U.S. DEPARTMENT OF STATE
DIPLOMACY IN ACTION

Executive Summary

Oman's investment climate is conducive to U.S. investment. Omani officials and businesspeople generally value U.S. technology, skills, and expertise in a wide range of fields, appreciate U.S. firms' reputation for reliable, transparent business practices, and are keen to leverage U.S. business models, corporate values, and entrepreneurial culture in order to take fuller advantage of the United States-Oman Free Trade Agreement (FTA). American firms enjoy special privileges under the FTA, namely duty exemptions, national treatment, and non-discrimination in government procurement. However, persistent lack of compliance by Omani Customs to FTA Article 4 regarding duty exemption for eligible U.S. goods transshipped by road via Dubai as well as the imposition of a new "In Country Value" program, as of January 1, 2014, promoting local sourcing in the oil and gas sector, remain areas of concern in an otherwise positive operating environment for U.S. investors. In addition, mandatory Omanization hiring quotas for Omani nationals and scarcity of gas for new manufacturing projects posed challenges for U.S. investors.

Advantages of investing in Oman include:
Oman's business-friendly environment, including the U.S.-Oman Free Trade Agreement; a modern business law framework; respect for free markets, contract sanctity, and property rights; relatively low taxes; and a one-stop-shop at the Ministry of Commerce and Industry for business registration;
The educated and largely bilingual Omani work force;
The excellent quality of life: Oman is a safe, modern, friendly, and scenic country, with outstanding international schools, wide array of consumer goods, modern infrastructure, and a convenient and growing transportation network;
Oman's geographic location, just outside the Persian Gulf and the Strait of Hormuz, along busy shipping lanes carrying a significant share of the world's maritime commercial traffic, with convenient access and connections to the Gulf, Africa, and the subcontinent;
The steady and ambitious investment by the Government of Oman in the country's infrastructure, including manufacturing free zones, seaports, airports, rail, and roads, as well as in its health care and educational systems and facilities.

Foreign investment is increasing in Oman as international firms recognize the growing opportunities related to the Sultanate's massive infrastructure investment program. The investment climate is improving, with a major anti-corruption campaign starting in the summer of 2013, which investigated, convicted, and sentenced unprecedented levels of high-profile local officials and executives, previously considered "untouchable." Non-oil economic growth stood at 8% last year, reflecting major infrastructure-related activity and the Sultanate's success in promoting downstream manufacturing in its free zones.

1. Openness To, and Restrictions Upon, Foreign Investment

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

With the implementation of the U.S.-Oman Free Trade Agreement (FTA) on January 1, 2009, U.S. firms may establish and fully own a business in Oman without a local partner. U.S.-Oman FTA commitments have increased opportunities for U.S. financial service providers, as well as for cross-border service providers in the areas of communications, express delivery, computer-related technologies, health care, and distribution, among others. By contrast, non-American service providers such as engineering consultancies must be at least 30 percent owned by an Omani who is currently practicing in the specialized field with a relevant degree before MOCI will approve a license. Although U.S. investors are provided national treatment in most sectors, Oman has an exception in the FTA for legal services, limiting U.S.-ownership in a legal services firm to no more than 70 percent. In 2011, Oman also began to enforce a new directive limiting customs clearing and forwarding activities to Omani and GCC citizens, contrary to the FTA.

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

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

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

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

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

Commercial law in Oman is continually evolving. Although the judicial process is slow, business contracts are generally enforced. According to the 2013 World Bank Ease of Doing Business Report, it takes an average of 598 days to enforce a business contract. However, the cost of enforcement is a smaller percentage of the claim, at 13.5 percent, lower than even OECD countries, which average 20 percent.

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

Submit an application duly signed by at least three founders in case of Joint Stock Companies, and by at least two members in case of other types of Companies.
Submit a certificate from the Commercial Registration stating that no other Company is registered in Oman under the same proposed commercial name.
Prepare the Articles of Association/Incorporation of the proposed Company, according to its legal type.
If a proposed partner is a juristic person (corporate entity with legal standing), it must submit its Articles of Association and Certificate of Registration and Power of Attorney to its authorized Managers. In case of a non-Omani juristic person, also a brochure of the Company's major projects and last balance sheet (if any) are preferred to be submitted as well, duly attested (as well as the former) by the concerned authorities in the country where the head office of the Company is located and from the Embassy of Oman there.
Capital of the proposed Company should not be less than RO 150,000 ($390,000). (Note: US Companies subject to local requirement of RO 20,000 (USD 52,000) as per FTA national treatment provision.)
Omani proportion in the Capital and share of profit should not be less than 35 percent. (Note: US Companies exempted under FTA.)
Activities and objects of the proposed Company should be limited within one specific field. No foreign participation is allowed in General Trade and Service ventures.

