OMAN

TRADE SUMMARY

The U.S. goods trade balance with Oman went from a deficit of $88 million in 2004 to a goods trade surplus of $38 million in 2005. U.S. goods exports in 2005 were $593 million, up 79.7 percent from the previous year. Corresponding U.S. imports from Oman were $555 million, up 32.8 percent. Oman is currently the 75th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Oman 2004 was $438 million, up from $358 million in 2003.

After consultations with Congress, the United States began Free Trade Agreement (FTA) negotiations with Oman in March 2005. On October 3, 2005, the two sides announced the conclusion of the negotiations. On January 19, 2006, U.S. Trade Representative Rob Portman and Omani Minister of Commerce and Industry Maqbool bin Ali Sultan signed the agreement.

IMPORT POLICIES

Tariffs

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

Upon entry into force of the U.S.-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. In addition, 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 ten 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 ten 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, firearms, narcotics and explosives, requires a special license. Media imports are subject to censorship.

Documentation Requirements

Except for food products, an authentication procedure is not required 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

Oman is working to revise its shelf-life requirements for shelf-stable foods and implementing CODEX standards. In its accession to the WTO, Oman committed to eliminate mandatory shelf-life standards for shelf-stable foods, establish regulations and procedures in line with international norms for highly perishable refrigerated food products, and replace remaining shelf-life requirements with a science-based regulatory framework. In 2000, Oman announced by Royal Decree its intention to adopt internationally recognized standards developed by Codex Alimentarius for the labeling of prepackaged food.

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 Omanis. The government considers the quality of a product or service and support, 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. To increase transparency in the tendering process, Oman advertises tenders in the local press, international periodicals, and on the Tender Board's website. Also, bidders are now requested to be present at the opening of bids, and interested parties may view the process on the Tender Board's website. In the past, bidders' costs have sometimes increased dramatically when award decisions were delayed, sometimes for years, or when bidding was reopened with modified specifications and, typically, short deadlines. Offsets are not standard requirements in defense procurement and have not been associated with any defense-related transactions involving U.S. companies.

When the U.S.-Oman FTA enters into force, Oman will be required to conduct procurement covered by the FTA in a fair, transparent, and non-discriminatory manner. As part of its WTO accession, Oman committed to begin negotiations to join the WTO Agreement on Government Procurement.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

The U.S.-Oman FTA commits Oman to provide and enforce world-class IPR protection. Prior to entry into force, Oman will draft additional legislation to comply with these obligations. Under its FTA obligations, 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.

As part of its WTO accession, Oman adopted derogations to the GCC patent law to comply with its obligations under the TRIPS Agreement. In 2000, Oman amended its copyright protection law, and in 1999 enacted decrees banning the local sale of pirated videocassettes, sound recordings, and computer software. Enforcement of the copyright protection decree by the Ministry of Heritage and Culture, the Ministry of Commerce and Industry, and the Royal Oman Police has been largely effective, as once plentiful pirated video and audiotapes and computer software have largely disappeared from local vendors' shelves. Nonetheless, under-the-counter sales of unauthorized software and DVDs persist in various locations, and authorities continue to grapple with effective enforcement measures against such sales. Forty Omani companies have signed the Business Software Alliance (BSA) Code of Ethics since October 2003. The Code of Ethics declares that the signatories would neither commit nor tolerate the manufacture, use, or distribution of unlicensed software and would supply only licensed software to customers. According to local satellite television representatives, the Ministry of Commerce and Industry conducts periodic raids on unlicensed distributors of pirated satellite signals in response to industry complaints.

SERVICES BARRIERS

Agent and Distributor Rules

Since 1993, Oman has permitted an importer to bring in goods without paying a commission to a registered agent, if the goods are imported through an Omani port or airport. However, it is difficult for a foreign firm to sell directly to the government without an Omani agent identifying and bidding on tender opportunities. In addition, termination of an agency agreement can be difficult, as a supplier may not unilaterally terminate an agency agreement without justifiable cause. Since September 1996, Oman has registered non-exclusive agency agreements. Most recently, Oman has attempted to address unemployment through local-hire requirements, limiting distribution from food wholesale centers, and restricting small grocery food retail sales to businesses owned and operated by Omani nationals.

Insurance

As part of its WTO commitments, Oman is allowing foreign ownership of up to 100 percent in most insurance sectors, except for brokerage companies, which are restricted to a 70 percent limit.

Banking

Omani laws permit the operation of foreign banks. Although Oman barred entry of new non-GCC banks in the past on the grounds of excess capacity in the sector, it has recently licensed the State Bank of India to commence operations. Oman does not permit representative offices or offshore banking.

INVESTMENT BARRIERS

The U.S.-Oman FTA establishes 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, international law standards for expropriation and compensation cases, and access to international arbitration. All forms of investment will be protected under the Agreement, including enterprises, debt, concessions, contracts, and intellectual property. 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.