OMAN

INVESTMENT CLIMATE STATEMENT

2015

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Executive Summary

Oman, officially known as the Sultanate of Oman is located in the southeastern coast of the Arabian Peninsula. Oman is an absolute monarchy, governed since 1970 by Sultan Qaboos bin Said. Overall, 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, count on 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 advantage of the United States-Oman Free Trade Agreement (FTA). The FTA generates new opportunities for U.S. goods and services providers by providing a series of guarantees such as; duty exemptions, national treatment, non-discrimination in government procurement and the protection of intellectual property rights. However, persistent lack of compliance with duty exemptions guaranteed under Article 4 of the FTA, on the part of Omani Customs, as well as the imposition of a new Ministry of Oil and Gas program called In-Country Value, which as of January 1, 2014, requires local sourcing in the oil and gas sector. In addition, Omanization policy mandates which are aimed at replacing expatriate workers with local hires, and scarcity of gas for new manufacturing projects pose barriers for U.S. investment.

Advantages of investing in Oman include:

- Oman's business-friendly environment, including the United States-Oman Free Trade Agreement; a modern business law framework; respect for free markets, contract sanctity and respect of property rights; relatively low taxes; and a one-stop-shop at the Ministry of Commerce and Industry for business registration;
- An educated and largely bilingual Omani work force;
- Quality of life: Oman is a safe, modern, friendly, and scenic country, with highly-ranked international schools, widely-available 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 (GoO) 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 rising in Oman as international firms recognize the growing opportunities related to the Sultanate's massive infrastructure investment program as well as increased efforts to diversify away from oil and gas, particularly with low world oil prices in late 2014 and early 2015. Non-oil economic growth stood at 8 percent last year, reflecting major infrastructure-related activity and the Sultanate's success in promoting downstream manufacturing in its free zones. Real GDP is expected to grow by 4 percent in 2014 and 4.5 percent in 2015, driven by a strong non-oil performance averaging 7 percent over the forecast period as the government's diversification ambitions, focusing on the tourism, industrial and manufacturing sectors, begin to have an impact. While declining world oil prices have not yet negatively affected Oman's GDP growth rate and while the GoO has publicly remained committed to continuing spending on existing infrastructure projects and other investments, realistically, continued depressed world oil prices could cause the government to become more conservative in their future spending on government-sponsored projects.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Oman actively seeks foreign direct investment and is in the process of improving the regulatory framework to encourage such investments. The Public Authority for Investment Promotion and Export Development (Ithraa) is tasked with attracting foreign investors and smoothing the path for business formation and private sector development. Ithraa 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 (business.gov.om) for government clearances, including the new Invest Easy online business registration system, the approval process for establishing a business can be slow, particularly with respect to environmental permitting and expatriate worker visa approvals.

In-country value (ICV) program GoO policy effort to incentivize companies, both Omani and foreign, to invest in Oman through their procurement of local goods and services, and training of the Omani workforce. The GoO has started to include bidders' demonstration of support for ICV as one factor in government tender awards. While ICV was first conceived primarily for oil and gas contracts, the principle has started to creep into other sectors, including transportation. Recently, for example, the estimated USD 20 billion rail project tender (ultimately connecting with the planned GCC rail network) was released with the caveat that the Oman Tender Board would consider companies' ICV training efforts in the final award. This GoO economic strategy aims to increase economic diversification and local capacity building in the long run, but new-to-market foreign companies, including U.S. firms, may find the bid requirements related to ICV prohibitive.

Other Investment Policy Reviews

In April of 2014, Oman conducted a World Trade Organization (WTO) Trade Policy Review which concluded that Oman's economic performance since its last report in 2008 had been positive, with robust real GDP growth, low inflation, a solid fiscal position, and strong external accounts. Growth had been sustained by high oil prices, growing oil production, and an open and transparent foreign trade regime. Oman's balance of payments is characterized by a strong surplus in trade in goods and a deficit in trade in services and current transfers. Foreign investment is concentrated in the oil and gas sector. (Link to 2014 report: https://www.wto.org/english/tratop_e/tpr_e/s295_e.pdf.)

