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Memorandum on the Foreign Trade Régime

In a communication dated 22 April 1996 (WT/ACC/OMN/1), the Government of the Sultanate of Oman applied for accession under Article XII of the Agreement Establishing the World Trade Organization (WTO).

At its meeting on 26 June 1996, the General Council established a Working Party with the following terms of reference: "To examine the application of the Government of the Sultanate of Oman to accede to the WTO Agreement under Article XII, and to submit to the General Council recommendations which may include a draft Protocol of Accession." The membership is open to all WTO Members indicating their wish to serve on the Working Party.

In accordance with the established procedures (WT/ACC/1), the Secretariat is circulating the attached Memorandum on the Foreign Trade Régime received from the Government of the Sultanate of Oman. WTO Members wishing to submit questions on the Memorandum are invited to do so by 1 December 1996 for transmission to the authorities of the Sultanate of Oman.

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I. INTRODUCTION

1. Over the last twenty-five years, the Sultanate of Oman has been transformed from a subsistence economy into a modern economy with sophisticated infrastructure. The Sultanate has adopted the philosophy of a free-market economy with the private sector assuming a leading role in the development process.

2. The economic development of the Sultanate largely depends on the utilization of its oil reserves, and lately natural gas reserves, as a leading catalyst for growth. In spite of considerable progress that has been achieved in the diversification of the country's economy, it is still oil-based and will continue to be so in the foreseeable future. The Sultanate, however, is conscious of the dangers of having a single depleting resource as the mainstay of its economy.

3. Since 1970, when His Majesty Sultan Qaboos bin Said assumed the mantle of leadership, and the beginning of modern social and economic development, the Sultanate's main objectives, in addition to the provision of necessary infrastructure including basic services like education and health services, has been the diversification of the country's economy by encouraging investment in strategic sectors like manufacturing, mining, agriculture, fisheries and service industries. Emphasis is also placed on human resource development and on development of various regions of the country, outside the capital, in order to reduce regional disparities.

4. The achievements of the past twenty five years have been excellent. The number of schools and pupils increased from 3 with 909 pupils in 1970, to 1071 schools with 525,083 pupils in 1995. The number of hospitals and health clinics increased from 9 in 1970 to 174 in 1995.

5. These achievements are backed by rapid economic development based on sound economic policies. The Sultanate has an open economy based on the principles of free-market. There are no foreign exchange and payments restrictions. The foreign trade régime is characterized by low tariffs and very few restrictions. The Sultanate does not use export subsidies and trade-related investment measures.

6. Because of the small size of the domestic market, the Sultanate of Oman encourages export-led growth. It requires industries and businesses to achieve international competitiveness with a view to achieving integration with the global economy.

7. The Sultanate of Oman's policy of open and liberal trade and its emphasis on export-led growth makes it a natural candidate for membership of the World Trade Organization, an organization whose main objective is expansion and liberalization of international trade based on the principles of open, liberal and rule-based multilateral trading system. The foreign trade régime of the Sultanate of Oman is in most respects compatible with the rules of the WTO. In some other respects where it was not in conformity with the WTO, the Sultanate has either already taken steps such as the enactment of the law on copyrights protection or will be taking measures to bring its régime into conformity with the WTO.

II. ECONOMY, ECONOMIC POLICIES AND FOREIGN TRADE

1. Economy

(a) General description

8. Oman occupies the south eastern corner of the Arabian peninsula. Its coastal line extends almost 1700 kms, from the Strait of Hormuz in the North to the borders of the Republic of Yemen, overlooking

three seas, the Arabian Gulf, Gulf of Oman and the Arabian Sea. It borders Saudi Arabia and the United Arab Emirates in the west, the Republic of Yemen in the south, the Strait of Hormuz in the north and the Arabian Sea in the east.

9. Oman's total area is approximately 312,500 sq. kms and it is the second largest country in the Arabian Peninsula. Oman's total population is 2.1 million. Omanis count for 1.5 million, and non-Omanis count for 0.6 million. Population density is 6.5 persons per square km as of 1994.

10. Oman enjoys a stable social, political and economic system and has excellent relations with neighbouring countries which has enabled her to play an active role in promoting regional political and economic cooperation. In addition to its rich cultural heritage, the country is abundant with scenic beauty and has a lot to offer tourists and business visitors alike.

11. Most recent estimate puts the Sultanate's oil reserves at about 5.2 billion barrels while its natural gas reserves are estimated to reach about 27.5 trillion cubic feet. Oman's exports include oil, minerals, chemicals, agricultural products, textiles, light manufactured goods, fisheries and animals. However, the country's main export is oil. Its daily production was 852 thousand barrels per day in 1995. Gas production was 242.3 billion cubic feet in 1995.

