

OMAN

TRADE SUMMARY

The U.S. goods trade deficit with Oman was \$775 million in 2011, shifting from a trade surplus of \$332 million in 2010. U.S. goods exports in 2010 were \$1.4 billion, up 29.8 percent from the previous year. Corresponding U.S. imports from Oman were \$2.2 billion, up 185.6 percent. Oman is currently the 72nd largest export market for U.S. goods.

IMPORT POLICIES

Tariffs

Upon entry into force of the United States-Oman Free Trade Agreement (FTA) on January 1, 2009, Oman provided immediate duty-free access on virtually all industrial and consumer products and will phase out tariffs on the remaining handful of products by 2019. In addition, Oman provided immediate duty-free access for U.S. agricultural products in 87 percent of its agricultural tariff lines. Oman also will phase out tariffs on the remaining agricultural products by 2019.

Import Licensing

Companies that import goods into Oman must be registered with the Ministry of Commerce and Industry. Importation of certain classes of goods, such as alcohol, livestock, poultry and their respective products, as well as firearms, narcotics, and explosives, requires a special license. Media imports are subject to review and possible censorship.

Customs

Some firms have reported difficulties in receiving duty-free treatment under the United States-Oman FTA for goods that enter Oman via Dubai.

GOVERNMENT PROCUREMENT

Procuring entities in Oman are required to conduct procurement covered by the FTA in a fair, transparent, and nondiscriminatory manner.

Oman provides a 10 percent price preference to tenders that contain a high content of local goods or services, including direct employment of Omani nationals. However, Oman may not apply such price preferences to tenders offering goods and services from the United States in procurement covered by the FTA. For most major tenders, Oman invites bids from international firms or firms pre-selected by project consultants. Suppliers are requested to be present at the opening of tenders, and interested persons may view the process on the Tender Board's website. The U.S. business community reports that the procurement process is often opaque. Of particular concern is the role that consultants play in the government procurement process. At times, consultants appear to steer a procurement decision toward a particular supplier on grounds other than technical qualifications or price. In addition, the business community reports that tenders' costs can sometimes increase dramatically when award decisions are delayed, sometimes for years, or the tendering is reopened with modified specifications and, typically, short deadlines. In 2011, the Omani government took steps to improve the tender process by shuffling the leadership at the Tender Board, instituting State Audit Institution investigations of previous questionable

tenders, and enacting a new decree barring relatives “to the second degree of kinship” from participating in procurements.

Oman’s Ministry of Defense may require that companies involved in defense-related transactions participate in its offset program, entitled “Partnership for Development.”

Oman is an observer to the WTO Committee on Government Procurement. In accordance with the commitment in its WTO accession, Oman began negotiations to accede to the WTO Agreement on Government Procurement in 2001, but it has not completed the accession process.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Oman committed to provide strong intellectual property rights (IPR) protection and enforcement in the United States-Oman FTA. Oman revised its IPR laws and regulations to implement its FTA commitments, and it acceded to several international IPR treaties. While IPR laws in Oman are generally enforced, cases of online piracy, which can be difficult to detect, remain common.

The six Member States of the Gulf Cooperation Council (GCC) are working to harmonize their IP regimes. In connection with that effort, the GCC recently approved a common trademark law. Each Member State is expected to adopt that law. The United States has established a dialogue with GCC technical experts to discuss this law and other Customs Union efforts regarding IPR.

SERVICES BARRIERS

Banking

Oman does not permit representative offices or offshore banking.

Legal Services

By a decree from the Ministry of Justice in October 2009, non-Omani attorneys, including U.S. attorneys practicing in Oman, are prohibited from appearing in courts of first instance.

INVESTMENT BARRIERS

Under the FTA, Oman is required to accord national and most favored nation treatment to U.S. investors, who also have the right to make financial transfers freely and without delay. In addition, Oman is required to apply international law standards for compensation in the event of an expropriation, and to submit to international arbitration in the event of an investment dispute. All forms of investment are protected under the FTA, including enterprises, debt, concessions, contracts, and IPR. U.S. investors in almost all circumstances are entitled to establish, acquire, and operate investments in Oman on an equal footing with Omani investors and with investors of third countries. The FTA also prohibits the imposition of certain trade-distorting investment measures, such as requirements to buy Omani rather than U.S. inputs for goods manufactured in Oman.

However, certain concerns remain regarding the ability of U.S. businesses to acquire office space in Oman. Although U.S. investors are permitted to purchase freehold property in designated residential developments, businesses must adhere to more restrictive guidelines when acquiring real estate for commercial purposes. With the exception of certain tourism-related property agreements, only companies or enterprises with at least a 51 percent Omani shareholding are permitted to own real estate for the purpose of establishing an administrative office, staff accommodation, warehouse or show room, or other

building with a similar purpose. Other enterprises, including foreign majority-owned businesses, must seek “usufruct” rights that enable them to exploit, develop, and use land granted by a third party.