Laws/Regulations of Foreign Direct Investment

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

Industrial establishments must be licensed by the Ministry of Commerce and Industry (MOCI.) In addition, a foreign firm interested in establishing a company in Oman must obtain relevant approvals and permits 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.

The current process for registering a business in Oman is laid out in the Foreign Investment Law (promulgated by Royal Decree No. 102/94), and can mostly take place online at www.business.gov.om. This website, run by the Ministry of Commerce, outlines necessary steps to start a business, manage a business, invest in existing businesses, and other commercial actions for both foreign and domestic investors.

While the FTA does not address taxation, duty and tax exemptions are granted on a 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.

Industrial Promotion

Oman promotes higher education, manufacturing, healthcare, aquaculture, renewable energy, information and communications, and tourism as areas for investment. Investors transferring technology, developing management expertise, and providing training for Omanis are particularly welcome. United States-Oman FTA commitments have increased opportunities for U.S. financial service providers, as well as cross-border service providers in the areas of communications, express delivery, computer-related technologies, health care, and distribution, among others.

Government programs to attract investment are typically reported by the state-run Oman News Agency and then reported by English- and Arabic-language media sources. Occasionally, the Central Bank of Oman will disseminate information via official circular to banks operating in Oman if the investment programs include financial incentives.

Limits on Foreign Control

With the implementation of the United States-Oman FTA on January 1, 2009, U.S. firms may establish and fully own a business in Oman without the requirements of a local partner or ownership. In contrast, non-American service providers must be at least 30 percent (and in most cases at least 51 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.

Privatization Program

Oman has privatized some parastatal corporations and is in the process of privatizing others. However, the plan for privatization is not publically available and it is unclear what sectors will be targeted. In past privatizations – the divestment of a portion of government ownership in Omantel, for example – stock was offered on the Muscat Securities Market, but only to Omani investors. 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 some 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.

Screening of FDI

Aside from ensuring that the investor satisfies the legal requirements for entry into the market, Oman does not have a mechanism to screen foreign direct investment. If a concern were raised regarding a particular investor's entry into the market, the Ministry of Commerce and Industry (MOCI) would be the government body tasked with reviewing the proposed investor. In 2014, MOCI announced plans to review existing companies to ensure compliance with capitalization minimums and Omanization goals.

Competition Law

Currently, investments are not screened for competition considerations, and Oman does not have an active competition commission. The long-awaited Competition and Anti-Monopoly Law, promulgated by Royal Decree 67/2014 in December 2014, is expected to combat monopolistic practices by prohibiting anti-competitive agreements and price manipulation, and is expected to introduce a reporting requirement for any activity, such as mergers and acquisitions, which results in a dominant market position for one firm. While the law has been officially announced, it takes some time for regulations and procedures to be established.

Investment Trends

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

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	64 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	66 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	75 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 25,289	data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. **Conversion and Transfer Policies**

Foreign Exchange

Oman does not have restrictions or reporting requirements on private capital movements into or out of the country. The Omani Rial is pegged at a rate of RO 0.3849 to the U.S. dollar (USD), and there is no difficulty in obtaining exchange. All other currencies are first converted to dollars, then to the desired currency; national currency rates fluctuate, therefore, as the dollar fluctuates. 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.

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.

While the Majlis al-Shura – the consultative, elected branch of Oman's legislature – has twice proposed a 2 percent tax on foreign worker remittances, the Majlis al-Dawla, Council of Ministers, and Ministry of Finance, have all actively opposed the proposals and the tax is unlikely to go forward. Because Oman's currency is pegged to the dollar, the GoO is unable to engage in currency manipulation tactics.

Investors can remit through legal parallel markets utilizing convertible, negotiable instruments. There are no surrender requirements for profits earned overseas.

