OMAN

TRADE SUMMARY

The U.S. goods trade surplus with Oman was $180 million in 2009, a decrease of $351 million from 2008. U.S. goods exports in 2009 were $1.1 billion, down 21.3 percent from the previous year. Corresponding U.S. imports from Oman were $908 million, up 6.6 percent. Oman is currently the 72nd largest export market for U.S. goods.

IMPORT POLICIES

Tariffs

With the entry into force of the United States-Oman Free Trade Agreement (FTA) on January 1, 2009, Oman provided immediate duty free access on virtually all industrial and consumer products in its tariff schedule and will phase out tariffs on the remaining handful of products within 10 years. In addition, upon entry into force of the FTA, Oman provided immediate duty free access for U.S. agricultural products in 87 percent of agricultural tariff lines. Oman will phase out tariffs on the remaining agricultural products within 10 years.

As a member of the Gulf Cooperation Council (GCC), Oman applies the GCC common external tariff of 5 percent for most non-U.S. products, with a limited number of GCC-approved country-specific exceptions. Oman's exceptions include tariff rates of 100 percent on pork, alcohol, 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.

Import Licensing

Companies that import goods into Oman 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

Only Omani nationals and companies of WTO Members that are registered as importers are permitted to submit documents to clear shipments through customs.

GOVERNMENT PROCUREMENT

Under the FTA, procuring entities in Oman are required to conduct procurement covered by the Agreement 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 price preferences to procurement covered by the FTA. For most major tenders, Oman invites bids from firms either already registered in Oman or pre-selected by project consultants. Bidders are requested to be present at the opening of bids and interested persons may view the process on the Tender Board's website. The U.S. business community 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."

In accordance with its commitment in its WTO accession, Oman began the process of acceding to the WTO Agreement on Government Procurement (GPA) in 2001, but it has not completed the process and remains an observer to the GPA.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

In the FTA, Oman committed to provide strong IPR protection and enforcement for copyrights, trademarks, geographical indications and patents. Oman revised its IPR laws and regulations to implement these FTA commitments and acceded to several international IPR treaties.

As part of the GCC Customs Union, the six Member States are preparing a common trademark law, as well as a common unfair competition law to protect from unfair commercial use undisclosed information submitted for marketing approval of pharmaceutical products. The United States is engaged in a dialogue with GCC technical experts to ensure that the trademark law and unfair competition law will facilitate Member States' implementation of international and bilateral obligations.

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 impression. Within the next several years, the Ministry of Justice plans to bar foreign lawyers from appearing in all of its courts.

INVESTMENT BARRIERS

Under the FTA, Oman is required to accord MFN treatment and national treatment to U.S. investors, who also have the right to make financial transfers freely and without delay. In addition, Oman is required to apply international law standards for expropriation and compensation and to provide access to international arbitration. Many forms of investment are protected under the FTA, including enterprises, debt, concessions, contracts, and intellectual property rights. As a result, U.S. investors in almost all circumstances are entitled 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.

Concerns remain regarding the ability of U.S. businesses to acquire office space. Although U.S. investors are permitted to purchase freehold property in designated residential developments in accordance with regulations promulgated by the government in 2007, businesses must adhere to more restrictive guidelines when acquiring real estate for commercial offices. With the exception of certain tourism-related property agreements, only companies or enterprises with at least a 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. In addition, these companies must retain ownership of the land for at least two years. Other enterprises, including foreign majority-owned businesses, may instead seek "usufruct" rights that enable them to exploit, develop, and use land granted by a third party. A usufruct agreement is similar to a lease agreement and must be registered with the Ministry of Housing.