(b) Current economic situation

12. Oman's gross domestic product is estimated to have risen by 3.3 per cent during 1991-95 to a total of about 5288 million Omani Rial (US\$ 13749 million) in 1995. GDP per capita increased during the period of 1970-1995 by an annual average rate of 11.6 per cent; in 1995 it was R.O.2477 (US\$ 6440). Oman is looking to achieve an average annual GDP growth rate of 4.6 per cent at current prices in its current Fifth Five-Year Plan (1996-2000).

13. The contribution of the non-oil sector has been steadily increasing and it stood at around 63.4 per cent of GDP in 1995. During the period 1991-95, the non-oil sector registered an average annual increase of 6.7 per cent; within the non-oil sector, the services sector amounted to about 51.6 per cent of GDP, of which government services contributed 13.2 per cent of GDP.

14. Regarding the uses of GDP, during the period 1991-95 final consumption has averaged about 76.2 per cent of GDP. This ratio is expected to drop in the next five-year plan (1996-2000) to about 70.8 per cent. During 1991-95, private consumption amounted to about 63.8 per cent of total consumption and it is expected to increase to about 73.2 per cent in the last year of the fifth five-year plan.

15. Total investment during 1991-95 stood at about 15.9 per cent of GDP. This contribution to GDP is expected to increase markedly to an annual average of about 22.9 per cent during the next five-year plan. During 1991-95, about 61.9 per cent of total investment was undertaken by the public sector. This picture is expected to change by the year 2000 when public sector investment is estimated to be only about 46.6 per cent of total investment.

16. It is noteworthy that the imperative of building a modern society to catch up with the advanced world, especially in the absence of an active and capable private sector, during the first 15-20 years of development, meant that the government had to shoulder the biggest burden which explains the large share of public consumption and investment.

17. The oil sector continues to play a major role in Oman's economy. In 1995 the oil sector contributed around 38.2 per cent of GDP, oil exports represented 78.4 per cent of merchandise exports, and gross oil revenue was about 83.7 per cent of total government revenue.

18. The fall in oil prices has put strain on government finances as it resulted in a sharp decline in government's gross oil revenue in 1992-93. In 1992 the deficit reached about 578.5 million rial representing about 12 per cent of GDP. Since 1992 the budget deficit has been declining and a balanced budget is expected by the end of the fifth five-year plan in 2000.

19. The consumer price index in Muscat governorate recorded a decline of 1.3 per cent in 1995. The decline is attributed to a 11.2 per cent decline in the price of housing rent, and an increase of 1.6 per cent in the foodstuff and beverage group.

2. Economic Policies

(a) Main directions

20. The year 1970 represents a turning point in the history of the Sultanate of Oman. The way of life in the Sultanate has changed. Oman has set the path to progress, construction and achievement to proclaim the birth of a modern State full of aspiration and hope for the present and future generations.

21. Development efforts began with the first Five-Year Development Plan (1976-1980). The basic aims of Oman Development Strategy set forth in 1975 were:

- (i) work towards developing new sources of national income alongside the oil revenues with a view to replacing them in the future;
- (ii) enhance the proportion of investments going to income generation projects especially in the areas of industry, mining, agriculture and fisheries;
- (iii) distribute investments geographically in order that they may benefit all the regions of the country and all its people, and in order to eliminate the disparity in the standard of living between various regions. Special priority was to be given to less developed regions;
- (iv) support and develop present population centres and protect them from the risk of mass migration to densely populated areas and conserve the environment;
- (v) pay attention to water resources as they represent a vital element necessary for the continuation and development of economic activities;
- (vi) pay due attention to the development of national human resources in order that they may play an integral part in the Omani economy;
- (vii) set up the nation's infrastructure;
- (viii) promote local commercial activity and remove constraints in transport, storage and other deficiencies which impede the consolidation of free market operations and free competition;
- (ix) establish the components of a free market economy based on the activities of the private sector, on the basis of free competition, and provide loans for vital projects as commensurate with the resources available to the State;
- (x) enhance the efficiency of the civil service.

22. These principles guided the course of development in the Sultanate and were the basis upon which successive Five Year Plans were formulated. The strategy concentrated on preparing a stable environment and suitable climate to develop the country and accelerate it into the twenty first century.

23. The current plan, the Fifth Five-Year Development Plan (1996-2000), represents the first development plan among a series of five-year plans that are being formulated for the purpose of the realization of the Vision for Oman's Economy : Oman 2020. The Plan constitutes the implementation programme of the fundamental goals, policies and mechanisms adopted for the realization of economic stabilization and sustainable growth during the next phase of the development process.