Oman is part of the Gulf Cooperation Council (GCC) a regional intergovernmental political and economic union between six Arab states. The GCC is a member of the Financial Action Task Force (FATF) and the MENAFATF. The FATF provides forty recommended standards for combating money laundering and the financing of terrorism. The MENAFATF seeks to advance the same goals, but expands its membership to include both the Middle East and North Africa (MENA) regions. Oman will host the 2105 MENAFATF in April. In 2011, the Mutual Evaluation Report stated that Oman's level of compliance with the FATF Recommendations for the anti-money laundering and counter-terrorist financing is comparatively high for the region, and that their legal framework is sound. However, effectiveness was noted to be lacking in some areas. Statistics regarding suspicious transaction reports, investigations and convictions are not widely available.

3. **Expropriation and Compensation**

Oman's interest in increased foreign investment and technology transfer make expropriation or nationalization unlikely. In the event that a property must be expropriated, e.g., for public purposes, Article 11 of the Basic Law of the State stipulates that the Government of Oman must provide prompt market-value compensation. In December 8, 2011 the first investment dispute under the United States-Oman FTA was submitted to arbitration at the World Bank's International Centre for Settlement of Investment Disputes. Under the United States-Oman FTA, Oman must follow international standards for expropriation and compensation cases; likewise the investment chapter includes a provision for international arbitration. In practice, Oman compensates for any expropriations it makes, although they have been known to pay compensation in increments.

Land ownership is limited to Omani's and GCC member state nationals outside of special Integrated Tourism Complexes set aside for foreign residency. The FTA does not address land the subject of U.S. property ownership in Oman.

4. **Dispute Settlement**

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The legal system of Oman is composed of a mixture of Anglo-Saxon law and Islamic law. The religion of Oman is Islam and Islamic Sharia is the basis of their legislation in accordance with Article 2 of the Omani constitution.

Islamic law is applied mainly through a system of Sharia courts regarding domestic relations issues, but it can be found to a limited extent in the commercial secular tribunals of Oman. Oman recognizes private international law as applied to commercial and financial transactions.

Business disputes within Oman are resolved through the Commercial Court. The Commercial Court has jurisdiction over most tax and labor cases, and has the police power to enforce their 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 USD 26,000, the Commercial Court's decision is final. If the value exceeds USD 26,000, the case has access to appeal. Parties may also appeal their case to the Supreme

Court. Cases can only be reviewed after reaching a final judgment if new evidence is discovered or any irregularities in the process (e.g., forgery, perjury) are discovered. There is no provision for the publication of court decisions and these decisions are not considered a precedent. U.S. firms should note that the Commercial Court is relatively new, replacing the Government of Oman body, Authority for Settlement of Commercial Disputes.

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.

Oman is a member of the GCC Arbitration Center, located in Bahrain. Separately, the Bahrain Center for Dispute Resolution, a member of the American Arbitration Association (AAA) in New York, is very active in the region.

Bankruptcy

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 37.7 cents on the USD. However, the cost of resolving bankruptcy as a percentage of the estate is lower in Oman than the region.

Investment Disputes

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.

International Arbitration

Many corporate entities in Oman are increasingly turning to domestic arbitration to resolve disputes as it is considered to be a more efficient and reliable mechanism. A domestic arbitral award in Oman can be rendered within 12 months of the start of the process. In contrast, litigation can often be much lengthier, particularly where technically complex issues are involved. Due to the ability of most court cases to go through three tiers of justice (Primary, Appeal and Supreme) means there is a high probability for a longer process.

The Omani Arbitration Law (Royal Decree 47/97 as amended) defines Arbitration as a dispute resolution mechanism agreed to by parties of their own volition. Usually, the parties will include within their contracts an arbitration clause that designates the use of the Omani Arbitration Law to resolve any dispute that may arise. This law mandates that an arbitration agreement needs to be in writing. It also allows the parties to subsequently agree to arbitration once a dispute has arisen, but it must be done in writing. In these cases, the subsequent agreement must specify the issues that the parties have agreed to submit to arbitration.

