-19 outbreak is accelerating digitalization and growth of businesses in the ICT sector. The high number of Internet users coupled with the Omani government's promotion of a "digital society" and "e-government" presents opportunities for B2C and B2B eCommerce. According to the [Digital Oman 2019](#) report, there are about 3.7 million active internet users (about 77% of the total population), 2.87 million active mobile internet users and 2.5 million active social media users. MarketEx, an eCommerce marketplace, announced in February 2020 that it had raised \$1 million from private investors in Oman and the United States. The platform, and several other home-grown apps, have gained popularity amidst the in-country COVID-19 movement restrictions.

The government has made some services, such as business registration and customs clearance of imported goods, payment of utility bills, and payment of traffic fines, available online to mitigate exposure to COVID-19.

Current Market Trends

In early 2006, Oman's government began to implement the e-Government initiative in conjunction with the provision of electronic payments (e-Payment) and in particular Internet payments.

Oman's Electronic Transactions Law, adopted in 2008, legalized the use of digital signatures in electronic commerce and communications through letters, emails, etc., in order to assure adequate protection to both businesses and the common public. The law also stipulates penalties for electronic crimes involving e-transactions and provides limited privacy protections for personal data.

The number of electronic transactions via Oman's National ePayment Gateway nearly doubled in 2017, underscoring the increasingly important role of this portal in enabling secure payments for e-Government services, eCommerce, eTendering, online donations, and a host of other online transactions.

Domestic eCommerce (B2C)

Omani consumers mostly shop online for clothing, airline tickets, beauty care products, and hotel reservations. There has been growth in domestic eCommerce, particularly for groceries, as businesses moved to online platforms to sell while the physical stores closed due to COVID-19 restrictions. Jeeblee Online is Oman's first store-based multi-category e-Mall.

Cross-Border eCommerce

Mastercard's Online Shopping Behavior Study in 2014 identified eBay, Google, and Amazon as the three most popular websites for online shopping in Oman. Omani residents also use vehicle-related websites in the United States to order spare parts and supplies. China remains a favorite country of origin for ordering home furniture and furnishing, machinery, and construction materials, among other goods.

B2B eCommerce

Omani companies and individuals order products directly from foreign companies and make payments through bank transfers or money exchanges. Courier companies such as FedEx and DHL ship the goods.

eCommerce Services

Oman Post is working on serving the eCommerce market and making use of Oman Post's branches and vehicles for deliveries of products ordered online. In November 2017, Oman Post launched an e-shipping service called Matjar, allowing Omanis to receive goods purchased from U.S.-based online merchants.

eCommerce Intellectual Property Rights

Oman does not have a data protection law that provides a detailed guideline of the obligations of organizations that collect personal data from the public. The "Protecting Your Intellectual Property in Oman" section provides a more comprehensive discussion.

Popular eCommerce Sites

Amazon, eBay, Aliexpress, and Namshi were the most popular eCommerce sites, according to a December 2018 magazine article. Online food order and delivery apps and grocery delivery websites/apps have gained popularity amidst COVID-19 movement restrictions. Many brick and mortar shops have launched eCommerce facilities or are in the process of doing so.

Online Payment

Payment gateways use bank cards, money exchanges, and bank transfers.

The most common barrier to online shopping within the GCC was related to discomfort with making online payments, according to a 2017 survey by YouGov. Among women, the top issue was lack of cash on delivery options (33 percent), followed closely by uncertainty of product authenticity (30 percent). A previous YouGov survey found that 39 percent of Omani respondents felt offline shopping was "more secure," with only 24 percent considering online shopping "equally safe."

Mobile eCommerce

Alternative payments are gradually gaining prominence in Oman, with banks and telecom companies launching services. In July 2017 the Central Bank of Oman launched MpClear to facilitate mobile-based instant payments. Omantel launched eFloos, a mobile payment solution, in March 2019.

Thawani Technologies, established in 2016 is one of the first digital platforms to allow mobile payment solutions to merchants and consumers in Oman, and in May 2020 the Central Bank of Oman granted Thawani Oman's first license to non-bank financial entities (Fintech companies).