24. Oman Vision 2020 primarily aims at maintaining the current level of per capita income, as a minimum, and doubling it by the year 2020. The main targets of the Fifth Five-Year Plan (1996-2000) which constitute the first step toward Oman Vision 2020 are:

- (i) achieving a balance between government revenue and expenditure;
- (ii) achieving an average annual GDP growth rate of 4.6 per cent at current prices;
- (iii) diversifying the sources of national income;
- (iv) encouraging domestic and foreign private investment;
- (v) undertaking the necessary steps for the development and promotion of natural-gas-based projects;
- (vi) implementing privatization programmes in the services sector in accordance with the policies and controls established for this purpose;
- (vii) controlling inflationary pressures during the period of the plan;
- (viii) according special importance to human resources development.

25. Policies adopted to achieve the fundamental aims of the plan are:

- (i) achieving a balance between government revenue and expenditure through:
 - creation of a real domestic source of finance through issuing government development bonds,
 - discontinue net borrowing from abroad as a source of finance,
 - minimize dependence on withdrawal from State funds as a source of finance.
 - transferring to State Emergency Fund all oil proceeds from selling oil above US\$ 17 per barrel.
- (ii) diversifying the sources of national income through an increase in the GDP share of the non-oil sectors to 69 per cent by the end of the year 2000. This essentially means plans to reduce dependence on oil. Other measures are taken into consideration such as:
 - sale of government assets to the private sector;
 - privatization of projects relating to the service and production sectors;
 - encouraging domestic and foreign private investment and increasing the private sector's share in total investment in the Plan to 53 per cent to foster the chances of success of the private sector-based development strategy;
 - development and promotion of natural-gas-based projects.
- (iii) in respect to Human Resources, the Government has drawn a strategy listed as the following:

- improve population characteristics generally as far as social welfare, education, health, culture and youth welfare are concerned, and provide the necessary services and utilities which will develop the abilities of manpower, raise the productivity and promote its development;
 - applying a modern education system that would empower the individual to have a positive role in the work force;
 - proceed in the Omanisation policy to increase the levels of Omani participation in the labour force;
 - increasing the participation of women in the labour force by expanding education and creation of work opportunities;
 - medium and long term planning designed to deal with labour force issues and its related aspects.
- (iv) regarding private sector development and to enable the private sector to play an effective role in the development process, the government has formulated policies and taken measures toward privatization of the economy and strengthening the role of the private sector. These policies are:
- privatization represents a part of the government programme aimed at achieving sustainable development, increasing growth rates, and distributing the benefits of development among all regions and segments of the society;
 - priority of privatization shall be given to production services that operate on a commercial basis, such as waste water, electricity, water, telecommunications, highways and postal services. When privatizing these services, consideration shall be given to the financial and administrative capacities of the private sector;
 - in order to enable adjustment to any changes in the economic and social situations in a measured and gradual manner, privatization shall be applied gradually to the existing governmental production and services establishments;
 - transparent and explicit criteria shall be set for the selection and evaluation of investment proposals, together with clear identification of the responsibilities of the concerned government authorities and for the system of monitoring the privatization programmes;
 - more than one company shall be established to render a service, whenever possible, in order to increase competition and enable the government to compare the performance and efficiency of service providers;
 - the Government shall determine the unified maximum tariff to be paid by all consumers in the Sultanate, regardless whether the project is operated by the government or by the private sector. The tariff shall not be amended without government approval;
 - to benefit from foreign capital and technical and administrative expertise, foreign participation in the privatization projects shall be encouraged. This participation should be in accordance with the Foreign Capital Investment Law;

- the government shall set the bases and criteria for protecting the environment from any negative impacts that may arise as a result of the efforts to reduce cost by the privatized enterprises;
- the government shall prepare the society, through the use of various means of mass media, to accept the changes in the economic and industrial structure of the country. Such preparation shall be achieved by elaborating to citizens the advantages of privatization, its importance to their prosperity, particularly to the fixed-income group, and its contribution to the comprehensive development process;
- the sale proceeds of government assets in the privatized production and services projects, shall accrue to the State General Reserve Fund.

(b) Monetary and fiscal policies

26. Monetary policy has normally two key objectives which are basically the steering of the financial system in a direction which would contribute to the fulfilment of the medium to long term targets aimed at eliminating internal and external imbalances and to smoothen out fluctuations in bank liquidity. The aims include the maintenance of the domestic and international value of the monetary unit and to contribute to the economic, industrial and financial growth of the Sultanate of Oman. The Central Bank of Oman at present does not set any specific target for monetary variables. However, the bank conducts monetary policy in consultation with the Government so that the policies pursued by the Bank together with the fiscal and other economic policies of the Government achieve the objectives as envisaged in the Five Year Plans.

27. The Central Bank of Oman has the legal authority to use a broad range of monetary policy instruments. The instruments that CBO has at its disposal are: reserve requirements, lending ratios, rediscount policies, currency swaps, treasury bills and development bond operations and issuance of certificate of deposits.