International arbitration regarding investment disputes between foreign investors and the Omani government is accepted because they are a member state to the International Centre for Settlement of Investment Disputes (ICSID convention). As signatories to the New York Convention, Omani courts recognize and enforce foreign arbitral awards. In addition to this modern Oman's legal framework contemplates within their domestic arbitration law for the enforcement of international arbitration awards.

ICSID Convention and New York Convention

Oman is a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention) and a signatory to the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention).

Duration of Dispute Resolution

Commercial law in Oman is continually evolving. Although the judicial process is slow, business contracts are generally enforced. According to the 2015 World Bank Ease of Doing Business Report, it takes an average of 598 days and 51 separate procedures 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 21 percent.

5. **Performance Requirements and Investment Incentives**

WTO/TRIMS

As a member to the WTO, Oman is subject to trade related investment measures (TRIMs) obligations. At this time, there are no allegations that Oman maintains any measures that are non-compliant with the WTO TRIM standards.

In-Country Value (ICV) has become an important part of Omani economic policy, and is another effort to diversify away from oil rents by favoring tender bids that include procurement of local goods and services, and training of Omanis. This may favor local firms, who have established procurement and training relationships. However, ICV policy is not currently codified, and there are no established quotas. Additionally, 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 2015, high-level

Government of Oman officials issued several decisions aimed at stronger implementation of the 2013 provision of the Tender Law requiring at least 10 percent of any project's value go to local SMEs, either through subcontracts or through capacity-building training.

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.

Investment Incentives

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 mechanized assembly and packaging operations.

Omani and U.S.-owned commercial enterprises, and 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.

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

1. 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.
2. Low interest loans to industrial firms from the Oman Development Bank.
3. Exemption from customs duties on imports of equipment and raw materials required for production purposes. (Note: This is a challenge by U.S. and foreign competitors.)
4. 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: Support has been challenged by foreign competitors under WTO rules.)
5. 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.
6. Planned and serviced industrial plots for setting up factories.
7. 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.
8. Survey of industrial investment opportunities and preparation of feasibility studies important to national economy.

Research and Development

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 for specific expertise.

Performance Requirements

The government's Omanization initiative, a quota system mandating the hiring of specified percentages, dependent on sector, of Omani citizens, is a high priority for the government. Approximately 50,000 young Omanis are entering the workforce each year. Most of these new hires are seeking government employment. Omanis make up more than 80 percent of the public sector's labor force, while less than 20 percent make up the private sector workforce. Organizations with more than fifty employees are expected to set aside the following Omanized positions for citizens: HR Manager, Security Officers, Secretarial/Administrative Clerks, 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.

As part of the incentive package to attract foreign investment into the Free Zones, Omanization quota requirements have been lowered. Nevertheless, 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. Under the current FTA, U.S. companies are not exempt from Omanization labor quota requirements. There are 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 local workers who are harder to dismiss because of the protections under local employment laws. Another concern is that the Ministry of Manpower is authorized to impose fines for companies that do not achieve labor quota targets. Although rarely enforced if the company is making a good faith effort, these fines can reach up to 50 percent of the average of total non-Omani salaries making up the difference between target and actual Omanization rates. Additional penalties can include up to deportation, and 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 tightening Omanization 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.

Data Storage

Currently, Oman does not have any requirements for companies to turn over source code or to provide access to surveillance. However, the Telecommunications Regulatory Authority (TRA), requires service providers house servers in Oman if they are to provide services in Oman. The TRA would be the lead agency on establishing data quotas in Oman.

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**

Real Property

Securitized interests in property, both moveable and real, are recognized and enforced in Oman. Mortgages and liens exist, and 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.

There are lands reserved for tribal use and ownership, but there are not clear definitions or regulations. Coastal areas are reserved for specific tribal use, mostly for fishing; lands in Salalah and in the mountains near Dhofar are reserved for tribal interests and access is typically restricted; and tribes in the Empty Quarter and eastern desert areas own tracts of land that they then permit oil companies to operate on. These tribes legally own the land – as opposed to the government owning the land – and therefore control access and any commercial activities.**

Intellectual Property Rights

While IPR legislation and regulations are strong, civil action against violators continues to be time-consuming and expensive, and MOCI acknowledged they currently do not have the human resources necessary to run an effective administrative enforcement regime. Additionally, the Omani system places a burden on the rights-holders to perform their own monitoring and enforcement.