Social Media

Social media penetration in Oman has touched 43 percent, according to research conducted by Statista, a UK-based online research agency. Studies suggest the most frequently accessed search engine after Google is YouTube. Omani Twitter users generate 500,000-600,000 tweets a day, according to an Arab social media report.

Businesses, especially Omani owned SMEs, and entrepreneurs increasingly promote and sell their merchandise through social media. Companies are increasingly using “social media influencers” for store and product promotions.

Selling Factors & Techniques

Overview

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

Potential exporters should be aware that all media imports are subject to review and possible censorship. For example, the Ministry of Heritage and Culture may reject or expunge morally or politically sensitive material from imported videos. The Ministry of Information may also delay or bar the entry of magazines and newspaper editions if it takes exception to a story on Oman or deems the content morally suspect.

Trade Promotion & Advertising

Oman International Trade and Exhibition, Al Nimr, and Omanexpo are Oman’s leading organizers of local and international trade shows and exhibitions, and often seek out U.S. presenters and exhibitors.

Small and medium-sized businesses looking to enter the Omani market should attend sector-focused expos as an effective means of showcasing new offerings and networking directly with stakeholders, potential clients, and policymakers. Highlighted popular expos include: Oman Health Exhibition & Conference, Oman Energy & Water Conference & Exhibition, Food and Hospitality Oman, Oman Waste & Environmental Services Exhibition And Conference, Franchise Show, Oman Petroleum and Energy Show, InfraOman, COMEX (information technology), and GHEDEX (higher education). U.S. exporters should also look to international shows as an opportunity to meet Omani importers and market to Oman. In addition, Omani buyers are starting to grow more interested in attending prominent regional conferences such as Arab Health, ADIPEC, Automechanika, and Beauty World Middle East in Dubai, as well as the Offshore Technology Conference in Houston and International Franchise Expo in New York. The new Oman Convention & Exhibition Centre (OCEC) is aiming to establish Oman as a major venue for regional and international events.

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

Pricing

The pricing formula for a product in Oman involves the cost of production, which includes raw materials and labor, distribution, promotion and advertising, taxes, and customs. Oman assesses taxes on corporate profits, and taxes companies for expatriate labor upon issuance of a work visa. Most international restaurants in Oman charge municipality and tourism taxes in their invoices, and landlords pay a lease tax to the municipality.

Oman introduced a number of changes to taxes in 2017, including increasing corporate taxes from 12 percent to 15 percent and withdrawing many exemptions. The government allows tax exemptions to entities in the manufacturing, mining, agriculture, fisheries, tourism, education, and health care sectors for an initial five-year period from the date of commencement of business with an available extension. Oman introduced a 100 percent excise tax in June 2019 for tobacco products, energy drinks and pork products, and a 50 percent tax on carbonated drinks and alcohol. The government increased the tax on alcohol to 100 percent in July.

Sales Service/Customer Support

Local sales and service agents offer after-sales service and customer support for foreign products. Service response time varies depending on the type of good. Many Omanis express frustration with seeking service from regional support offices in the UAE, and customers would appreciate U.S. companies offering local support.

Local Professional Services

For more information on vetted local professional service providers, please refer to Export.gov.

Principle Business Associations

The local U.S. Chamber of Commerce affiliate, known as the [Oman American Business Center](#) (OABC), provides a variety of activities and forums to promote the exchange of information, advice, and ideas for the U.S. business community in Oman.

The [Oman Chamber of Commerce & Industry \(OCCI\)](#) represents the Omani private sector, though it is quasi-governmental.

Limitations on Selling U.S. Products and Services

Exceptions to Oman's general openness to foreign investment exist in telecommunications, broadcasting, the domestic news media, financial services, legal and other professional services, property ownership, and products/services in violation of Islamic principles.

Trade Financing

The U.S. Export-Import (EXIM) Bank and U.S. International Development Finance Corporation (DFC) have actively pursued export and project financing opportunities in Oman over the past few years. U.S. companies should consider those resources for potential deals in Oman, especially those involving strategic foreign policy objectives.