28. Until 1993, the Central Bank had a long-standing policy of enforcing interest rate ceilings on commercial bank deposits and loans. On 1 October 1993, the Central Bank of Oman lifted the ceiling on Rial Omani deposits and effective June 1994 all lending rates except those in regard to consumer loans of RO 9000 and less were deregulated. Following the deregulation of commercial bank interest rates, domestic deposit rates have approximately tracked international US dollar rates, although with a lag. In an economy where there is no restriction on capital movements with the currency freely convertible, it is expected that interest rates would be determined by the free interplay of market forces. In the long run this would result in economic efficiency and provide a steady macro-economic environment for optimum use of resources.

29. The fiscal policy influences the situation and track of economic performance in terms of the balance between resources and expenditure on the one hand and the public debt or the monetary aspects on the other. The fiscal policy is very important in the national economy as the economic performance depends mainly on government spending as a driving force for the economic activity which relies in turn upon the oil income as a major source for government revenues. The fiscal policy depends on the following:

- (i) balance between the development requirement and the available resources on one hand and the precautions needed to deal with oil market by forecasting oil price on the other;

- (ii) enhance the fiscal position of the country through increasing the transfer percentage to the State General Reserve Funds and not resorting to withdrawal from it unless recommended by the Cabinet;
- (iii) finance the government uses through self resources of the national economy represented by oil and non-oil government revenues as well as financing the deficit between the resources and uses by withdrawing from the stabilization reserve provision and the issue of medium and long term development bonds without any increase in net foreign borrowing;
- (iv) it is projected that, under the Fifth Five Year Plan, the current expenditure of the civil ministries would drop over the plan years 1997, 1998, 1999. The increase in the year 2000 is projected at 1.6 per cent only compared with 1999 expenditure;
- (v) maintain the size of the government and its agencies' foreign debt without any new net foreign debt unless the Cabinet approved the same. This means that the debt service of external debt (including instalments and interest) will not exceed 9 per cent of total exports;
- (vi) any increase in the expenditure approved in the public budget as amended, more than the budget projections should be financed from self revenues, within the public budget without recourse to reserves or increasing the public debt;
- (vii) reconsider some spending items in case the oil price dropped below the price estimated in order to match with public revenues and maintain the financial position of the government;
- (viii) develop the non-oil revenue in order to contribute gradually to the total revenue.
- (c) Foreign exchange and payment systems

30. The currency of Oman is the Rial Omani, which is pegged to the US dollar, the intervention currency, at RO.1 equal to US\$ 2.6008. The Central Bank of Oman maintains fixed buying and selling rates for the US dollar, with a narrow margin around the peg. The commercial bank rates for other currencies are based on market rates in London. There are no taxes or subsidies on purchases or sales of foreign exchange. Oman informed the IMF on 19 June 1974 that it formally accepted the obligations of Article VIII, sections 2,3, and 4 of the Fund Agreement.

31. Exchange control authority is vested in the Central Bank of Oman, but there is no exchange control legislation in Oman. Foreign exchange for payments abroad can be obtained freely. No requirements are attached to receipts from exports or re-exports and they may be disposed of freely. Payments for the proceeds from invisibles are not restricted. Travellers may bring in or take out any amount in domestic or foreign currencies. No exchange control requirements are imposed on capital receipts or on payments by residents or non-residents.

(d) Foreign and domestic investment policies

32. The Government of Oman seeks to promote private sector investment, foreign and domestic, with a view to achieving the following objectives:

- assisting in diversifying the sources of national income in order to reduce gradually the dependence on oil as the dominant source of income;
- creating job and career opportunities for a growing number of educated young Omanis;

- developing Omani management skills and technical expertise through transfer of foreign technology, including management and marketing know-how;
- gaining access to export markets through foreign private sector international marketing channels;
- securing foreign equity participation in big projects requiring very large investment.

33. The diversification of the economy has to be brought about through strengthening, promoting and developing the sectors of manufacturing, services, agriculture, fisheries and tourism.

34. Oman has liberal laws and regulations governing foreign investment. There are no restrictions on the repatriation of capital and profits which is freely allowed. The law specifically stipulates that projects having foreign investment shall neither be confiscated nor expropriated except in public interest and on payment of compensation.

35. The Foreign Capital Investment Law provides that a foreign investor is allowed to own:

- 49 per cent share in a company with a capital of at least Rial Omani 150,000 (US\$ 390,000);
- upto 65 per cent share if approved by the Minister of Commerce and Industry upon the recommendation of the Foreign Capital Investment Committee;
- 100 per cent share if the total capital of the project is RO 500,000 (US\$ 1.3 million) and it contributes to the development of the national economy. This level of ownership, however, needs to be approved by the Council of Ministers upon a recommendation from the Minister of Commerce and Industry.

(e) Competition policy

36. There is no specific law on competition policy. In general, the economic policy is based on the principles of free-market economy.

3. Foreign Trade in Goods and Services

37. Oman has extensive trade relations that encompass most countries of the world. Oman also has a free and flexible trade régime in both export and import operations, thereby no licensing is required. Thus, there are no restrictions on foreign exchange transfers in Oman.