Public Authority for Consumer Protection (PACP) officials have 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 the 2008 Copyright Law stipulates that the MOCI shall be responsible for IPR enforcement at the retail level, including inspections and seizures. As such, the U.S. government, along with a private sector working group, in 2014 officially urged the Minister of Commerce to take steps to address the gap and stand up an administrative enforcement team within MOCI.

After revising its intellectual property and copyright 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 intellectual property rights regime already strengthened by the passage of WTO-consistent intellectual property laws on copyrights, trademarks, industrial secrets, geographical indications and integrated circuits. The FTA's chapter on IPR can be found at: http://oman.usembassy.gov/fta-texts.html.

Oman is not listed in the Special 301 report, nor is it designated as a notorious market.

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 Ministry of Commerce and Industry. Local law firms can assist companies with the registration of trademarks. Oman's copyright protection law extends protection to foreign copyrighted literary, technical, or scientific works; works of the graphic and plastic arts; and sound and video recordings. In order to receive protection, a foreign-copyrighted work must be registered with the Omani government by depositing a copy of the work with the government and paying a fee. Trademarks are valid for ten years while patents are generally protected for twenty years. As literary works, software and audiovisual content is protected for 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

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
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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
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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
Regional IP Attaché
Aisha Y. Salem
Intellectual Property Attaché for the Middle East & North Africa
U.S. Embassy Kuwait City, Kuwait
U.S. Department of Commerce Foreign Commercial Service, U.S. Patent & Trademark Office
Tel: +965 2259 1455E-mail: Aisha.salem@trade.gov

United States Trade Representative
IPR Director for Middle East
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Web: http://www.ustr.gov

U.S. Department of Commerce – International Trade Administration
IPR Lawyer
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Tel: +1-202-482-0879
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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, but there is not a formalized process for doing so, nor a legal requirement to do so. 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 USD 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.

Money and Banking System, Hostile Takeovers

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 Central Bank of Oman is the central bank, and issues regulations and guidance to all banks operating within Oman's borders.

Bank Muscat, the largest domestic bank operating in Oman, has USD 25 billion in assets.

10. **Competition from State-Owned Enterprises**

SOEs are active in many sectors in Oman, including oil and gas extraction, oil and gas services, oil refining, liquefied natural gas processing and export, manufacturing, telecommunications, aviation, infrastructure development and finance. The GoO does not have a standard definition of a state-owned enterprise, but tends to limit its working definition to companies wholly owned by the government and more frequently refers to companies with partial government ownership as joint ventures. The GoO also does not have a complete, published list of companies in which it owns a stake.

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. SOEs do purchase raw materials, goods, and services from private domestic and foreign enterprises. Public enterprises, however, have comparatively better access to credit. Board membership of SOEs is composed of various government officials, with a senior official, usually cabinet-level, serving as chairperson.

SOEs are given an operating budget, but, like budgets for ministries and other government entities, the budgets are flexible and not subject to hard constraints.

OECD Guidelines on Corporate Governance of SOEs

State Owned Enterprises (SOEs) do not adhere to OECD Guidelines on Corporate Governance for SOEs. SOE senior management report to independent boards, and those boards have senior Government of Oman representation. Larger companies have higher-level official representation, while smaller or more niche market companies have working level representation from the Ministry of Finance.

Sovereign Wealth Funds

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 and governance are extremely 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**

Corporate social responsibility (CSR) in Oman carries a different connotation: in Oman, CSR programs are organized, "extra-curricular" programs hosted and supported by the business entity to engender goodwill in the community and to provide a social benefit. Examples include: competitions in elementary and secondary schools for academic performance and artistic skill; and many sponsor charitable, academic and social events; entrepreneurship incubators; and women's or tribal empowerment.