Methods of Payment

The most common method of payment in Oman is by providing a letter of credit from a bank. Several law firms usually undertake debt collection, and the Consular Section can provide a list upon request. There are no credit rating agencies or bureaus currently established in Oman. For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

Banking Systems

Oman's banking sector consists of 16 licensed local and foreign commercial banks and two specialized banks. Two Islamic commercial banks began operations in 2013: Al Izz Bank International and Bank Nizwa. The banks are subject to supervision by the Central Bank of Oman, which regulates and licenses private banks, monitors interest rates, and issues development bonds and notes. Oman's banks are generally well capitalized with low non-performing loan rates. The Central Bank introduced a Financial Stability Unit in 2013.

Foreign Exchange Controls

The Omani rial is fully convertible and is pegged to the U.S. dollar (OMR 1 = USD 2.60). There is no restriction on the repatriation of capital from Oman.

U.S. Banks & Local Correspondent Banks

Local banks in Oman maintain U.S. correspondents. Bank Muscat has a correspondent banking relationship with J.P. Morgan Chase; National Bank of Oman with Wells Fargo; and Bank Dhofar with Wells Fargo and J.P. Morgan Chase. There are no U.S. banks operating in Oman, although Citibank remains active in the Omani market working out of its Dubai office.

Promoting Intellectual Property

Several general principles are important for effective management of intellectual property (IP) rights in Oman. First, it is important to have an overall strategy to protect IP. Second, it is essential to bear in mind that IP may be protected and enforced differently in Oman than in the United States. Third, companies should remember that most IP rights must be registered and enforced in Oman, under local laws. For example, U.S. trademark registrations and patents are not enforceable in Oman. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends on the national laws of that country. However, Oman offers copyright protection to foreign works in accordance with international agreements.

Granting patents registrations generally is based on a first-to-file (or first-to-invent, depending on the country) basis. Similarly, registering trademarks is based on a first-to-file (or first-to-use) depending on the country. Companies should consider how to obtain patent and trademark protection before introducing products or services to the Oman market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. Government 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. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Oman law. The Embassy's Consular Section maintains [a list of local attorneys](#), including those specializing in commercial law.

While the U.S. Government stands ready to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue their case.

It is always advisable to conduct due diligence on potential partners and agents. A good partner is an important ally in protecting IP rights. Companies should also consider carefully, however, whether to permit a partner to register their IP rights on its behalf. Doing so may create a risk that the partner will list itself as the IP owner and fail to transfer the rights should the partnership end.

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 IP and stop counterfeiting. There are a number of these organizations, both in Oman and U.S.-based. These include:

- The U.S. Chamber and local American Chamber of Commerce (Oman American Business Center)
- 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)

IP Resources

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

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: 1-866-999-HALT or visit 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 United States, contact the U.S. Copyright Office at: 1-202-707-5959, or visit <http://www.copyright.gov/>
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website at <http://www.stopfakes.gov/resources>
- For information on obtaining and enforcing intellectual property rights and market-specific IPR Toolkits visit: STOPfakes.gov. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. Government officials available to assist SMEs.

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, please link to our article on [Protecting Intellectual Property](#) and Stopfakes.gov for more resources.

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Selling to the Public Sector

Most government procurement contracts are subject to the requirements of the FTA, namely, non-discrimination and national treatment for U.S. competitors. The FTA, however, does not govern military procurement and other procurements deemed to be a matter of national security. Branches of foreign consultancies fulfilling a Government of Oman tender can be 100 percent foreign-owned, but typically last until completion of the contract. There is no provision in Omani law for permanent registration of a foreign branch. These temporary consultancies (present less

than 90 days) are responsible for 10 percent withholding tax on royalties and management fees, typically paid by the local client.

“In-Country Value” (ICV) is the Government of Oman’s policy effort to incentivize companies, both Omani and foreign, to invest in Oman through their procurement of local goods and services and training of Omanis. The ICV principle is now embedded in government tenders in all sectors, including transportation and tourism with a minimum of 10 percent. Please refer to the section on Openness to and Restrictions upon Foreign Investment in the Investment Climate Statement below for more details.

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

[The Tender Board website](#) is the largest, though not exhaustive, compilation of open government tenders and is updated on a regular basis. However, once bids are submitted, the bid consideration process is often opaque and some companies complain of protracted timelines. Tender announcements are widely published in local newspapers, both in English and in Arabic, and the official government gazette. The Tender Law and its accompanying regulations, as well as the FTA, specify procedures for appeal.

