OMAN

TRADE SUMMARY

The U.S. goods trade balance with Oman went from a deficit of $80 million in 2006 to a surplus of $18.4 million in 2007. U.S. goods exports in 2007 were $1.1 billion, up 27.8 percent from the previous year. U.S. imports from Oman were $1.0 billion, up 14.6 percent over the corresponding period. Oman is currently the 70th largest export market for U.S. goods.

The stock of U.S. foreign direct investment in Oman in 2006 was $819 million (latest data available), up from $528 million in 2005.

After consultations with Congress, the United States began free trade agreement (FTA) negotiations with Oman in March 2005. On January 19, 2006, the United States and Oman signed the United States-Oman Free Trade Agreement. The President signed legislation approving and implementing the FTA on September 26, 2006. The FTA will be brought into force when Oman has enacted the necessary implementing legislation and regulations.

IMPORT POLICIES

Tariffs

As a member of the Gulf Cooperation Council (GCC), Oman applies the GCC common external tariff of 5 percent for most products, with a limited number of GCC-approved country-specific exceptions. Oman's exceptions include tariff rates of 100 percent on pork, alcohol products, and cigarettes, and 25 percent on edible oils sold in retail packaging, as well as protective duties on a limited number of agricultural products such as dried lemons, bananas, dates, and ghee.

Upon entry into force of the United States-Oman FTA, 100 percent of bilateral trade in industrial and consumer products, with the exception of certain textile and apparel products, will become duty free. Oman will provide immediate duty free access on virtually all products in their tariff schedule and will phase out tariffs on the remaining handful of products within 10 years. On agricultural products, Oman will provide immediate duty free access for U.S. agricultural products in 87 percent of agricultural tariff lines. Oman will phase out tariffs on the remaining products within 10 years.

Import Licensing

In Oman, companies that import goods must be registered with the Ministry of Commerce and Industry. Importation of certain classes of goods, such as alcohol, livestock, poultry, and their respective products, as well as firearms, narcotics, and explosives, requires a special license. Media imports are subject to censorship.

Documentation Requirements

Except for food products, Oman does not require legal documents to be authenticated if the importing company has an existing agency agreement with a U.S. exporter. In 1996, Oman began the process of simplifying customs clearance documentation to expedite the flow of goods and promote its ports and airports. Only Omani nationals and companies of WTO Members that are registered as importers are permitted to submit documents to clear shipments through customs.

Customs Valuation

Oman implemented the Customs Valuation Agreement when it joined the WTO in 2000, and is working to further enhance its customs valuation system.

STANDARDS, TESTING, LABELING, AND CERTIFICATION

Standards

As part of the GCC Customs Union, the six Member States are working toward unifying their standards and conformity assessment systems. However, each member state currently continues to apply either its own standard or a GCC standard, causing confusion among some U.S. businesses. GCC member states do not consistently notify measures to WTO Members and the WTO Committee on Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT) or allow WTO Members an opportunity to provide comments.

The GCC Standards Committee has recently approved two new standards that will replace existing standards for the labeling and expiration periods of food products. While the new standards appear to incorporate international guidelines and address some longstanding issues, particularly in relation to expiration periods, some requirements that have previously complicated the import process remain. All Member States are expected to adopt these two standards as national standards in order to implement them.

The GCC shelf life standard establishes mandatory expiration periods for 22 perishable products or product categories such as chilled meats, chilled offal, fresh dairy products, baby foods, fruit juices, and table eggs. This standard also establishes voluntary expiration periods for a range of frozen and processed products. Manufacturers have the option of using the actual expiry period in lieu of the voluntary expiration periods established in the standard. The standard also exempts a number of products from expiration periods including salt, white sugar, dried legumes, dried vegetables, spices and certain condiments, tea, rice, vinegar, and fresh fruits and vegetables including potatoes that have not been peeled or cut.

The new standards eliminate the long standing requirement that at least one-half of a product’s shelf life be valid when a product reaches the port of entry. However, they would still require both a production date and an expiration date on nonperishable food items, forcing U.S. producers to re-label products exported to the GCC, thereby leading to increased costs. The new standards appear inconsistent with international standards and do not appear to have a clear scientific basis. Specifically, the standards do not appear to reflect Codex guidelines. The United States has outlined its specific concerns with these standards and has established a dialogue between U.S. and GCC technical experts to discuss a possible resolution of the concerns raised.