Regulations promoting corporate social responsibility have not, in the past, been waived to attract foreign investment.

Labor and employment disputes and consumer rights violations (mostly the sale of expired food or counterfeit medicine or car parts) are widely covered in the press. There is a general culture of accountability, and a sense that companies who violate these tenants of corporate social responsibility will suffer in business and market share.

There are no independent NGOs promoting corporate social responsibilities, however many business associations including the Oman-American Business Council actively pursue CSR initiatives as a part of their annual activities.

OECD Guidelines for Multinational Enterprises

While the GoO does not provide specific guidance for multinational enterprises, it does have an expectation that companies will follow OECD-comparable guidelines. Additionally, each ministry has a department dedicated to facilitating RBC compliance and initiatives.

12. **Political Violence**

Politically motivated violence is rare in Oman. Incidents of violence were associated with Arab Spring-related demonstrations in 2011, including several demonstrations that resulted blocked pedestrian and vehicle access to the Port of Sohar. Although most protests were peaceful, one demonstration, which turned violent, resulted in several injuries and one fatality. The government allows some peaceful demonstrations to occur, and there were a few related to religion, worker rights, and unemployment in 2012 and 2013.

13. **Corruption**

The Sultanate has the following national legislation in place to deal with corruption in public and private sectors:
1. The Law for the Protection of Public Funds and Avoidance of Conflicts of Interest (Anti-Corruption Law, Royal Decree 112/2011); and
2. 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 percent 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 states; “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.” The Penal Code targets corruption in the private sector.

A lack of 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.

Ministers are not allowed to hold offices in public shareholding companies or serve as chairperson of a closely held company. However, many influential figures in government maintain private business interests and some are also involved in private-public projects. 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”.

Sultan Qaboos has dismissed several ministers and senior government officials for corruption during his reign. The State Financial and Administrative Audit Institution (SFAAI) were granted expanded powers under Royal Decree 27/2011, largely in response to public protests against the perception of corruption and nepotism at the highest levels of government.

U.S. businesses do not identify corruption as one of the top concerns of operating in Oman.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

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.

Oman is not a party to the OECD Convention on Combating Bribery.

Resources to Report Corruption

State Audit Institution
http://www.sai.gov.om/en/Complain.aspx
Phone number: +968 8000 0008

14. **Bilateral Investment Agreements**

Oman is a member of the Gulf Cooperation Council, as such; the council has decided to negotiate any future trade agreements as a group, rather than as individual nations. In 2013, the Free Trade Agreement between the GCC and Singapore entered into force. Currently the GCC is in the process of finalizing a Free Trade Agreement with the European Union and another one with Malaysia.

Oman has bilateral investment treaties with: Algeria, Austria, Belarus, China, Croatia, Egypt, Finland, France, Germany, India, Iran, Italy, Republic of Korea, Lebanon, Morocco, Netherlands, Pakistan, Singapore, Sudan, Sweden, Switzerland, Tunisia, Turkey, United Kingdom, Uzbekistan, Yemen.

Oman has a FTA with the United States, which was signed in 2006 and came into force in 2009.

Bilateral Taxation Treaties

Oman does not have a bilateral taxation treaty with the United States. Omani tax authorities may provide tax relief in cases where U.S. companies have paid their corporate tax to the U.S government. 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 (EXIM) 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 USD 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.

16. **Labor**

Oman's 2003 Labor Law governs employee/employer relations in the private sector, and enumerates the protections afforded all legally resident workers, except for domestic 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. Work rules must be approved by the Ministry of Manpower and posted conspicuously in the work place. 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, about 100 unions were registered, covering both Omanis and expatriates. Note: Oman's labor law provides for unions only in the private sector. Collective bargaining, settlement of labor disputes and peaceful strikes is governed by the Labor Law (promulgated by Royal Decree 35/2003, as amended) (Labor Law) and Ministerial Decision 294/2006 (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' rights, management in major industrial zones remain 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 in Salalah require different 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 spaces, 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 International Labor Organization (ILO). Oman has ratified four of the eight core ILO principles, including those that prohibit forced labor, abolish forced labor, establish a minimum working age, and protect against 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:

1. 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.
2. 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.
3. 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.
4. 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.
5. 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 due to 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 their previous salaries;
- Direct deposit receipt is the only proof of payment of salary;
- 30 days annual paid leave after six months continuous work and six days paid emergency leave. A worker may not waive his or her leave;
- Overtime begins to accrue after 45 hours of work in one week or more than nine hours in one day;
- During Ramadan, Muslim workers shall not be required to work more than 30 hours a week 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;
- Women may not be required to work between the hours of nine p.m. to six a.m. 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;
- Unlawfully discharged workers 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 quotas.

The minimum wage for Omani citizens working in the private sector, including salary and benefits, was increased by Royal Decree in February 2011 from RO 120 (USD 312) to RO 200 (USD 520) per month. Omani employees must also receive a monthly RO10 (USD 26) accommodation allowance and a RO10 transportation allowance. 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. On February 7, 2013, the Ministry of Manpower announced another rise in the national minimum wage for Omani workers, with the current rate of USD 520 per month rising to USD 845 as of July 1, 2013. In fact many companies were told to begin implementation right away 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.

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 percent 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 per cent of employees moved up a grade, and that pay rises 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 USD 12,000 more in 2012, taking salaries to USD 92,100, while locals in the petroleum industry were paid an average of USD 72,600, up by USD 4,600.

The remuneration for directors of Omani joint stock companies is regulated by the Commercial Companies Law and the administrative decisions of the Capital Market Authority. The CCL has capped the annual remuneration of the chairman and directors including all allowances at RO 200,000 (USD 520,000). Further, in cases where companies do not make any profit or make a low profit that is not sufficient for allocating or distributing dividends to the shareholders, the annual remuneration is capped at RO 50,000 (USD 130,000). In respect of companies whose capital has eroded no remuneration is payable.

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 on 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 6am and 6pm; and
- part timers' ratio is not more than ten per cent of the Omanization quota.

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 more than 15 days after the discovery of the refusal. 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:

1. if he assumes a false identity, or if he resorts to forgery to obtain the employment;
2. 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;

3. 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 to the employees;
4. 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;
5. if he discloses any secrets relating to the establishment in which he works;
6. 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;
7. if he is found during working hours in a state of drunkenness or was under the influence of an intoxicating drug or mental stimulus;
8. 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
9. 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, in 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).

17. **Foreign Trade Zones/Free Ports/Trade Facilitation**

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 holiday, 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. Foreign-owned firms have the same investment opportunities as Omani entities.

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 (USD 16.83bn) 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 (USD 1480.33bn) from RO404mn in 2011. Total FDI volume as a percentage of GDP in 2012 - at RO30bn (or USD 77.91bn) - was 21.6 per cent. The oil and gas exploration sector received FDI of RO3.07bn (USD 7.97bn) 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 (USD 5.95bn) 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 (USD 33.01bn) at the end of 2011 against RO11.52bn (USD 29.92bn)in 2010.

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

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

Table 2: 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: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($M USD)	2013	79,553	2013	94,860	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 ($M USD, stock positions)	2011	1333.9	2013	Not available	http://bea.gov/international/factsheet/factsheet.cfm?Area=508
Host country's FDI in the United States ($M USD, stock positions)	N/A	Not available	2013	-12	http://bea.gov/international/factsheet/factsheet.cfm?Area=508
Total inbound stock of FDI as % host GDP	2013	2.04%	N/A	Not available	National Center for Statistics and Information; Central Bank of Oman

Table 3: Sources and Destination of FDI

Direct investment position statistics not available for Oman.

Table 4: Sources of Portfolio Investment

Portfolio investment statistics not available for Oman.

19. **Contact for More Information**

- Economic & Commercial Officer
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- +968-2464-3623
- muscatcommercial@state.gov