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

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

A temporary deposit in the form of a bank guarantee for 1-3 percent of the value of the tender is required to bid. The registration application forms indicate the regulations for capital, employees, and infrastructure required for classification of companies into different grades. Each project is assigned a tender grade depending on the sector. For example, a large construction contract may require increased capital requirements and higher grades for bidding companies. Local SMEs may receive a bidding preference in government tenders within a 10 percent price differential. Contracts awarded through the Tender Board comply with Omani Standard Forms and Conditions, based on the International Federation of Consulting Engineers (FIDIC) standard. Contracts are often, but not necessarily, awarded to the lowest bidder. After notification of an award, final negotiations concerning clarifications and adjustments take place before the contract is executed.

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

1. If the tender board announces an international tender (typical for large infrastructure projects), international companies and institutions not registered in the Sultanate may participate in international tenders provided that they register in accordance with the regulations prevailing in the Sultanate within a maximum period of 30 work days from the date the international company is notified of being awarded the contract. U.S. companies can register for tenders without a local partner.

2. With a government contract, foreign companies can register a temporary branch for the duration of the work.
3. Many international companies choose to establish an agency agreement with local companies. This agency agreement is registered with MOCI and the agent participates in tendering on behalf of the foreign company.

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

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

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

Tender Bid Bonds:

As part of the tendering process in Oman, bidding contractors will often arrange for a third party guarantor (usually a bank or insurance company) to issue a bid bond on their behalf to the project owner, as a guarantee that the winning bidder will perform its contract in accordance with the terms of its bid. The bid bond is subject to full or partial forfeiture if the winning bidder fails to either execute the contract or replace the bid bond with the requisite performance bond. Bid bonds typically range in value from one to three percent of the tender contract price. Under Omani law, a bid bond must be for at least one percent of the contract price or project value, and the bid bond must have a minimum duration of 90 days (which is extendable). A bidder seeking to withdraw its bid after the bid opening will lose the bid security. Unsuccessful bidders are reimbursed for the bid bond upon losing the tender. Pursuant to the Tender Law issued by Royal Decree 36/08, non-submission of the requisite bid bond with the bid can be grounds for disqualification of the bid. The winning bidder must replace the bid bond with a performance bond that constitutes five percent of the contract price within 10 days or, in the case of foreign bidders, within 20 days of being notified of the acceptance of the tender. Failure to provide the performance bond within the stipulated number of days can result in the full amount of the bond becoming payable to the owner of the project as compensation for the default and, additionally, could lead to cancellation of the award.

Advocacy

U.S. companies bidding on government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center, coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy for Foreign Government Contracts](#) for additional information.

Financing of Projects

Project financing in Oman has emerged as the preferred alternative to conventional methods of financing infrastructure and other large-scale projects in the field of oil and gas pipelines, refineries, electricity generating facilities, and water and desalination projects. Omani banks are beginning to heed government calls for more financing of large industrial projects. In 2018, the Duqm refinery project secured multi-source project financing of USD 4.61 billion, amounting to the largest project financing in the Sultanate of Oman and the largest Sharia-compliant facility for a green field project in Oman. Islamic banking and finance is emerging as one of the fastest-growing segments within the financial services industry in Oman.

SME financing has been limited as banks are unwilling to take risks on start-ups, though the government is now promoting greater lending to start ups. In 2013, the government launched the OMR 70 million (USD 182 million) Al Rafd fund to finance start-ups and entrepreneurial ventures. The SME Development Fund, Riyadh, and Sharakah are some of the other entities involved in entrepreneurial financing and training. The Oman Development Bank (ODB) also administers loans with a OMR 1 million (USD 2.6 million) ceiling to support development of smaller industries in the agriculture, fisheries, petroleum, mining, and services sectors. ODB also offers an SME loan guarantee program in partnership with commercial banks, interest subsidies, and attractive export financing rates.

