

Doing Business in Oman

Expert knowledge means success

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Introduction

The Sultanate of Oman (referred to in this publication simply as “Oman”) occupies the south-eastern corner of the Arabian Peninsula with a native population of around 2.5 million. It is strategically located on the Musandam Peninsula adjacent to Strait of Hormuz, a vital transit point for world crude oil and is slightly larger than the United Kingdom.

Qaboos bin Said Al Said is the Sultan of Oman and its Dependencies. He rose to power after overthrowing his father, Said bin Taimur, in a palace coup in 1970 and has ruled ever since¹. He is the 14th-generation descendant of the founder of the Al Bu Sa’idi dynasty. His extensive modernisation program has opened the country to the outside world and has preserved a long-standing political and military relationship with the UK. Oman’s moderate, independent foreign policy has sought to maintain good relations with all Middle Eastern countries.

Oman’s economy is largely dominated by oil and gas production. When energy prices are strong, this provides a healthy cash flow for the Government and associated industries. However the market is difficult to predict and Oman’s income levels and therefore future planning are impacted during periods of low energy prices. For this reason, Oman is seeking to diversify investment and job-creation in non-energy industries. Also, perhaps as much as 50% of the population is under 15 and the government is therefore looking for new ways of generating employment for its young and expanding population.

Britain and Oman have a traditionally collaborative commercial relationship, and English is the accepted business language. Oman has strong historical links with the UK and a long trading history with India and East Africa. The British are represented in government advisory roles as well as civilian and defence roles. There is a strong British expatriate community employed in medicine, teaching, law, accountancy and commerce. British firms are involved in a number of prestige construction projects and are well established as suppliers of goods and services to the energy industries.

A recent change to Oman law allows foreigners to buy and own property in Oman. The British Embassy in Muscat² records that many British Nationals are considering

buying residential property in Oman. The sale of property to foreigners in Oman is a new development in Omani law and the Embassy advise all prospective purchasers to seek legal advice before entering into a contract. The lawyer will be able to explain the procedure and let you know exactly what to expect. A list of English-speaking lawyers is available at:
<http://ukinoman.fco.gov.uk/resources/en/world/doc1/Legal-Firms>



UK-Oman trade

Although a small market for British goods, the UK has a healthy trading relationship with Oman³.

The UK is Oman’s 3rd largest trading partner after the UAE and Japan. UK exports are mainly industrial machinery and transport equipment, much of it associated with the oil industry, and power generating machinery and equipment. Defence export sales represent a considerable percentage of British exports to the Sultanate.

Consistently high oil prices over mean that Oman’s economy, like the rest of the Gulf, is very strong and continues to grow year on year. Record budget surpluses are adding impetus to Oman’s ongoing infrastructure and industrial development programme. Oil and gas exports provide the backbone of Oman’s economy but production of oil is falling. A key strand of current economic policy, therefore, is to gradually decrease the country’s reliance on oil income through downstream oil industry development (petrochemicals/metals), port development, IT start-ups, fisheries, and a modern and expanded tourism industry.

British businesses have performed well in the following sectors:

- Transport equipment (largely defence-related)
- Telecommunications
- Power-generating machinery
- Industrial machinery
- Electrical machinery
- Scientific instruments
- Pharmaceuticals
- Chemicals
- Invisible exports

There are plans to develop the country’s fishing and tourism industries.

Doing business in Oman

According to the UK Trade and Investment (UKTI) Oman service, overseas investors in Oman benefit from the following

- Political and economic stability
- A stable currency
- Free repatriation of capital and profits
- No personal income tax
- Free Trade and open market policy
- An ideal location with access to Gulf, Asian and African markets
- Membership of the World Trade Organisation
- A committed policy of privatization and a close rapport between public and private sectors
- Total business capabilities - Oman has the skills and services to cater to the entire spectrum of business activities, from production and design to technical support and fund management
- A warm welcome to foreign investors, with an open door policy
- English widely used as the language of business and commerce

In addition, KMPG Oman lists the following benefits:

- The ability to establish companies with up to 70% foreign ownership (100% in certain instances) while paying Omani Company tax at the rate of 12%
- A 5 year tax exemption for certain industries (further extension for 5 years may be sought)
- Customs duty exemption for many sectors (e.g. tourism, higher education)
- Export credit assistance (Oman is one of only two GCC states providing such assistance)
- Cheaper lease charges than UAE or Bahrain for Industrial Estates
- Favourable living conditions and cheap office rents
- Visas available to many nationalities on arrival (including UK)

British businesses operating in Oman will find operational regimes straightforward. British standards are widely used and the legal system is based on English Common Law and Islamic law. British law, accountancy and consultancy firms are well represented as are leading British banks.

UKTI has produced a guide⁴ aimed at companies experienced in overseas trade who are new to doing business with Oman. This guide aims to provide a route map of the way ahead, together with signposts to sources of help. Items covered include:

- Preparing to Export
- How to do Business
- What are the challenges
- Business Etiquette
- How to invest in Oman
- Contacts

Financial assistance

A wide range of credit facilities and financial services are provided to investors through a strong financial sector. Sharia Law is applied and is consistent with the principles of Islamic law (Sharia) and its practical application through the development of Islamic economics.⁵

Industrial Bank of Oman offers advisory services and may consider equity participation in industrial projects. The Ministry of Commerce and Industry, Ministry of Agriculture and Fisheries and Oman Development Bank channel government funding to help with the development of the economy and offer loans to small scale industries and to the service sector. Muscat Securities Market is the established and regulated stock market potential source of new capital for the private sector.

Various financial incentives are offered to investors in Oman including:

- Exemption from custom duty on import of plant equipment
- Relief from custom duty on raw materials for up to 10 years
- No personal income tax
- Corporate tax holiday of up to 10 years
- Full repatriation of capital, net profit and royalties.

Export opportunities

There are many export opportunities to Oman including in the key industries of oil, gas, minerals, manufacturing, agriculture, fishing and tourism. Education is also high on the government's list of priorities and there is a strong demand for British expertise in this area. Tourism is one of the identified growth targets giving rise to an increase in recent constructions of holiday resorts and the creation of a Tourist Ministry in 2004.



