

# OMAN

## TRADE SUMMARY

U.S. goods exports in 2013 were \$1.5 billion, down 13.9 percent from the previous year. Corresponding U.S. imports from Oman were \$1.0 billion, down 24.5 percent. The U.S. goods trade surplus with Oman was \$482 million in 2013, up \$89 million from 2012. Oman is currently the 70th largest export market for U.S. goods.

### **The United States-Oman Free Trade Agreement**

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

## IMPORT POLICIES

### **Import Licenses**

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

### **Customs**

A number of significant U.S. firms continue to report difficulties in receiving duty-free treatment under the FTA for goods that enter Oman overland via the United Arab Emirates. Firms importing U.S. goods also complain that the Royal Oman Police Customs Directorate (ROP Customs) often requires engraved origin markings, segregation, and other documentation despite the lack of any published official guidance on requirements for determination of eligibility for preference. The U.S. Government has requested that ROP Customs issue official documentation that clearly outlines the procedures and information necessary for customs entry and to ensure that they are consistent with the FTA.

## GOVERNMENT PROCUREMENT

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

Oman provides a 10 percent price preference to tenders that contain a high content of local goods or services, including direct employment of Omani nationals. However, Oman may not apply such price preferences to tenders offering goods and services from the United States in procurement covered by the FTA. For most major tenders, Oman invites bids from international firms or firms pre-selected by project consultants. Suppliers are requested to be present at the opening of tenders, and interested persons may view the process on the Tender Board's website. Some U.S. companies report that tenders' costs can increase dramatically when award decisions are delayed, sometimes for years, or the tendering is reopened with modified specifications and, typically, short deadlines.

In 2011, the Omani government took steps to improve the tender process by changing the leadership at the Tender Board, launching investigations of previous questionable tenders, and enacting a new decree barring relatives “to the second degree of kinship” from participating in procurements. In 2012, 30 cases involving financial irregularities and misuse of influence in the awarding of government contracts were referred to the Public Prosecutor by the State Financial and Administrative Audit Institution (SFAAI). The SFAAI Chairman announced in May 2013 that the number of entities under its auditing authority had reached 160 government units, with 25 percent audited in 2011 and plans to reach 80 percent by 2015.

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

## **INTELLECTUAL PROPERTY RIGHTS PROTECTION**

Oman committed to provide strong intellectual property rights (IPR) protection and enforcement in the United States-Oman FTA. Oman revised its IPR laws and regulations to implement its FTA commitments, and it acceded to several international IPR treaties. While IPR laws in Oman are generally enforced, cases of online piracy remain common. In 2013, cases of counterfeit automotive parts and other consumer products affecting health and safety were vigorously prosecuted, but U.S. companies experienced difficulty getting responsible agencies, including the Public Authority for Consumer Protection, the Public Prosecution, the Ministry of Commerce, and the Royal Oman Police, to take enforcement action on piracy cases. In February 2014, a U.S.-organized conference that included private sector rights-holders and Omani government officials identified existing obstacles to effective IPR enforcement and constructively brought together stakeholders to develop recommendations for concrete solutions.

As the six Member States of the Gulf Cooperation Council (GCC) explore further harmonization of their IPR regimes, the United States will continue to engage with GCC institutions and the Member States and provide technical cooperation on intellectual property policy and practice.

## **SERVICES**

### **Banking**

Oman does not permit representative offices or offshore banking.

### **Legal Services**

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

## **INVESTMENT BARRIERS**

Ministerial Decision 5/2010 and ROP Customs announcements limit customs brokerage activities to Omani nationals. The U.S. Government has raised concerns with Omani officials about the consistency of these limits with national treatment obligations under the FTA.

U.S. companies remain concerned about rules governing the acquisition of property in Oman. Although U.S. investors are permitted to purchase freehold property in designated residential developments, businesses must adhere to more restrictive guidelines when acquiring real estate for commercial purposes. With the exception of certain tourism-related property agreements, only companies or enterprises with at

least 51 percent Omani shareholding are permitted to own real estate for the purpose of establishing an administrative office, staff accommodation, warehouse or showroom, or other building with a similar purpose. Other enterprises, including foreign majority-owned businesses, must seek “usufruct” rights that enable them to exploit, develop, and use land granted by a third party.