The non-Omani partner other than citizens of Gulf Cooperation Council (GCC) States in the proposed Company must be a Juristic Person having an experience of not less than 5 years in the same field of the activity required.
Written approvals must be obtained from the appropriate government departments concerned with the proposed activities.
When the establishment of the Company is approved, the necessary financial recommendations are to be forwarded and steps for registering with the Commercial Registry are to be taken.

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

Oman also maintained its position as the 32nd most competitive country in the 2012/13 World Economic Forum's Global Competitiveness Index, a measure of the economies of 144 countries. This ranking places Oman in the top 25 percentile of the world's economies and ranks it above economic powerhouses including India, South Africa, Italy and Turkey.

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

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

Measure	Year	Rank or value	Website Address
Transparency International Corruption Perceptions index	2013	(61 of 177)	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	(48 of 177)	http://www.heritage.org/index/ranking
World Bank's Doing Business Report: "Ease of Doing	2013	(47 of 189)	http//doingbusiness.org/rankings

Business”			
Global Innovation Index	2013	(80 of 142)	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2011	USD $19,450	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. **Conversion and Transfer Policies**

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

3. Expropriation and Compensation

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

4. Dispute Settlement

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

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

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

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

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

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

Pursuant to the Conciliation and Settlement Law (Royal Decree No. 98 of 2005), parties may refer a dispute to the Committee for Conciliation and Settlement by submitting an application, free of charge, before a reference is made to the courts. The Committee shall attempt to settle the dispute within 60 days from the date of application to the Committee; however, this period may be extended for a further period of not more than 30 days upon the agreement of parties. If settlement is achieved, the Committee will prepare a report to be signed by all parties, which then can be enforced in the same manner as a final judgment of a court. Parties to a dispute are also free to explore mediation themselves through the appointment of a professional mediator.

5. Performance Requirements and Investment Incentives

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

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

Firms involved in agriculture and fishing, industry, education and training, healthcare, mining, export manufacturing, tourism, and public utilities are eligible for the renewable 5-year tax holiday and exemption from duties on capital goods and raw materials. Under the Industry Organization and Encouragement Law of 1978, incentives are available to licensed industrial installations on the recommendation of the Industrial Development Committee. "Industrial installations" include not only those for the conversion of raw materials and semi-finished parts into manufactured products, but also for mechanized assembly and packaging operations. Omani and American-owned commercial enterprises, as well as foreign industrial producers in joint venture with local firms that produce goods locally, need to meet standard quality specifications. The government offers subsidies to offset the cost of feasibility and other studies if the proposed project is considered sufficiently important to the national economy. Only in the most general sense of business plan objectives does proprietary information have to be provided to qualify for incentives.

Foreign investors generally do not need to purchase from local sources or export a certain percentage of output, though the Ministry of Oil and Gas implemented an In Country Value as of January 1, 2014, that incorporate metrics for local supply into contract evaluations, alongside commercial and technical considerations. Foreign investors have access to local and foreign exchange for export finance. Offsets on civilian government procurements are generally limited to procurements by the Ministry of Defense, Royal Oman Police, or Ministry of the Royal Office. U.S. and foreign firms are able to participate in government financed/subsidized research programs on a national treatment basis, and are at times solicited. Foreign firms operating in Oman, including U.S. companies, must meet "Omanization" requirements, which require businesses to employ a percentage of Omani citizens as determined by the Ministry of Manpower. In 2013 the Sultan called for enhanced enforcement of a provision of the Tender Law requiring at least 10% of any project to be subcontracted to local SME's.

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

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

Recommendation to the Ministry of Electricity and Water for the reduction of utility charges for industrial purposes for those industries fulfilling the conditions for reduction.
Survey of industrial investment opportunities and preparation of feasibility studies important to national economy.

6. Right to Private Ownership and Establishment

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

7. Protection of Property Rights

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

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

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

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

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

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

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

Resources for Rights Holders:

Embassy point of contact: muscatcommercial@state.gov

Local lawyers list: http://oman.usembassy.gov/attorney_information.html

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

Ministry of Commerce and Industry – Directorate of Commerce
Director General of Commerce
Khamis al-Farsi

Tel: +968-2482-8100/115
Fax: +968-2481-2030
E-mail: dgc@mocioman.gov.om ; khaalfarsi@gmail.com
Web: http://www.mocioman.gov.om/

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

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

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

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

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

8. Transparency of the Regulatory System

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

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

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

9. Efficient Capital Markets and Portfolio Investment

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

10. Competition from State-Owned Enterprises

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

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

11. Corporate Social Responsibility

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

12. Political Violence

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

13. Corruption

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

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

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

The institution's mandates now encompass the following:
To secure public funds, provide a framework for efficient management of such funds, and ensure their efficient and optimal utilization;
To detect financial and administrative irregularities and identify inherent deficiencies in the relevant financial and administrative laws;
To identify the causes of, and assign responsibility for, any deficient performances; and
To ensure transparency in financial and administrative transactions, and make recommendations for the avoidance of conflicts of interest and for the prevention of financial and/or administrative irregularities.