Recruitment

As more educated Omanis become available for employment, private companies are expected to achieve certain levels of Omanisation. Omani women are being encouraged to take places in the workforce. The aim of Omanisation is to limit the Sultanate's dependence on expatriate staff.

Non-Omanis are not permitted to work in Oman unless clearance has been obtained from the Ministry of Manpower. Employers must employ Omanis wherever possible and different sectors of industry are given different Omanisation percentages which must be met. Failure to reach industry targets results in liability to pay fines.

Local regulations⁶

Foreign investment in the Sultanate is governed by the Foreign Capital Investment Law. Foreign investment is recognised as a means to achieve Oman's main aim which is to reduce the dependence on oil and diversification of economy.

The Foreign Investment Law of the Sultanate stipulates the following:

- The right of foreign investors to freely initiate the approved economic activity, and transfer the imported capital with the due profits in the project outside.
- The protection of foreign investments from confiscation or ownership removal unless it is in line with the general interest. In this case, a fair compensation for that is to be paid.
- Any disputes between the foreign investment projects and other parties should be transferred to jurisdiction or any international arbitration.

According to the law, any person who is interested in establishing an investment project in the commercial, industrial, or tourist field in the Sultanate of Oman or owns a share in an Omani company's capital can get licenses from Ministry of Commerce and Industry:

- The license is to be given after meeting some conditions which include the necessity to practice commercial business through an Omani company of a capital no less than OR (150000), excluding companies operating in the field of information which can be registered with a capital amounts to OR (20000) with fully owned percentage of the companies' shares.

- In most cases, the foreign partnership percentage is allowable at 70%. Foreign liability in an Omani company is allowed at 100% in some commercial activities stipulated in the joining agreement to World Trade Organization.

Communications

Internet/email

Although Internet services have become increasingly available, in general, only the largest state organisations have embraced the information age by creating websites on the Internet. Some of these sites have e-mail links. Most of the larger trading Companies use the internet and E-Mail. But E-Commerce is still at an early stage of development in Oman.

Telephone

There are sophisticated telephone links between Muscat and the rest of the world. A second mobile phone operator is now operating in competition with the government owned Omantel service.

Post/Courier services

Ordinary and registered airmail arrives and leaves Muscat daily. Surface mail between Muscat and Britain takes from two to three months. British exporters are advised to despatch all mail by air.

Couriers are used widely both within and between cities. A wide choice of carriers is available, including DHL and Federal Express (Fedex).

Principal commercial centres and towns

The capital city is Muscat. As of the 2010 census⁷, the population of the Muscat metropolitan area was 734,697 with a population of 650,000. Other major towns are Salalah, Sohar, Sur, Nizwa, Buraimi and Ibri.

Port of Salalah is a world class trans-shipment hub in the West Central Asia Region. Situated right at the major East-West shipping lanes, Salalah enjoys an attractive strategic location in the heart of the Indian Ocean Rim and caters to some of the world's largest ocean going vessels.

Sohar is a deep sea port situated 220km northwest of its capital Muscat. The management of this industrial port lies with Sohar Industrial Port Company (SIPC SOAC), a 50/50 joint venture between the Government of Oman and the Port of Rotterdam.

Economy

Oman is a middle-income economy in the Middle East with notable oil and gas resources, a substantial trade surplus, and low inflation.

Until oil production began in 1967, the Omani economy was based on subsistence agriculture and fishing. The government, now relies on the production and export of oil and gas for economic success, but is gradually lessening its dependence on such fuels with an objective of reducing the oil sector's contribution to GDP to 9% by 2020.

The latest statistics on the Oman economy can be found on various web pages, including:

- http://en.wikipedia.org/wiki/Economy_of_Oman
- www.heritage.org/index/country/oman
- www.oeronline.com/
- www.travelblog.org/Middle-East/Oman/fact-econ-oman.html
- www.nationmaster.com/country/mu-oman/eco-economy

Oman's policy of economic diversification, is focusing on natural gas, port developments in Sohar and Salalah, information and communication technology, fisheries, manufacturing and, in particular, modern tourist facilities, which are being expanded throughout the country.

Another important economic policy is 'Omanisation', the replacement of migrant workers with Omani nationals. The aim is to address the pressing need to provide work for the growing number of young Omanis, and prepare the country for the post-oil era. Training in information technology, business management, and English support this objective. Industrial development plans focus on gas resources, metal manufacturing, petrochemicals, and international trans-shipment ports.

Oman continues to liberalise its markets and joined the World Trade Organization (WTO) in November 2000. Saudi Arabia, Kuwait and the United Arab Emirates have been important sources of aid for Oman. The formation of the Gulf Co-operation Council (GCC) has strengthened this process.

Population

Most of the population live on Batinah Coastal Plain, where 40% of the farming land is found.

Population: 3,027,959 (July 2011 estimate)⁸. This includes 577,293 non-nationals.. Most expatriates live in the capital area.

Nearly 50% of Oman's population is 15 years or younger. The population has been growing at over 3% a year.

Geography

Oman is located in the south-eastern corner of the Arabian Peninsula and is bordered by Saudi Arabia and the UAE to the West and Yemen in the South. Oman is approximately 309,500 sq. km in area (slightly larger than the United Kingdom) with a coastline over 3,000 km. A large proportion of the population is situated on the coast of the Gulf of Oman. The northern coastal strip is divided from the rest of Arabia by the Hajar Mountains, on the other side of which lies the Empty Quarter desert.

The highest mountain in the country is the Jebel Akhdar. The interior and the Musandam Peninsula have many mountainous areas while the southern coast is more tropical. The Batinah coast, which runs along the north of the country, is generally barren, particularly in the south.



