

OMAN

TRADE SUMMARY

The U.S. goods trade surplus with Oman was \$329 million in 2010, an increase of \$110 million from 2009. U.S. goods exports in 2010 were \$1.1 billion, down 2.2 percent from the previous year. Corresponding U.S. imports from Oman were \$773 million, down 14.9 percent. Oman is currently the 76th largest export market for U.S. goods.

IMPORT POLICIES

Tariffs

With the 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 in its tariff schedule and will phase out tariffs on the remaining handful of products by 2019. In addition, upon entry into force of the FTA, Oman provided immediate duty free access for U.S. agricultural products in 87 percent of its agricultural tariff lines. Oman will phase out tariffs on the remaining agricultural products by 2019.

As a member of the Gulf Cooperation Council (GCC), Oman applies the GCC common external tariff of five percent for most non-U.S. products, with a limited number of GCC-approved country-specific exceptions. Oman's exceptions include tariff rates of 100 percent on pork, alcohol, and cigarettes, and 25 percent on edible oils sold in retail packaging, as well as protective duties on a limited number of agricultural products, such as dried lemons, bananas, dates, and ghee. According to the WTO, Oman's simple average applied tariff for non-U.S. products is 12.2 percent for agricultural goods and 4.7 percent for non-agricultural goods.

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.

Documentation Requirements

Only Omani nationals and companies of WTO Members that are registered as importers are permitted to submit documents to clear shipments through customs.

Customs

Some firms have reported difficulties in receiving duty-free treatment under the U.S.-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 bids 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 bids 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. Bidders are requested to be present at the opening of bids, 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 bidder on grounds other than technical qualifications or price. In addition, the business community reports that bidders' costs can sometimes increase dramatically when award decisions are delayed, sometimes for years, or the bidding is reopened with modified specifications and, typically, short deadlines.

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 the process of acceding to the WTO Agreement on Government Procurement (GPA) in 2001, but it has not completed the process.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Oman committed to provide strong IPR protection and enforcement in the US – 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 on-line piracy – which can be difficult to detect – remain common.

As part of the GCC Customs Union, the six Member States are preparing a draft common trademark law, as well as a draft common unfair competition law to protect companies from unfair commercial use of undisclosed information submitted for marketing approval of pharmaceutical products. The United States is engaged in a dialogue with GCC technical experts to help ensure that the trademark law and unfair competition law will facilitate Member States' implementation of international and bilateral obligations.

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. Within the next several years, the Ministry of Justice plans to bar foreign lawyers from appearing in all of its courts.

INVESTMENT BARRIERS

Under the FTA, Oman is required to accord MFN treatment and national 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 intellectual property rights. As a

result, 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.

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 offices. 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.