38. Foreign trade plays a major role in Oman's economy. During the period 1991-95, exports of goods and services averaged approximately 43.5 per cent of GDP and imports of goods and services averaged approximately 31.6 per cent of GDP.

39. The Sultanate has undergone a noticeable change in its export structure due to a gradual increase in the proportion of non-oil exports and re-exports. The share of non-oil exports in the total exports of goods and services has increased significantly from a mere 0.4 per cent in 1980 to about 7.8 per cent in 1995.

40. Exports consist mainly of crude oil and its derivatives. In 1995 merchandise exports amounted to 2332 million Rials (US\$ 6063 million) which represents 44.1 per cent of GDP, of which oil exports represented 78.4 per cent. The East Asian countries, in particular Japan and Korea, constitute the main market for Oman's oil exports. Their share was about 53.8 per cent of oil exports in 1995. It is worth mentioning however that the share of these two countries has been declining as new markets have opened

to Omani oil exports such as Thailand and China. Non-oil exports consist mainly of food and live animals and manufactured goods. Currently, about half of the non-oil exports go to the United Arab Emirates (UAE),

41. Merchandise imports, on the other hand, stood at about 1684 million Rials (31.5 per cent of GDP) (US\$ 4378 million) in 1995. Currently, almost 60 per cent of it consists of machinery and transport equipment and manufactured goods. About three quarters of these imports come from Japan, UAE, and Western Europe.

42. The Sultanate has always registered positive merchandise trade balances. In 1995 trade balance stood at 648 million Rials (12.3 per cent of GDP). This is due to the high oil export earnings. However, net services and transfers offset this surplus which has resulted in a persistent deficit in the current account balance since 1991. Deficit in the current account balance in 1995 was about 342 million Rials (6.5 per cent of GDP). These deficits are attributed to high negative net remittances of expatriate labour and profit remittances.

4. Value and Composition of Foreign Direct Investment

43. Foreign investment has increased annually at an average of 14.5 per cent in the period 1992-1995. During the same period, almost 91 per cent of these investments have been invariably from foreign non-Arab countries. During 1992-95, about 81 per cent of the investment inflows went to the oil sector. This share, however, increased to about 83.8 per cent in 1995. Consequently, in 1995 the share of non-oil investment to total foreign investment has increased noticeably to about 16.2 per cent compared with a mere 2.6 per cent in 1994. This may well be a clear indication of a shift in the composition of foreign investment in Oman reflecting government policy and efforts to diversify its economic base and to encourage investment in the non-oil sector.

5. Financial Movements Related to Remittances

44. Net workers' remittances have steadily increased in the last few years. During the period 1991-95 the net outflow of workers remittances grew at an annual average of 16.3 per cent. This is primarily due to a corresponding 12.8 per cent increase in non-Omani employment. This increase has been coupled with only an annual average GDP growth rate of 3.3 per cent. Consequently, the share of net outflows of workers' remittances to GDP has steadily increased to about 12.9 per cent in 1995 compared with 7 per cent in 1990. Inward workers' remittances are estimated to be around 15 million rials annually.

6. Growth in Trade in Goods and Non-Factor Services

45. Exports of goods and non-factor services (GNFS) have registered an average annual increase of 2 per cent during 1991-95. Starting in 1998, growth rates of exports of GNFS will slow down due to lower oil export earnings as a result of the drop in oil production. However, it is estimated that during the fifth five-year plan (1996-2000) exports of GNFS will register an annual average growth rate of 3.8 per cent.

46. Imports of goods and non-factor services, on the other hand, have registered an average annual increase of 8.7 per cent during 1991-95. During 1997 and 1998, imports of GNFS are estimated to increase by 13.3 per cent and 8.1 per cent respectively, as a result of the LNG project; it will register negative growth rates during 1999 and 2000 as a result of the sharp drop in capital imports. On average, however, it is estimated that the annual average growth during (1996-2000) will be about 3.7 per cent.

III. FRAMEWORK FOR MAKING AND ENFORCING POLICIES AFFECTING FOREIGN TRADE IN GOODS AND TRADE IN SERVICES

1. Powers of Executive, Legislative and Judicial Branches of Government

47. His Majesty the Sultan of Oman is the Head of State and Head of Government and is the highest and final authority.

48. The legal system is based on laws and Royal Decrees issued by His Majesty. The legislations constitute the law of the land and is valid from the date of publication in the Official Gazette or from any other determined date. International treaties, conventions and charters are also signed by His Majesty, or any person designated by His Majesty, in which latter case such treaty, convention or charter is submitted to His Majesty for ratification. After signature or ratification by His Majesty, the treaties, conventions or charters are deemed to be part of the law of the land as of the date of publication in the Official Gazette, unless His Majesty decides otherwise.