Oman Economy - overview

Oman is a middle-income economy that is heavily dependent on dwindling oil resources. Because of declining reserves, Muscat has actively pursued a development plan that focuses on diversification, industrialization, and privatization, with the objective of reducing the oil sector's contribution to GDP to 9% by 2020. Tourism and gas-based industries are key components of the government's diversification strategy. By using enhanced oil recovery techniques, Oman succeeded in increasing oil production, giving the country more time to diversify, and the increase in global oil prices throughout 2010 provides the government greater financial resources to invest in non-oil sectors.

Source:
www.indexmundi.com/oman/economy_profile.html

Administrative regions

Oman has 5 regions (manaatiq):

- Ad Dakhiliyah;
- Al Batinah;
- Al Wusta;
- Ash Sharqiyah;
- Az Zahirah.

and 3 governorates (muhaafazaat):

- Muscat;
- Musandam;
- Zufar

Climate

Muscat is hot and humid from late-March to September with warm days and cool evenings from October to mid-March. The interior region is largely hot and dry, except at high altitudes in the northeast. The coastal area has temperatures of up to 47C and humidity, which reaches 90% in summer. Winters tend to be moderate, between 16C and 32C. Rainfall is low and irregular, except in Salalah and the southern province of Dhofar, where there are light monsoon rains from June to September.

Government Structure

The Sultanate of Oman is an Arab, Islamic, independent state with full sovereignty. Executive power, wielded by the Cabinet of Ministers, is derived from the Sultan. The current Sultan, Qaboos, has ruled since 1970 when he replaced his father, Sultan Said bin Taimar.

The system of government is Sultani (Royal), hereditary in the male descendants of Sayyid Turki bin Said bin Sultan. The Ruling Family Council determines the successor. If the Ruling Family Council does not agree on the choice of the successor to the throne, the Defence Council will confirm the appointment of the person designated by the Sultan in his letter to the Ruling Family Council. The Sultan is the head of state and the supreme commander of the armed forces.

A 55-member State Consultative Council was formed in 1981 to increase participation by the Omani people. It was replaced in November 1990 by the Majlis ash-Shura, an

elected legislature, which convened for the first time in January 1992.

The Basic Statute of the State, a historic document promulgated by Royal Decree 101/96 on 6 November 1996, is Oman's first written constitution. It sets out the basic system by which the Sultanate is governed. It guarantees among other basic rights, the equality of all citizens before the law, freedom of religion, freedom of speech, a free press, the right to a fair trial and the right to form nationally based associations. The Basic Statute created an appointed 40-member upper Chamber (State Council – "Majlis ad Dowla"), to complement the elected lower chamber (Shura Council) of the "Council of Oman". The new dual chamber Council of Oman was enjoined to express views and put forward proposals 'without fear or favour'. Four women were appointed to the State Council in 1997 and a further five were appointed in 2003.

New representatives, including two women, were elected to the 82-member Shura Council on 4 October 2003. These elections marked a new move towards democracy, as the Sultan extended the franchise to all Omanis over the age of 21 for the first time. The Shura Council's powers are limited, but growing. The Sultan has responsibility for drawing up new legislation, making public appointments, and holds the Ministerial portfolios of defence, finance and foreign policy.

In March 2004 the Sultan appointed Oman's first female Cabinet Minister, others followed. There are now (April 2008) three female Cabinet Ministers and one other woman holding Ministerial rank. However in the latest elections on 27 October 2007 none of the 20 female candidates were elected. The next elections will be held in 2011.

Oman is a member of the Gulf Co-operation Council (GCC) along with Bahrain, Kuwait, Qatar, Saudi Arabia and United Arab Emirates.

Legal Background

The legal system is based on English common law and Islamic law with ultimate appeal to the monarch. Oman has not accepted compulsory ICJ jurisdiction.

Establishing a Business in Oman

Note: this section was originally prepared in 2009 based on available information at that time. Some data may have changed since that time.

A foreign company or investor proposing to establish a business in Oman may choose from a number of different business organisations that are recognised by Oman's Commercial Companies Law:

- Joint Stock Company
- Limited Liability Company
- General Partnership
- Limited Partnership
- Joint Venture
- Holding Company
- Sole Proprietorship
- Foreign Branch
- Foreign Commercial Representative Office
- Commercial Agency

Any foreign company/individual that wishes to do business in or to invest in Oman must comply with, amongst others, the Foreign Capital and Investment Law (FCIL) of 1994, the Commercial Register Law of 1974, the Commercial Agencies Law of 1977, the Muscat Securities Market Law of 1989, the Law for the Organisation and Encouragement of Industry of 1978 and the Law of Commerce of 1990.

Foreign corporations or partnerships may register to operate in Oman by establishing branches or by participating in the formations of joint stock companies or LLCs. In addition, foreign companies and establishments engaged in certain sectors may open commercial representative offices in Oman. Because branch registrations are temporary in nature, foreign businesses planning to establish a long-term presence in Oman generally choose to operate through LLCs.

To form an LLC with foreign participation, an applicant must prepare a shareholders' agreement setting forth the intentions of the parties. The applicant then must file a constitutive contract in a prescribed format, in Arabic, with the Ministry of Commerce and Industry, and submit an application to the Foreign Investment Committee, which issues licenses for foreign investment. The formation of an LLC is completed when all members sign the constitutive contract of the company, all shares are fully paid up and the company is registered in the commercial register.

Registration

For legal operation in Oman, Joint Stock companies, Limited Liability companies, General partnerships, Limited partnerships, Foreign branches and Commercial agents must be registered in the Commercial Register at the Ministry of Commerce and Industry and with the Oman Chamber of Commerce and Industry (OCCI).

Joint stock companies must obtain licenses from the Ministry of Commerce and Industry. LLCs do not need a license if they have no foreign participation. To apply for license, a company must submit copies of its memorandum and articles of association and a bank certificate. Companies with foreign participation also must obtain licenses from the Foreign Investment Committee.

An excellent guide to the formalities of setting up a business in Oman is available at: www.justlanded.com/english/Oman/Oman-Guide/Business/Starting-a-Business

Joint Stock Company

Companies seeking to conduct insurance, banking or commercial air transportation business must be organised in the form of joint stock companies.