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

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

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

The Sultanate has the following national legislation in place to deal with corruption in public and private sectors:
The Law for the Protection of Public Funds and Avoidance of Conflicts of Interest (the “Anti-Corruption Law”) (promulgated by Royal Decree 112/2011); and
The Omani Penal Code (promulgated by Royal Decree 7/1974).

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

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

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

14. Bilateral Investment Agreements

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

15. OPIC and Other Investment Insurance Programs

Oman is eligible for Export-Import Bank of the United States (EX-IM) financing as well as Overseas Private Investment Corporation (OPIC) insurance coverage. Unusual for a Gulf country, Oman provides export credit insurance against commercial and political risk, through the Oman Development Bank. In addition, the independent Export Credit Guarantee Agency of Oman, a closed stock company, extends credit insurance, guarantees and financial support to Omani exporters, though its limit is $1 million per transaction. The U.S. Embassy in Muscat purchases local currency at the fixed rate of 1 Omani Rial to USD 2.6. Due to the likelihood of continuing high oil prices, there is very little risk of devaluation or depreciation of the Omani Rial in the next year.

16. Labor

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

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

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

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

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

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

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

The most important changes to the Labor Law after the 2011 "Arab Spring" include:
If the ownership of a project, partially or wholly, changes hands, the new owner must continue to employ the previous Omani workforce at its previous salaries;
Direct deposit receipt is the only proof of payment of salary;
30 days annual paid leave (up from 15) after six months of continuous work (down from one year) and six days of paid emergency leave (up from four). A worker may not waive his or her leave;
Overtime begins to accrue after 45 hours of work in one week (down from 48) or more than nine hours in one day;
During Ramadan, Muslim workers shall not be required to work more than 30 hours a week (down from 36) or 6 hours a day;

Overtime day work will be paid at 25 percent above the normal salary rate; night work at 50 percent, if such work is performed during the weekly rest day or during the official holidays the employee shall, unless compensated with another day during the subsequent week, be entitled to double salary for such day, unless he is granted another day in lieu thereof within the following week;
Every worker must receive two paid days of rest (up from 24 hours) after five continuous days of work; (*Note: Many service-based employers fail to comply with this provision, though local legal analysts report double pay or accumulation of annual leave is allowable in lieu of the second rest day*.)
Women may not be required to work between the hours of 9:00 p.m. to 6:00 a.m. (previously 7:00 p.m. to 7:00 a.m.) (*Note: This rule is subject to multiple exceptions as published by the Ministry of Manpower, such as health workers, transportation workers, and women working in certain petrochemical fields*.)
Paid maternity leave of 50 days up to three times per woman per employer (up from 42 days of unpaid leave);
Unlawfully discharged workers (as determined by the courts) will receive a minimum of three months of their gross wage and any severance pay to which they were due in the original work contract;
New penalties for failure to adhere to Omanization rates.

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

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

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

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

In late 2013, the Ministry of Manpower issued a Ministerial Decision permitting employers in the private sector for the first time to recruit Omani employees on a part-time basis. The Ministerial Decision states that an employer may hire a part-timer under the following conditions:
The work hours should not exceed four hours per day;
The wage per hour should not be less than RO 3;
Part-time jobs are confined to Omani nationals;
The part-timer is also known as "job seeker;" therefore, those aged 16 are only permitted to work between 6:00 a.m. and 6:00 p.m.; and
Part-timers' ratio is not more than ten per cent of the Omanization ratio.

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

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

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

If he assumes a false identity, or if he resorts to forgery to obtain the employment;
If he commits a mistake which results in a material financial loss to the employer provided that the latter notifies the Ministry of Manpower of the incident within three days of the date of his knowledge of its occurrence;
If he, in spite of being notified in writing, does not comply with instructions the compliance with which is necessary for the safety of employees or the workplace, provided that such instructions shall be written and hung in a conspicuous place and the contravention of which is likely to cause grievous damage to the workplace or harm to the employees;
If he absents himself from his work for more than ten days without reasonable cause during one year or for more than seven consecutive days, provided that such dismissal shall be preceded by a written notice to him from the employer after his absence for five days in the former case;
If he discloses any secrets relating to the establishment in which he works;
If a final judgment is entered against him for an offence or felony for breach of honor or trust or for a felony committed in the workplace or during the course of his work;
If he is found during working hours in a state of drunkenness or was under the influence of an intoxicating drug or mental stimulus;
If he commits an assault on the employer, the responsible manager, or if he commits a grievous assault on any of his superiors in the course of the work, or if he assaults one of his colleagues in the workplace by hitting him, which causes sickness or delay of the work for a period exceeding ten days; or
If he commits a grave breach of his obligations to perform his work as agreed upon in his contract of work.