49. The Cabinet is the highest executive authority in the Sultanate deriving its authority from His Majesty the Sultan. The Cabinet considers matters related to administrative functions of the State, internal policies and external relations of the Sultanate of Oman with other countries. It also considers international treaties, conventions and charters. The Cabinet submits recommendations in respect of the foregoing subjects to His Majesty the Sultan for approval.

50. A diverse group of Specialized Councils have been established by His Majesty to assist in planning, study and formulation of proposals and plans in specific areas of development. Some of these Councils, e.g. Financial and Energy Resources Council, are presided over by His Majesty the Sultan, and include some members of the Cabinet and other senior officials.

51. Functions and jurisdiction of Ministries are determined, or adjusted, by Royal Decrees. Each Minister, assisted by Under-Secretary/ies and officials, is responsible for implementing matters within the jurisdiction of the Ministry.

52. The judicial system of the Sultanate comprises of: (i) Sharia (religious) Courts, (ii) Criminal (Magistrate) Courts, and (iii) the Authority for Settlement of Commercial Disputes.

2. Government Entities Responsible for Making and Implementing Policies Affecting Foreign Trade

53. The responsibility for making and implementing policies affecting foreign trade lies mainly with the Ministry of Commerce and Industry. The Ministry is responsible for implementing laws and regulations relating to importation and exportation of goods, for concluding bilateral trade agreements, for multilateral trade negotiations, for export promotion measures and policies, for decision on industrial incentives, and for matters relating to foreign investment. Ministry of Commerce and Industry is also responsible for standards, insurance matters and for patents, copyrights and trade marks.

54. The Ministry of Commerce and Industry (Directorate General for Specifications and Measurements) has responsibility for establishing and approving standards for different goods sold in Oman, and for ensuring testing and compliance with standards for imported and domestically produced goods.

55. The Ministry of Finance and the Central Bank of Oman have responsibility for formulating and implementing policies relating to banking and other financial services. The Ministry of Finance has the main responsibility in matters relating to customs tariffs.

56. The Ministry of Agriculture and Fisheries is responsible for matters relating to agriculture, animal wealth and fisheries and in particular to matters relating to domestic support for the same.

57. The Royal Oman Police (Directorate General of Customs) is responsible for administering and implementing customs law and procedures and for levy and collection of customs duties.

3. Division of Authority Between Central and Sub-Central Governments

58. The Sultanate of Oman has a unitary form of government. All authority rests with the Central Government. There are no sub-central governments.

4. Any Legislative Programmes or Plans to Change the Regulatory Régime

59. There are no legislative programmes or plans at present to change the regulatory régime.

5. Laws and Legal Acts

60. A list of the relevant laws and legal acts is given in Annex 2.

6. Description of Judicial, Arbitral or Administrative Tribunals or Procedures

61. The component of the judicial system of the Sultanate of Oman which relates to trade and commerce is the Authority for Settlement of Commercial Disputes. This was established by Royal Decree No.79 of 1981 as a judicial-commercial body.

62. The jurisdiction of the Authority is provided for in Royal Decree No.32 of 1984 which empowers the Authority to decide all cases related to commercial matters and also disputes which other laws provide for submission to the Authority.

63. The Authority for Settlement of Commercial Disputes also has jurisdiction in cases involving disputes between the trade and government departments or agencies.

64. The fundamental characteristic of the Authority is its independence from the executive in discharging its judicial functions. To ensure that, the Authority has been given financial and administrative independence.

65. The Authority for Settlement of Commercial Disputes consists of a Chairman, a Deputy Chairman, a number of judges appointed by Royal Decree and members from Oman Chamber of Commerce and Industry selected by the Minister of Commerce and Industry on the recommendation of Chamber's Board of Directors.

IV. POLICIES AFFECTING TRADE IN GOODS

1. Import Regulation

(a) Registration requirements for engaging in importing

66. There are no specific requirements for engaging in importation. Any company or individual registered with the Ministry of Commerce and Industry under the relevant laws can engage in importation.

(b) Characteristic of national tariff

67. Oman follows the Harmonized System for Statistical purposes. It is considering to use Harmonized System for classification of goods for customs purposes.

68. Customs duties are on ad valorem basis. There are no specific duties. There are six rates of customs duties for different type of goods. These are: 0 per cent, 5 per cent, 20 per cent, 25 per cent, 50 per cent and 100 per cent.

69. The list of products or groups of products subject to zero tariff include foodstuff, like meat (except pork meat), milk, cooking oils and fats, cereals, tea, sugar, fresh fruits and vegetables, cement, fertilizers, printed material, agricultural equipment and all goods imported for Governmental use.

70. Only the following few items are subject to duty rates of 20 - 100 per cent.

-	Dates:	20 per cent
-	Bananas:	25 per cent
-	Tobacco and tobacco products:	50 per cent
-	Alcoholic beverages:	100 per cent
-	Pork meat and products:	100 per cent

71. All remaining products are subject to import duty of 5 per cent. The weighted average tariff in 1994 was 2.7 per cent.