A joint stock company is formed by three or more individuals or entities, whose liability is limited to the nominal value of their shares in the company's capital. If at least 40% of a company's shares are issued for public subscription, it is considered a general joint stock company; if a company's shares are not issued for public subscription, it is considered a closed joint stock company.

Limited Liability Company

Foreign investors usually choose to conduct their operations in Oman through limited liability companies (LLCs). An LLC is a private company formed by a minimum of 2 and a maximum of 40 natural or legal persons, whose liability is limited to the nominal values of their shares in the company's capital.

General Partnership

Partnerships established under Oman law are separate legal entities from the partners who form them. They are treated as incorporated businesses in the same way as companies and as such need to be registered.

A general partnership is formed by two or more individuals or entities who are jointly and severally liable for the partnership's debts. One or more individuals manage a general partnership; these persons need not be partners.

Partnership interests may be transferred only with the approval of all partners or in accordance with conditions specified by the partnership agreement.

The name of a partnership consists of the name of one or more partners and the designation 'General Partnership'.

Limited Partnership

One or more general partners who are jointly and severally liable for the partnership's debts form a limited partnership, with one or more limited partners whose liability for the partnership's debts is limited to their contributions to the partnership's capital.

Limited partners may be either individuals or entities. They may not participate in the management of the partnership or act in the partnership's name.

Joint Venture

Two or more individuals or entities form a joint venture. A contract governs the objective of the venture and the terms between its members. A joint venture does not carry a name, nor does it have the legal status of a business entity. It need not be registered in the commercial register.

Holding Company

A holding company is a joint stock company or an LLC that holds at least 51% of the shares of another company (or companies) and thereby controls the other company financially and administratively.

A holding Company may engage in the following activities:

- Manage subsidiary companies or participate in the management of other companies in which it is a shareholder.
- Invest its funds in shares, stocks and securities.
- Provide loans, guarantees, and finances to its subsidiaries.
- Own patent rights, trademarks, franchises and other intangible rights, and use and lease these to its subsidiaries and to other companies.

A holding company may not own shares in a general or limited partnership or in another holding company.

A holding company must obtain a license from the Ministry of Commerce and Industry and must include in its name the words: 'holding company' in all of its papers, advertisement and other documents.

Sole Proprietorships

Under the Foreign Capital Investment law, foreign nationals may not operate business in Oman without Omani participation in capital and profits. Consequently, only foreign nationals of Gulf Cooperation Council (GCC) countries may do business in Oman through sole proprietorships.

Foreign Branch

Branches of foreign companies may engage only in the following activities:

- They may carry out government contracts.
- They may conduct businesses declared by the Council of Ministers to be necessary to Oman.

Although their activities are not subject to Omani participation requirements, branches of foreign companies must have an Omani commercial agent.

Contracts awarded by the government, Petroleum Development Oman (PDO) and Oman LNG (OLNG) enable foreign companies to establish branches in Oman by registering the branches with the Ministry of Commerce and Industry. The registration is allowed because the contracts are with government or semi-government organisations.

Foreign Commercial Representative Offices

Foreign companies and establishments engaged in the trade, industry and services sectors may open commercial representative offices in Oman. They may not import, export or sell their products; promote productions or services other than those produced by the company they represent; or communicate directly with consumers. These offices may obtain visas necessary for their expatriate employees, but are subject to rules stipulated for Omanization.

Commercial Agents

Foreign entities may be required to do business through agents, who may be Omani nationals, companies or government bodies. Branches doing business in Oman, as well as foreign entities engaged in the retail and wholesale trades, including those whose sole interest is the exportation of goods to Oman, must have Omani agents. Depending on the regulations of the government bodies with jurisdiction over their activities, other foreign entities may also be required to have agents.

In addition to the commercial register, Commercial Agents must also be registered with the Register of Agents and Commercial Agencies.

The level of Omani ownership in an agency company must be at least 51%.

Difficulties are sometimes encountered in terminating commercial agencies. Advice should be sought before entering into such an arrangement.

Taxation

The following is intended to provide a brief outline of tax issues. You should always take professional advice on these matters to determine the correct position according to your own personal circumstances.

The Omani tax regime has been considered to be both reasonable and pragmatic in its dealing with taxpayers. The tax system has undergone important changes reflecting the government policy of opening up the economy to foreign investment, and more changes are forthcoming. By and large, taxation is moderate because many of the government's revenues are oil revenues.

Oman personal Income Tax

There is no personal income / wealth tax in Oman.

Company Tax

As from 1 January 2010, a flat 12% tax rate applies to all businesses in Oman, including branches and PEs of foreign companies. Branches and PEs were previously subject to progressive tax rates of between 5% and 30%.⁹

Income from the sale of petroleum remains subject to a special provisional rate of 55%.

Withholding Tax¹⁰

- Dividends – Oman does not levy withholding tax on dividends.
Interest – Oman does not levy withholding tax on interest.
- Royalties – Foreign companies without a PE in Oman that derive Omani source royalties are subject to a 10% withholding tax on the gross royalty, withheld by the payer and remitted to the tax authorities. As from 1 January 2010, the definition of royalties is expanded to include payments for the use of or the right to use software, intellectual property rights, patents, trademarks, drawings and equipment rentals.
- Foreign companies that do not have a PE in Oman and that derive Omani-source income through management fees, the leasing of equipment or machinery or the transfer of technical expertise are subject to a 10% withholding tax on the gross amount, which is withheld by the Omani entity and remitted to the tax authorities.

Capital Gains Tax

There is no separate tax levied on capital gains. Capital gains relating to business activities are subject to tax as business profits.

Social security taxes

Employers must contribute an amount equal to 9.5% of the monthly salaries of their Omani employees for social security (covering old age, disability and death); and 1% of the monthly salaries for industrial illnesses and injuries. The contributions are required for Omani employees between the ages of 15 and 59 who are permanently employed in the private sector. A unified system of insurance protection coverage is in effect for Gulf Cooperation Council (GCC) citizens working in other GCC countries.

