

OMAN

TRADE SUMMARY

The U.S. goods trade surplus with Oman was \$393 million in 2012, shifting from a trade deficit of \$775 million in 2011. U.S. goods exports in 2012 were \$1.7 billion, up 21.8 percent from the previous year. Corresponding U.S. imports from Oman were \$1.4 billion, down 38.7 percent. Oman is currently the 64th 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, and will phase out tariffs on the remaining handful of products by 2019. In addition, Oman provided immediate duty-free access for U.S. agricultural products in 87 percent of its agricultural tariff lines. Oman 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 possible censorship.

Customs

Some firms continue to report difficulties in receiving duty-free treatment under the FTA for goods that enter Oman overland via the United Arab Emirates.

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 sometimes increase dramatically when award decisions are delayed, sometimes for years, or the tendering is reopened with modified specifications and, typically, short deadlines. In 2011, the Omani government took steps to improve the tender process by changing the leadership at the Tender Board, launching State Audit Institution investigations of previous questionable tenders, and enacting a new decree barring relatives "to the second degree of kinship" from participating in procurements. In 2012, a large number of cases of government contracts were forwarded to the Prosecutor's Office, and more than 30 cases are under review in the court system as of early 2013.

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

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

INTELLECTUAL PROPERTY RIGHTS PROTECTION

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

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 BARRIERS

Banking

Oman does not permit representative offices or offshore banking.

Legal Services

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

INVESTMENT BARRIERS

U.S. companies had reported difficulty obtaining registrations to operate in Oman on terms required under the FTA, as a result of onerous government requirements to document the nationality of all company shareholders. Following discussion of this issue during the September 2012 FTA Joint Committee meeting, Omani officials have eliminated the requirements, unblocking pending business applications.

U.S. companies remain concerned about rules governing the acquisition of space in Oman. Although U.S. investors are permitted to purchase freehold property in designated residential developments, businesses must adhere to more restrictive guidelines when acquiring real estate for commercial purposes. With the exception of certain tourism-related property agreements, only companies or enterprises with at least 51 percent Omani shareholding are permitted to own real estate for the purpose of establishing an administrative office, staff accommodation, warehouse or show room, or other building with a similar purpose. Other enterprises, including foreign majority-owned businesses, must seek "usufruct" rights that enable them to exploit, develop, and use land granted by a third party.