In May and October 2007, respectively, Bahrain and Oman notified WTO Members of recently proposed procedures meant to harmonize food safety import requirements for all GCC member states. The United States and other WTO Members provided comments outlining significant concerns with the procedures, which, as currently drafted, create unnecessary obstacles to trade and would substantially disrupt food exports to GCC member states from its trading partners. The GCC member states are reportedly developing a response to these comments, and the United States has established a dialogue between U.S. and GCC technical experts to discuss the procedures and potential amendments to address the concerns raised.

Conformity Assessment

The GCC Standards Committee is currently developing a conformity assessment scheme to be adopted ultimately by each of the six Member States. The United States is working to establish a dialogue between U.S. and GCC technical experts to discuss this proposed scheme with the goal of helping to ensure that it is developed, adopted, and applied in accordance with WTO rules.

GOVERNMENT PROCUREMENT

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. The government considers the quality of a product or service, as well as cost, in evaluating bids. For most major tenders, Oman typically invites bids from firms either already registered in Oman or pre-selected by project consultants. Oman advertises tenders in the local press, international periodicals, and on the Oman Tender Board's website. Bidders are requested to be present at the opening of bids, and interested persons may view the process on the Tender Board's website. U.S. industry has reported that bidders' costs can sometimes increase dramatically when award decisions are delayed, sometimes for years, or the bidding is reopened with modified specifications and, typically, short deadlines. Oman's Ministry of Defense may require that companies involved in defense-related transactions participate in its offset program, entitled "Partnership for Development."

When the United States-Oman FTA enters into force, procuring entities in Oman will be required to conduct procurement covered by the FTA in a fair, transparent, and nondiscriminatory manner. In accordance with its commitment in WTO accession, Oman began the process of acceding to the WTO Agreement on Government Procurement in 2001, but the negotiations have been inactive since 2003.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

In the United States-Oman FTA, Oman has committed to provide strong IPR protection and enforcement. Oman is finalizing revisions to its industrial property and copyright laws, as well as decrees regulating optical discs and the government's use of software, to implement these obligations prior to the FTA's entry into force. Through the FTA, Oman has committed to provide increased IPR protection for copyrights, trademarks, geographical indications and patents. Oman will also improve enforcement and protection of undisclosed test data from unfair commercial use. Oman acceded to the World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Performances and Phonograms Treaty in September 2005.

As part of the GCC Customs Union, the six Member States are working toward unifying their IP regimes. In this respect, the GCC has recently approved a common trademark law. All six Member States are expected to adopt this law as national legislation in order to implement it. The United States has outlined specific concerns with the trademark law and has established a dialogue between U.S. and GCC technical experts to ensure that the law complies with the Member States' international obligations.

The Government of Oman has indicated that it will not adopt legislation that is inconsistent with its TRIPS and FTA obligations, and will work with its GCC counterparts to resolve any discrepancies.

SERVICES BARRIERS

Telecommunications

As part of its WTO commitments, Oman agreed to allow unlimited market access in telecommunications services no later than January 1, 2004, and also signed the Reference Paper on Regulatory Principles, thereby agreeing to implement a pro-competitive regulatory regime. To date, however, Oman has not fully established its licensing criteria and has not yet licensed any carriers to compete with Omantel, the former monopoly operator.

Through the United States-Oman FTA, Oman has committed to ensuring reasonable and nondiscriminatory access to essential facilities, the ability to resell telecommunications services, and broad-based transparency and due process in the development and implementation of its telecommunications regulations. Oman is in the process of completing changes to its regulatory regime which will enable the FTA to come into force, providing opportunities for U.S. companies interested in providing telecommunications services to and from the country.

Banking

Oman does not permit representative offices or offshore banking.

INVESTMENT BARRIERS

The investment chapter of the United States-Oman FTA sets out a secure, predictable legal framework for U.S. investors operating in Oman. Among other things, Oman will have to provide U.S. investors in Oman Most Favored Nation treatment and national treatment, the right to make financial transfers freely and without delay. In addition, Oman will have to apply international law standards for expropriation and compensation, and access to international arbitration. All forms of investment will be protected under the FTA, including enterprises, debt, concessions, contracts, and intellectual property rights. As a result, U.S. investors in almost all circumstances will be able to establish, acquire, and operate investments in Oman on an equal footing with Omani investors and with investors of other countries. The FTA also prohibits the imposition of certain restrictions on U.S. investors, such as requirements to buy Omani rather than U.S. inputs for goods manufactured in Oman. Finally, U.S. investors are permitted to purchase freehold property in designated residential areas in accordance with regulations promulgated by the government in 2007.