Double Taxation Agreement

A double taxation agreement between the Sultanate of Oman and the United Kingdom was signed in London on 23 February 1998. This was the UK's first such agreement with a Gulf country. The agreement generally applies in the UK from 1 April 1996 in respect of corporation tax and from 6 April 1996 for income tax and capital gains tax. In Oman the agreement applies in respect of taxes on income arising on or after 1 January 1996.

Details are on the HMRC website at:
www.hmrc.gov.uk/manuals/dtmanual/dt14800+.htm

Exporting

The Integrated Tariff of the United Kingdom contains helpful information on Importing or Exporting. It includes references to the relevant laws and regulations. For further information, visit www.hmce.gov.uk.

UK Trade and Investment

The UK Trade and Investment Export Finance team encourages the availability of competitive export finance to all UK companies seeking to export goods or services or invest overseas. For further information visit www.uktradeinvest.gov.uk

Export licences (from UK)

You should check with Her Majesty's Revenue and Customs to see if a licence is required for any goods you wish to export to Oman. There are a number of licensing requirements, relevant to exports. These include:

- Common Agricultural Policy (CAP) Licences,
- Department for Business, Innovation and Skills (BIS) Licences;
- Department for Environment, Food & Rural Affairs (DEFRA) Licences,
- Department of Culture, Media and Sports (DCMS) Licences.

The Defence Export Services Organisation (DESO) can provide information concerning the export of defence related equipment.

An export licence is mandatory if you are exporting certain products. If a licence is required and is not presented at the time of export, the consignment will not be able to leave. For further information, visit www.hmrc.gov.uk

Import licences (into Oman)

Imports must be accompanied by a certificate of origin and a commercial invoice, which must be certified by an Omani Consulate or representative abroad. Import of goods originating from Israel is prohibited. Import of alcohol, firearms, narcotics and explosives require a special licence.

Export Credits Guarantee Department (ECGD)

ECGD can provide insurance or arrange medium/long-term finance packages in a wide range of markets worldwide for UK exporters of capital goods and projects. They can also provide contacts for private sector insurance for UK exporters of consumables.

For more information on how ECGD may be able to help you visit the ECGD website at www.ecgd.gov.uk or contact their helpline: Tel: +44 (0)20 7512 7887.

Technical Help for Exporters

Technical Help for Exporters (THE) is a service provided by the British Standards Institution (BSI) to provide information and advice on compliance with overseas statutory and other technical requirements. THE produces a wide range of publications and provides a special updating service of information in some product fields.

THE can supply detailed information on foreign regulations; identify, supply and assist in the interpretation of foreign standards and approval procedures; research and consult on technical requirements for a specific product; and provide translations of foreign standards, items of legislation and codes of practice. Fees vary according to the amount of work involved.

For further information visit the British Standards Institution (BSI) website at: www.bsi-global.com/Technical+Information/index.xhtml or e-mail: THE@bsi-global.com

BIFA

The British International Freight Association's New Importer / Exporter Initiative aims to provide specialist help and assistance to companies who are new to exporting. This service, available through selected BIFA registered members, offers up to one day's free consultancy to advise companies on such matters as modes of transport, distribution methods, costing, documentation and payment terms. They can be contacted on +44 (0)20 8844 2266.

Export Documentation

Most UK imports into Oman (except those of low pecuniary value) require a commercial invoice and an Arab-British Chamber of Commerce Certificate of Origin. The commercial invoice must be a supplier's invoice and may not originate from agents or representatives or importers. It should be a supplier's certified statement of origin. The commercial invoice and certificate of origin must be legalised by the Embassy of the Sultanate of Oman in London.

SITPRO is the UK's trade facilitation body dedicated to simplifying the international trade process by cutting red tape. A company



limited by guarantee, SITPRO is a Non-Departmental Public Body for which the Department of Trade and Industry has responsibility.

SITPRO manages the UK Aligned Series of Export documents, and licenses a network of approved suppliers to provide them. SITPRO also offer advice, briefings, publications and checklists covering various international trading practices.

Contact SITPRO for more help or information on export documentation and procedures.

Tel: +44 (0)20 7467 7280

E-mail: info@sitpro.org.uk

www.sitpro.org.uk

Getting your goods to the market

The main point for imports into Oman is at Mina Sultan Qaboos in Muscat. Salalah has a major container terminal but almost exclusively for trans-shipment.

Labelling and packaging regulations

Labelling in Arabic is required on all consumer products. Labels need to provide information that includes placement of identification data, identification of the manufacturer, product information, and standard quality disclosures. Additionally, many food products may also have to comply with hygiene and ingredients regulations. There are some products, which must be clearly marked, stamped, branded or labelled so as to indicate the country of origin.

Commercial Samples and Temporary Imports

Oman has no provisions for the temporary entry of goods. Therefore samples brought into the country are liable to duty. Bona fide unsaleable commercial samples, in reasonable quantities, may be sent by post or as airfreight and no duty is charged. Such samples should have a declaration that they are samples. With the exception of a few items, import duties in Oman are levied at a rate of 5%-15%.

Anti dumping and countervailing

Dumping occurs when a non-Oman firm sells its product in Oman for less than it sells it in its own country in order to gain market share or undermine an existing or emerging industry in Oman. Oman can apply anti-dumping or countervailing duties to these products. These additional duties are imposed on a temporary basis to counteract the effects of an unfairly

low price or an unfair subsidy to the producer. An example of an unfair subsidy would be government grants, capital loans, favourable loan guarantees, export rebates, and tax incentives.

These duties can only be imposed if the imported goods have caused, or are likely to cause, material harm to the Oman domestic market.

Countertrade

There are no regulations specifically aimed at countertrade, but this form of trading does take place. Commodities available for countertrade include minerals, agricultural products and fish. The Omani-British Offset programme (the only known instance of Oman imposing offset obligations) is comparatively recent and carries no contractual obligations. The main objective of the programme is to diversify the economy through industrial development of non-oil sectors.

