OMAN

TRADE SUMMARY

The U.S. goods trade surplus with Oman was $563 million in 2008, an increase of $545 million from $18 million in 2007. U.S goods exports in 2008 were $1.4 billion, up 33.6 percent from the previous year. Corresponding U.S. imports from Oman were $852 billion, down 18.2 percent. Oman is currently the 70th largest export market for U.S. goods.

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 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. On agricultural products, 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 products within 10 years.

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

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

STANDARDS, TESTING, LABELING, AND CERTIFICATION

Standards

Oman, as part of the GCC Customs Union, is working with the five other Member States toward unifying their standards and conformity assessment systems. However, each Member State currently continues to apply either its own standard or a GCC standard, resulting in a complicated situation for some U.S. businesses. GCC Member States do not consistently send notification of new measures to WTO Members and the WTO Committee on Technical Barriers to Trade or allow WTO Members an opportunity to provide comments.

In May 2008, the GCC Standards Committee approved two new standards for the labeling and expiration periods of food products. The new GCC standards eliminate the long standing requirement that at least one-half of a product's shelf life be valid when a product reaches a port of entry in GCC Member States. Officials from the Gulf Standards Organization have stated that GCC Member States will accept use of the terms "best by" and "best before" as meeting the date labeling requirement for shelf-stable products. The United States has requested written confirmation of this situation.

Conformity Assessment

The GCC Standards Committee is currently developing a conformity assessment scheme to be adopted ultimately by each of the six Member States and has set 2010 as a deadline for full implementation by each Member State. 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.

SPS Measures

In October 2007, Oman notified WTO Members of 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, do not appear to have a clear scientific basis and would substantially disrupt food exports to GCC Member States from their trading partners. The GCC Member States indicate that they are 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.

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."

Upon entry into force of the United States-Oman FTA in January 2009, procuring entities in Oman are required to conduct procurement covered by the FTA in a fair, transparent, and nondiscriminatory manner. Oman will also no longer apply its price preferences to procurement covered by the FTA.

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 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 working toward unifying their IP regimes. In this respect, the GCC is preparing a draft 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 and bilateral obligations.

SERVICES BARRIERS

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, under the FTA, Oman committed to provide U.S. investors in Oman MFN treatment and national treatment, and the right to make financial transfers freely and without delay. In addition, Oman committed to apply international law standards for expropriation and compensation and 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.

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 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 hold onto 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.