The Muscat Securities Market (MSM) is the only stock exchange in Oman. Foreigners can participate in IPOs on the MSM via local brokers. Public joint stock companies (SAOG) may issue shares to the public with a minimum of OMR 2 million or USD 5.2 million. Investors may also seek financing from the Gulf Investment Corporation located in Kuwait. The Capital Market Authority (CMA) is the country's financial regulatory authority responsible for capital markets in Oman. Its responsibilities include setting and policing financial rules and regulations and developing the capital markets, and this includes regulating the MSM.

The CMA granted initial approval in 2019 for the issuance of Oman's first real estate investment trust (REIT) with capital up to OMR 20 million (USD 52 million). The January subscription period reportedly offered 100 million investment units, according to the Aman Fund prospectus,

Due to tight government budgets, Oman is increasingly exploring the use of project financing, but it is facing increased competition for more expensive funding. In March 2020, Moody's lowered the ratings of several Omani banks, followed by a July 2020 downgrade of the country's long-term issuer and senior unsecured bond ratings to Ba3.

Resources

- [Trade Finance Guide](#): A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team.
- [Export-Import Bank of the United States](#)
- [Country Limitation Schedule](#)
- [U.S. International Development Finance Corporation \(DFC\) Trade and Development Agency](#)
- [SBA's Office of International Trade](#)
- [USDA Commodity Credit Corporation](#)
- [U.S. Agency for International Development](#)

Business Travel

Business Customs

The below outlines usual business customs in Oman. Visitors should adhere to Centers for Disease Control and Prevention (CDC) [guidance](#) for COVID-19 prevention.

While most Omani businesspersons are accustomed to western business practices, some still operate along more traditional lines. A visit to Oman may involve the following: some contacts may not make appointments 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, telephone calls may interrupt it. Politeness is highly valued; foreign businesspeople should avoid blunt statements and constructive, balanced forms of communication. 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 UK or the United States, there is little other than the national dress worn by Omanis that a visiting businessperson might find different from home. English is very widely spoken, particularly in the capital area.

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

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

Ramadan Protocols:

The holy month of Ramadan is the ninth month of the Islamic calendar, during which all Muslims must observe a fast by abstaining from eating and drinking between dawn and dusk. The Sultanate of Oman has formulated regulations for the holy month of Ramadan regarding working hours, operations of certain businesses, and acceptable public behavior.

Ramadan working hours:

- Royal Decree 113/2011, amended Article 68 of the Labor Law (promulgated by Royal Decree 35/2003), reduced the maximum working hours during Ramadan to not more than six hours a day or 30 hours a week for all Muslim workers.
- The Minister of the Diwan of Royal Court and Chairman of the Civil Service Council reduced official working hours at ministries, public authorities, and other departments of the state's administrative apparatus to 5 hours per day, i.e. from 9 a.m. to 2 p.m., during the Holy Month of Ramadan.
- The working hours in the private sector during the Holy Month of Ramadan are reduced to six hours per day and 30 hours per week, according to a ministerial decision issued by the Ministry of Manpower.
- According to the Central Bank of Oman, official working hours for all licensed Banks in the Sultanate of Oman during the holy month of Ramadan are from 9 a.m. to 1 p.m.

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

- Muslims in Oman consider drinking and eating in public during the holy month of Ramadan as discourteous. All restaurants and cafes are closed during the day and they re-open only after sunset. Non-Muslims should refrain from smoking, eating, or drinking water and other beverages in public places during the hours between dusk and dawn.
- It is advisable for Non-Muslim employees to eat food and drink water or other beverages discreetly, at their desks, out of sight of Muslim employees or in a canteen, in a separate designated room, or at their homes. Non-Muslim hosts should not provide food or drink during meetings or require Muslim employees to attend business lunches during Ramadan.
- Employers should ensure that business meetings and training sessions for Muslim employees are shortened or postponed until after Ramadan.
- During the holy month of Ramadan, non-Muslims should adhere to modest dress code and their behavior should be empathetic and courteous towards the Muslims in general.
- Companies operating during non-conventional working hours, such as shift working, should make provision for suitable breaks for Muslim employees to enable them to take their meal at the time of *Suhoor* (before sunrise) and *Iftar* (after sunset).