Exchange Controls

Oman imposes no foreign exchange controls and no other restrictions on the repatriation of profits or capital by foreign investors.

Importing

The Integrated Tariff of the United Kingdom contains helpful information on Importing or Exporting. It includes references to the relevant laws and regulations. For further information, visit www.hmce.gov.uk

Import licences

You should check with HMRC to see if a licence is required for any goods you wish to import from Oman. There are a number of licensing requirements, relevant to imports. These include:

- Common Agricultural Policy (CAP) Licences,
- Department for Business, Innovation and Skills (BIS) Licences;
- Department for Environment, Food & Rural Affairs (DEFRA) Licences,
- European Commission Licences,
- Forestry Commission Licences and
- Radio Communications Agency (RDA) Licences.

If a licence is needed and is not presented at the time of importation, the goods will not be allowed to enter the country.

Customs Duties

Customs duties of 5% of cost, insurance and freight (CIF) value for most goods are charged. Certain essential consumer goods and other items are exempted from customs duty. Examples currency, gold and silver bullion, seeds, fertilisers, live plants, agricultural implements and insecticides, books, refined petroleum products, tea and various foodstuffs.

Special duties apply to alcoholic beverages, tobacco and pork products (up to 100%). The government imposes duties of 10%-50% on some items in order to protect nascent domestic industries.

With a few exceptions, goods produced in other GCC countries enter duty free if accompanied by certificates of origin.

Terms of Payment

Most UK banks can provide advice on payment. Generally speaking any of the customary methods of payment used in international commercial transactions can be used when doing business with Oman companies. Irrevocable Letter of Credit and Cash Against Credit terms are the most common methods of payment.

Should payment terms not be met, first check the payment terms of the contract. The UK Trade and Invest Oman Unit cannot become involved in commercial disputes but it can provide details of debt collecting agencies and lawyers in Oman who can help.

Most UK banks can provide advice on payment. Generally speaking any of the customary methods of payment used in international commercial transactions can be used when doing business with Omani companies.

Insurance for short-term credit

A number of companies provide insurance for short-term credit to guard against non-payment, such as:

Association of British Insurers
Tel: +44 (0)20 7600 3333
E-mail: info@abi.org.uk

AIG Global Trade & Political Risk
Tel: +44 (0)20 7954 8975
E-mail: AIGGlobal.Europe@aig.com

Advertising and Marketing

Advertising

There are several advertising agencies in Muscat and advertising is permitted in the press and on television. Oman Daily Observer, Oman Tribune and Times of Oman are English written papers. There are also a growing number of economic and other publications in English.

UK Trade & Investment offers British companies a range of subsidised commercial publicity services designed to assist and enhance their export strategies. British exporters are advised to consult their advertising agents before embarking on an advertising campaign.

Market representation

When looking for market representation, look for an agent who not only has the ability to obtain new business, but also has contacts in government and local knowledge of how to get things done. The agent should be able to inform you of the latest changes in regulations and be familiar with the necessary procedures. They should know the best way of opening Letters of Credit and how to obtain document tenders.

Many exporters, with the help of an import agent/distributor who usually has sole distribution rights for the whole country, are able to provide coverage for the entire Omani market.

Sales Promotion

Generally, price is the most important factor in promoting sales. Some firms have successfully offered special, low introductory prices on consumer products to gain a foothold in the market and develop customer awareness and loyalty. However, it is evident that product quality and after-sales service are also becoming important selling factors in the Omani market.

Advertising and participation in sales promotions and other trade events is often helpful for raising consumer awareness and gaining market share, but effectiveness will vary according to product. Appointing an agent/distributor is recommended to aid in marketing and sales.

UK Trade & Investment provides financial support, advice and assistance to companies participating in Trade Missions to Oman. Up-to-date lists of trade missions to Oman supported by UK Trade & Investment and trade fairs attracting support from UK Trade & Investment can be obtained from the Oman Unit.

Visiting the market

Decision makers are expected to visit Oman themselves to establish successful business relationships.

Price quotations/lists

Price quotations should be given in Omani Riyal (RO), all charges paid including customs duty. Failing this, prices should at least be quoted in Omani Riyal cost, insurance and freight (CIF) Oman destination.

Delivery dates

Ensure that the delivery dates that are quoted are adhered to. If unforeseen factors intervene to make adherence impossible, inform your customer at the earliest possible opportunity and give them the full details.

Sea freight from the UK to Oman takes approximately 28 days although this is variable and possible delaying factors such as adverse weather should be borne in mind when considering delivery dates. Take into account the extra time required for port transfer of goods and customs clearance once the goods arrive in Oman, which can add up to two weeks, when calculating the delivery time.

Business Hours

Business hours vary during the month of Ramadan. Working hours are regulated by the Ministry of Social Affairs and Labour in the case of the private sector and by the Diwan of Royal Court for the public sector. Muslims in private companies are only expected to work a six-hour day or a 36 hour week during Ramadan. Friday is the Muslim holy day, although the majority of shops remain open.

Commercial Offices

Hours vary, but are approximately (Saturday to Thursday) 08.00-13.00, 15.30-18.30.

Government Offices

07.30-14.30 Saturday to Wednesday.

British Embassy including the Commercial Section

07.30-14.30 Saturday to Wednesday

Banks

08.00-12.00 Saturday to Wednesday;

08.00-11.30 Thursday.

Shops

08.00-13.00/16.00-18.00 Saturday to Wednesday; 08.00-13.00 Thursday.

Shops in the Souk are often open beyond 18.00.

Post Offices are generally open Monday to Wednesday 08.00-13.00 and 16.00-19.00.

Post Offices close at 11.00 on Thursday and do not open on Friday.

British Embassy including the Commercial Section

07.30-14.30 Saturday to Wednesday

Tel: 00 968 24609002

Fax: 00 968 24609012

Business Etiquette

As with many Arabic countries, Oman requires some familiarisation. For example, your punctuality will be expected for meetings; this does not however mean that your hosts will be punctual and you should expect to be kept waiting.