72. The existing tariff rates have been in force since the beginning of 1986. There has been no revision of rates since 1986.

73. The rates of customs duties are applied on an MFN basis to imports from all sources, except for imports from GCC Countries which are exempt from duty within the framework of the GCC free-trade area of which Oman is a member.

(c) Tariff quotas, tariff exemptions

74. There are no tariff quotas applicable in Oman. As stated earlier, all goods imported for Governmental use are exempt from import duties and all goods imported from GCC countries are exempt by virtue of the GCC free-trade area.

(d) Other duties and charges

75. There are no other duties and charges of any kind imposed on or in connection with importation, within the meaning of Article II.1(b) of GATT 1994. However, fees and charges for services rendered are applicable in respect of storage charges at the port/airport if imported goods are not cleared within a specified time.

(e) Quantitative import restrictions, including prohibitions, quotas and licensing systems

76. A list of items the import of which is prohibited is at Annex 7.

77. Import of fresh and long-validity milk is restricted to an annual quota fixed every year on the basis of study prepared by the Ministry of Agriculture and Fisheries on the volume of local production and projections of consumption.

78. During the summer months (June-September), the Ministry of Agriculture and Fisheries establishes import quotas for eggs based on a study of the market requirements and domestic production.

79. In the case of fruits and vegetables, the Public Authority for Marketing Agricultural Produce decides every year on import quotas determined after a study of domestic production and market requirements of fruits and vegetables.

(f) Import licensing procedures

80. There are no import licensing requirements and procedures in the Sultanate of Oman.

(g) Other border measures

81. There are no other border measures applied in Oman.

(h) Customs valuation

82. Value of goods for customs purposes is determined on the basis of price actually paid or agreed to be paid for the imported goods, when it is packed and ready for shipment at the port of export. Actual freight and insurance charges are added. Goods are thus valued on CIF basis.

83. The system of valuation is not based in entirety on the WTO Customs Valuation Agreement or on the Brussels Definition of Value. However, in essence the system of valuation is close to the basic concept of the WTO Customs Valuation Agreement.

84. The customs valuation system of Oman is used only for purposes of levying ad valorem rates of duty.

(i) Other customs formalities

85. Customs formalities for imported goods are simple, straightforward and expeditious. Goods can either be cleared for home consumption on completion of documentation, examination and payment of import duty, if applicable, or these can be warehoused without payment of duty which is collected when the goods are cleared from the warehouse for home consumption.

86. Customs formalities can be completed before the arrival of goods at the port or the airport.

87. Customs procedures provide for clearance of goods in cases of non-availability of necessary documents with the importer, subject to payment of estimated duty plus a provisional deposit which is adjusted when the documents are produced to the customs.

88. Avenues of appeal are available under the customs law, including recourse to courts, in cases of disputes relating to levy of or amount of customs duty.

(j) Pre-shipment inspection

89. The Government of the Sultanate of Oman does not have any pre-shipment inspection requirement.

(k) Application of internal taxes on imports

90. There are no internal taxes on imports within the meaning of Article III of GATT 1994.

(l) Rules of origin

91. Oman uses rules of origin for imports from GCC countries. Goods are considered of GCC origin if they contain at least 40 per cent value added in GCC countries.

(m) Anti-dumping régime

92. Oman does not have any anti-dumping law.

(n) Countervailing duty régime

93. There is no law at present on the application of countervailing duties.

(o) Safeguard régime

94. There is no legislation on safeguard measures.

2. Export Regulation

(a) Registration requirements for engaging in exporting

95. There are no specific registration requirements for engaging in export trade.

(b) Customs tariff nomenclature, types of duties

96. Oman is considering the use of the Harmonized System for classification of goods for customs purposes.

97. Oman does not apply any export duties.

(c) Quantitative export restrictions, including prohibitions, quotas and licensing systems

98. There are only two types of export restrictions which affect very few products.

99. First, approval of the Ministry of Agriculture and Fisheries is required for export of date seeding and certain species of fish.

100. Second, export of antiques, ancient manuscripts and Marie Teresa Riyals is prohibited.

(d) Export licensing procedures

101. There are no export licensing requirements and procedures.

(e) Other measures, e.g. minimum export prices, voluntary export restrictions, orderly marketing arrangements

102. Oman does not have any other measures, such as minimum export prices or orderly marketing arrangements. However, Oman does have voluntary export restraints on certain textiles and clothing, in terms of bilateral agreements with the United States and Canada.

(f) Export financing, subsidy and promotion policies

103. The Export Guarantee and Financing Unit (EGFU) of the Oman Development Bank promotes exports by providing export insurance cover against commercial and political risks, and in helping manufacturers in their commercial bank borrowing with the interest subsidy scheme as well as export financing.