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

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

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

Current Omanization rates for selected sectors are as follows:

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

As part of a package of incentives for foreign investors, Oman's Free Zones allow for lower Omanization rates. The Ministry of Manpower will not issue expatriate labor clearances for companies that fail to hire qualified Omanis to meet the labor targets. If qualified Omanis are not available, the Ministry may issue labor clearances pending future availability of qualified Omanis to fill such positions. The Ministry also assists companies in training Omanis for high-demand positions if the companies agree to hire them once trained. U.S. companies are not exempt from Omanization requirements under the FTA, despite some exceptions for managers, board members, and specialty personnel. Private companies have expressed concerns about the work ethic of Omanis compared with expatriate staff, as well as absenteeism of Omani workers who are harder to dismiss because of the protections they enjoy under local employment laws. However the Ministry of Manpower is authorized to impose fines on companies that don't achieve targets. These fines can reach 50 percent of the average of total non-Omani salaries making up the difference between target and actual Omanization rates, though they are rarely enforced if the company is making good faith efforts to recruit Omanis. In addition, harsh penalties, including deportation, are applicable for transferring employment visa sponsorship from one individual to another or working under tourist visa status.

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

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

17. Foreign Trade Zones/Free Ports

The government has established free-trade zones to complement its port development projects investing heavily in the Duqm, Salalah, and Sohar Free Zones. These areas include strategically located ports and are well connected with modern infrastructure and facilities. An incentive package for investors includes a tax holidays, duty-free treatment of all imports and exports, and tax-free repatriation of profits. Additional benefits include streamlined business registration, processing of labor and immigration permits, assistance with utility connections, and lower Omanization requirements.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

According to the National Center for Statistics and Information (NCSI), the total volume of foreign direct investment (FDI) into Oman stood at RO6.48bn (USD16.83bn) as of 2012, registering a growth of 9.6 per cent compared with RO5.9bn at the end of 2011. FDI flows into

Oman surged 41 per cent in 2012 to RO570mn (USD1.47bn) from RO404mn in 2011. Total FDI volume as a percentage of GDP in 2012 - at RO30bn (or USD 77bn) - was 21.6 per cent. The oil and gas exploration sector received FDI of RO3.07bn (USD7.97bn) as of 2012 and remained the largest beneficiary of investment flows into the country, accounting for 46.4 per cent of the total. With a share of 18.3 per cent, manufacturing was next in terms of attracting FDI, receiving RO1.34bn as of 2012. With total FDI of RO914mn, the financial intermediation sector stood third, accounting for 15.5 per cent of the total FDI. The UK was the largest contributor, injecting total FDI worth RO2.29bn (USD5.95bn) as of 2011, and accounting for a 38.7 per cent share. UAE was the second biggest contributor, followed by the US and India. The UK and the US dominated in terms of FDI flows into oil and gas exploration, while the manufacturing and construction sectors were dominated by UAE and India. GCC countries dominated FDI in the real estate and renting businesses.

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

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

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

TABLE 1: Key Macroeconomic data, U.S. FDI in host country/economy

	Host Country Statistical source*		USG or international statistical source		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP)	2013	$94,86bn	2012	$78.11bn	http://www.worldbank.org/en/country

Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country	2012	$631	2012	630.4	(BEA) click selections to reach. • Bureau of Economic Analysis • Balance of Payments and Direct Investment Position Data • U.S. Direct Investment Position Abroad on a Historical-Cost Basis • By Country only (all countries) (Millions of Dollars)
Host country's FDI in the United States	N/A	N/A	2011	$1.3bn	(BEA) click selections to reach • Balance of Payments and Direct Investment Position Data • Foreign Direct Investment Position in the United States on a Historical-Cost Basis • By Country only (all countries) (Millions of Dollars)
Total inbound stock of FDI as % host GDP (***calculate)***	2011	0.80	N/A	N/A	

* All host country statistical data from the National Center for Statistics and Information.

19. Contact Point at Post for Public Inquiries

Economic & Commercial Officer
U.S. Embassy, P.O. Box 202, Postal Code 115, MSQ, Muscat, Sultanate of Oman
+968-2464-3623
muscatcommercial@state.gov