It is polite to accept the refreshments customarily offered to visitors, but remember that it is discourteous to eat, drink or smoke in front of Muslims in daylight hours during Ramadan.

Clothing

Men and women should dress conservatively in Oman. Men should not wear shorts, while women are advised to wear loose-fitting and concealing clothing with long skirts, elbow-length sleeves, and modest necklines. Suits should be worn at all business meetings. Men should wear trousers and shirt to work and in public (never shorts or shirtless). Swimwear should be worn only at hotel pools and on the beach.

Women business travellers

Oman is one of the easiest countries in the Gulf for women to travel. However, women should still adhere to the customs of the region and avoid offence by showing as little flesh as possible, wearing loose cut clothing. Foreign women do not need to wear veils. Avoid eye contact with any males, unless they are business associates or you know them well. Generally the interior is more conservative than the coast, which means that an extra measure of tact is required.

Modes of address

The correct modes of address are:

- His Majesty - the Sultan
- His/Her Royal Highness - members of the Royal Family
- His/Her Excellency - Senior Government Officials
- Sheikh/Sheikha - Heads and their wives of Tribal Families
- Sir/Madam

There are many Arabic names for God, e.g. Aziz, Rahman, etc. These are also popular names throughout the Arab world. Such names are always preceded by 'Abdul' (meaning 'Slave of ..'). Anyone with such a name must always be referred to as 'Abdul Aziz' or 'Abdul Rahman' etc, NEVER as 'Abdul'.

Alcohol

Expatriate residents can obtain liquor licenses enabling them to buy alcohol from special shops. Alcohol is served in major hotels and some restaurants. Penalties for drunkenness in public can be quite severe.

For information on business etiquette, visit UK Trade and Invest at www.uktradeinvest.gov.uk

Transport and Travel

Air

The vast majority of British business visitors to Oman arrive by air. There are direct flights from London Heathrow to Muscat, Oman. The national airline is Gulf Air (jointly with Bahrain). Other airlines are British Airways, Oman Air, Royal Jordanian, Kuwait Airways and Emirates.

There are six civil airports. Oman Air is the national domestic carrier. It operates daily scheduled flights to Salalah Airport and daily flights to Fahud and Marmul on charter to Petroleum Development Oman (PDO). There are also flights to the Musandam Peninsula, Buraimi, Sur and the island of Masirah. All flights should be booked well in advance and confirmed on the day before travelling.

The International airport is Seeb International Airport (code: MCT), 40km from Muscat. An International airport is planned in Sohar.

Travelling in Oman

By Car

An international driving licence is necessary, and is valid for three months. Check licence rules in advance. Speed limits are 120 kph and driving is on the right-hand side of the road.

Taxis are expensive by Gulf standards and should have a scale of charges. But most taxis do not have meters and fares should be negotiated in advance.

Some hotels offer a courtesy pick-up service. It is possible to order a limousine through hotels. Most hotels have self-drive car hire facilities.

Buses

There are national services (twice daily) to Salalah by luxury coach from the bus stations at Ruwi and the Muttrah Corniche. There are also local services in Muscat, but in general bus travel is not recommended for business visitors.

Road

Oman has an excellent asphalt road system linking all the main centres. A 1,000 km highway links Dhofar with the north. Improvements and widening of existing highways is being carried out, and linking roads are being constructed between towns and villages of the interior. It is possible to drive along the coast from Quriyat to Sur in a four-wheel drive vehicle.

There is an excellent network of minibuses, which operate as 'service' taxis linking up the major centres of population.

Sea

The main point for imports into Oman is at Mina Sultan Qaboos in Muscat. Salalah has a major container terminal but almost exclusively for trans-shipment.



Sea freight from the UK takes approximately 28 days, although this can vary. Possible delays, such as adverse weather conditions, should be taken into consideration when quoting dates. When calculating the delivery time also allow for about two weeks for port transfer of goods and customs clearance once the goods arrive in Oman.

Hotels

There are a number of very good international hotels. It is advisable to book hotel rooms, and in particular suites, in advance. Most large hotels have facilities for small displays or exhibitions, and smaller rooms may be rented as sample rooms. Most hotels impose a surcharge on telephone calls. A tax of 17% is included in all bills.

Some hotels are reluctant to quote tariffs for publication, as many rates apply and change with demand, special events and seasons. Visitors are advised to confirm prices when making reservations.

Travel Advice

The Travel Advice Unit of the Foreign and Commonwealth Office provides up-to-date advice on problems that may arise owing to political unrest, violence, natural disasters and epidemics. Travel advice is available at www.fco.gov.uk

Security Briefing for Business

In addition to the help with trade and overseas investment provided by UK Trade & Investment, the FCO is ready to help businesses in assessing security risks and other broader considerations they may face when operating overseas. This will consist primarily of information and commentary of the political, economic and social situation in the country in question. This information and commentary are offered in good faith. The FCO cannot accept liability for any inaccuracies or omissions.

In the first instance, businesses should contact the Political Section of the overseas post in question, since that is where the most up to date and detailed information will be available. The post will also be able to put enquirers in touch with sources of expert desk-level advice in the FCO in London.

Health advice

Health facilities are good but expensive for foreigners. It is essential to take out full

medical insurance when visiting Oman, as there are no reciprocal healthcare agreements between Oman and the UK.

Vaccination certificates against cholera and yellow fever are mandatory, if travelling from infected areas. It is also deemed advisable to be vaccinated against typhoid, hepatitis, polio and tetanus and to take anti-malaria precautions.

Information on health hazards, and precautions to take when travelling abroad can be found in the leaflet "Health Advice for Travellers" available from main Post Offices.

There are confirmed human cases of Swine Flu in Oman. Screening of passengers, including those in transit, is being undertaken at Muscat International Airport. All passengers are required to complete a landing card on arrival, and pass through a thermal scanner. You should monitor local media reports for local developments and advice. There is a dedicated Swine Flu page on the FCO website for further information.

Passports/Visas

Passports

Passports are required by all and must be valid for at least 6 months.

Visas

British passport holders can obtain an entry visa upon arrival at any land, sea or air entry port in Oman.