Travel Advisory

The link to all travel advisories is:

<https://travel.state.gov/content/travel/en/traveladvisories/traveladvisories.html/>

For the most recent travel advisory on Oman, visit the following link:

<https://travel.state.gov/content/travel/en/international-travel/International-Travel-Country-Information-Pages/Oman.html>

[U.S Embassy, Muscat](#)

Visa Requirements

A valid passport and visa are required for entry into Oman. U.S. citizens are encouraged to apply for tourist visas in advance via the [Royal Oman Police E-Visa website](#). Other categories of short-term visit/business/work contract visas are available, but these must be arranged in advance through an Omani sponsor. The current list of visa types and a schedule of fees are available at the Royal Oman Police website.

For more details, visit <https://travel.state.gov/content/travel/en/international-travel/International-Travel-Country-Information-Pages/Oman.html>

Please note that the U.S. Embassy in Muscat does not arrange visas for visiting businesspersons.

Self-sponsorship through an investor visa is available for a minimum OMR 250,000 (USD 650,000) capital investment, and provides for two years of residency. The minimum share capital for a Limited Liability Company (LLC) with local or GCC ownership, or for those qualifying under the FTA is OMR 20,000 (USD 52,000).

For further information on obtaining a visa to visit Oman, visit the Royal Oman Police website, or contact the Embassy of Oman in Washington D.C. at (202) 387-1980 for the most current business-visa information.

U.S. companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to <https://travel.state.gov/content/travel.html>.

Currency

The Omani rial is fully convertible and is pegged to the U.S dollar (1 OMR = USD 2.60).

Telecommunications/Electronics

Omantel and Ooredoo operate a relatively modern and efficient telephone system. (See Chapter 4 for more detail.) Mobile (GSM) phones are widely used; roaming arrangements cover the GCC, the U.S., the UK, and European countries. The networks for GSMs are operated by the telecommunications providers in Oman, Ooredoo and Omantel, although other competitors, Friendi, Renna, Mazoon Mobile, Samatel, and Injaz Mobile have recently entered the market. Omantel, Ooredoo, and AWASR also provide broadband Internet services.

Transportation

Western visitors rarely patronize the local, non-air-conditioned bus or collective taxi system in Muscat, and this system is not recommended for unaccompanied women. Outside of the capital area, public transport is rarely found off main highways. Taxis are ubiquitous throughout urban areas. If the taxi does not have an electronic meter, passengers should negotiate the fare before entering the taxi and ask a trusted local regarding pricing for the distance travelled. Before the COVID-19 outbreak, taxi hailing apps such as OTaxi and the state owned Mwasalat were becoming more popular. Mwasalat also introduced a new fleet of buses in the Muscat city area and have started routes and services to major cities. There are many international rental car companies active in Oman, and their counters can be found upon arrival at the international airports.

Language

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

Health

Sanitary standards for food and water are generally quite good, particularly at major hotels. The Omani government inspects restaurants to maintain hygienic standards. The use of bottled water is recommended in the summer months. Health care in Oman is adequate and there are a number of Western or Western-educated health care providers in the Muscat area.

Local Time, Business Hours and Holidays

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

Business Hours: Weekdays are Sunday through Thursday. Government offices are open from 7:30 a.m. to 2:30 p.m. Larger businesses operate from 8:00 a.m. to 4:30 p.m. Some smaller companies open at 7:30 a.m., close for the afternoon at 1:00 p.m. and reopen at 4:00 p.m., closing for the day at 6:00 p.m. During the holy month of Ramadan, government offices and most businesses have shortened hours.

[Public Holidays for 2020](#) (link to U.S. Embassy holiday calendar)

Temporary Entry of Materials or Personal Belongings

The FTA provides for temporary admission of goods under Chapter 2, Market Access. Duty-free treatment shall be granted for temporary admission of the following list of goods:

- professional equipment, including equipment for the press or television, software, and broadcasting and cinematographic equipment, necessary for carrying out the business activity, trade, or profession of a person who qualifies for temporary entry pursuant to the laws of the importing party;
- goods intended for display or demonstration;

- commercial samples and advertising films and recordings; or
- goods imported for sports purposes.

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.

Investment Climate Statement

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State's [Investment Climate Statement](#) website.

Political Environment

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.

[CIA World Fact Book](#)