There are two options:

- A one-month combined tourist/business visa costing 6 Omani Rials (OR). This can be extended for one month for a further 6 OR;
- A one year multiple entry visa, which is valid for three weeks, after which nationals must leave Oman for at least three weeks before returning. The cost for this is 10 OR.

Overstaying without the proper authority can lead to fines of 10 OR per day.

You are advised to check visa requirements well in advance with the Oman Embassy, 167 Queen's Gate, London, SW7 5HE (Tel: 020 7 225 0001). Overstaying without the proper authority can lead to severe fines.

On arrival, you should register your presence in Oman with the British Embassy in Muscat.

Work permits

On entering Oman, an employee must obtain a labour clearance card, issued by the Ministry of Social Affairs and Labour. An employment visa is valid for six months from the date of issue; the stay is limited to two years from the date of entry. The labour clearance card is renewable every year, for an unlimited period.

An applicant is not permitted to commence employment in Oman until all the relevant papers are fully processed.

Residence permits

All employees are required to obtain residence permits which are valid for two years. The employer is responsible for applying for both work and residence permits, which are then renewable for an additional two years.

Carrying prescription drugs

Anyone entering Oman who needs to take prescription drugs is advised to carry a copy of the prescription with them. Failure to do so can be an offence punishable by a prison sentence if the drugs are on the banned list. (A list should be obtainable from the Ministry of Health, Oman through Oman Embassies and Trade Representation Offices).

Useful Contacts

Arab-British Chamber of Commerce

43 Upper Grosvenor St. London, W1K 2NJ
Tel: +44 (0)20 7235 4363
E-mail: info@abcc.org.uk
www.abcc.org.uk

British Embassy in Oman

PO Box 185, Postal Code 116
Mina Al Fahal, Sultanate of Oman
Tel: 00 968 609 002
E-mail: enquires.muscat@fco.gov.uk
www.britishembassy.gov.uk/oman

British International Freight Association

Tel: +44 (0)20 8844 2266
www.bifa.org

CIA Factbook

www.cia.gov/cia/publications/factbook

Embassy of the Sultanate of Oman

(For passport and visa enquiries)
167 Queen's Gate, London SW7 5HE
Tel: +44 (0)20 7225 0001

The Middle East Association

33 Bury Street, London, SW1Y 6AX
Tel: +44 (0)20 7839 2137
E-mail: mail@the-mea.co.uk
www.the-mea.co.uk

Oman Chamber of Commerce & Industry

Oman Chamber of Commerce
PO Box 1400, Ruwi 112
Sultanate of Oman
Tel: 00 968 247 07674
E-mail: occi@chamberoman.com
www.chamberoman.com

Omani British Friendship Association

Business Services Middle East Ltd
2 Falstaff Close, Eynsham, Oxon, OX29 4QA
Tel: +44 (0)1865 464347
E-mail: enquiries@middle-east-services.com
www.middle-east-services.com

Omani Centre for Investment Promotion and Export Development (OCIPED)

PO Box 25, Wadi Kabir, Postal Code 117
Sultanate of Oman
Tel: 00 968 771 2344
E-mail: info@ociped.com
www.ociped.com

UK Trade and Investment

Country Desk for Oman
Bay 857, Kingsgate House
66-74 Victoria Street, London
SW1E 6SW
Tel: +44 (0)207 215 4891
www.uktradeinvest.gov.uk

Country Data

Feature	Country Data
Local time	+4 hours GMT
Population	Population: 3,027,959 (July 2011 est.) This includes 577,293 non-nationals. Source: www.indexmundi.com/oman/population.html
Capital City	The capital city is Muscat.
Language /Religion	Arabic is the official and dominant language, although Swahili, Farsi, Urdu, Baluchi, and various Indian dialects are quite common. English is widely spoken in business circles.
Area	Oman is approximately 309,500 sq. km
Public and Statutory holidays	Omani holidays dates are set out at: http://oman.usembassy.gov/holiday_calendar.html Some holidays may vary as per Muslim Calendar and Local Government announcements. Public employees benefit from a public holiday for Islamic New Year on 9 January.
International dialling code from UK	00 968
Local currency	In Oman, the unit of currency is the Omani Rial (RO).
Weights and measures	Oman uses the metric system of measurement.
Electricity supply	The electrical supply is 220/240 volt AC. Plug fittings are two or three pin round or three-pin flat types.

Further Information

This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

If you would like to receive further information about this subject or other publications, please call us – see our contact details on the next page.

Acknowledgement and References

¹ Source: http://en.wikipedia.org/wiki/Qaboos_bin_Said_al_Said

² For further information from the British Embassy in Muscat, visit: <http://ukinoman.fco.gov.uk/en/business/>

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³ Details of trade with Oman can be found on the UKTI website at: www.ukti.gov.uk/export/countries/asiapacific/middleeast/oman.html

⁴ The UKTI guide is available at: www.ukti.gov.uk/download/113940_103240/Doing%20Business%20in%20Oman.html

⁵ Islamic banking (or participant banking) is banking or banking activity that is consistent with the principles of Islamic law (Sharia) and its practical application through the development of Islamic economics. Sharia prohibits the fixed or floating payment or acceptance of specific interest or fees (known as Riba or usury) for loans of money. Investing in businesses that provide goods or services considered contrary to Islamic principles is also Haraam (forbidden). While these principles may have been applied to historical Islamic economies, it is only in the late 20th century that a number of Islamic banks were formed to apply these principles to private or semi-private commercial institutions within the Muslim community. Source: http://en.wikipedia.org/wiki/Islamic_banking

⁶ Source: The Official Oman eGovernment Services Portal at: <http://tinyurl.com/7gv5dce>

⁷ Source: http://en.wikipedia.org/wiki/Muscat,_Oman

⁸ Source: www.indexmundi.com/oman/population.html

⁹ Source: www.taxrates.cc/html/oman-tax-rates.html

¹⁰ Source: www.taxrates.cc/html/oman-tax-rates.html

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