(g) Export performance requirements

104. There are no export performance requirements.

(h) Import duty drawback scheme

105. If imported goods are re-exported in the same form, import duty paid is refunded in full.

3. Internal Policies Affecting Foreign Trade in Goods

(a) Industrial policy, including subsidy policies

106. The Sultanate of Oman focuses on encouraging and expanding the industrial sector to maximize its share in the national economy. The principal policy objectives to be pursued to that effect are the following:

- develop the sector to achieve the diversification strategies of the economy;
- optimum utilization of the available national resources in industrialization;
- encouragement of export-oriented industries;
- creation of R&D base to facilitate the transfer of technology and enhance the efficiency and competitiveness of the sector;
- integration and strengthening of inter-linkages in the industrial sector;
- accelerate industrialization by open door policy to attract foreign investment and sustaining a positive investment climate;
- adopt import substitution policy to selective industries;
- encourage resource-based heavy industries and high value-added light industries.

107. The vision for Oman's economy, upto the year 2020, envisages that within a stable macro-economic framework to be provided by the Government, sustainable development would be achieved by relying on the private sector as the primary engine of growth. A diversified, dynamic and globalized economy is to be established through a strong, efficient and competitive private sector.

108. The industrial policy of Oman envisages that the manufacturing sector which at present contributes a little over 5 per cent to the GDP of Oman should be strengthened and expanded so as to contribute 15 per cent to the GDP by the year 2020. Emphasis will be placed on development of export-oriented industries, which would be encouraged to achieve international competitiveness with a view to achieving integration with the global economy. Oman is following a pattern of industrialization which is capital-technology-knowledge intensive. In this process, the role of foreign investment is recognized in bringing in capital, technology and highly specialized management and marketing skills.

109. The industrial policy also encourages medium-scale industries in order to provide scope for employment of educated and qualified Omanis.

110. The Government of the Sultanate of Oman provides the following industrial incentives:

- free survey of industrial investment opportunities and soft loans and grants for conducting pre-feasibility studies;
- provision of interest-free loans by the Government or loans on soft terms by Oman Development Bank;
- exemption from customs duty on import of machinery, equipment, spare parts and raw materials.

(b) Technical regulations and standards, including measures taken at the border with respect to imports

111. All goods domestically produced in the Sultanate of Oman and imported from abroad must meet Omani standards and measures most of which are based on international standards. The body responsible for standards is the Directorate General for Specifications and Measurements (DGSM).

112. DGSM, which is a correspondent member of the ISO, was established with the objective of formulating, adopting, publishing and distributing national standards and for testing and certification of conformity with the standards.

113. The purpose of standards is to provide safety and protection for the health and welfare of consumers. Omani standards and measures take into account the environmental conditions in the Sultanate of Oman.

114. By the end of 1995, DGSM had prepared 827 standards and measures, copies of which are freely available from DGSM. Foodstuff, electrical equipment, chemical products and automobiles are some of the important sectors covered by Omani standards and measures.

115. DGSM ensures that draft standards are circulated for comments prior to finalization of standards.

116. Medicines and medical equipment are regulated by the Ministry of Health. Under the regulations, a certificate from the Ministry of Health is required for sale of medicines and medical equipment in the Sultanate of Oman.

(c) Sanitary and phytosanitary measures, including measures taken with respect to imports

117. The Sultanate of Oman applies sanitary and phytosanitary measures to plants, foodstuffs, animals and animal products for health and safety reasons. Oman's sanitary and phytosanitary measures are based on scientific principles. The sultanate of Oman is an active member of the FAO, the WHO and the Office of International Epizootics (OIE). Oman has laid down requirements for labelling of prepackaged foods in accordance with Omani Standard No. 58/1984. All consignments of livestock, animal products, fish, veterinary drugs, and animal feed are subject to veterinary inspection and quarantine. The sanitary and phytosanitary measures of Oman are used for only genuine purposes and are not used as trade restrictive measures. Further, these do not discriminate between different countries on the one hand and between foreign countries and Oman on the other hand.

(d) Trade-related investment measures

118. No trade-related investment measures are applied by the Sultanate of Oman.

(e) State-trading practices

119. There are two State enterprises which engage in imports and exports. However, both these enterprises are not State-trading enterprises in terms of the definition in Article XVII and in the Understanding on the Interpretation of Article XVII of GATT 1994 as these two enterprises have not been granted any exclusive or special rights or privileges. They compete on equal basis with private importers and exporters, and conduct their sales and purchases in accordance with commercial considerations.

120. The two enterprises are: The Public Authority for Marketing Agricultural Produce (PAMAP), and the Public Authority for Stores and Food Reserves.

(f) Free zones

121. There are no free zones in the Sultanate of Oman.

(g) Free economic zones

122. There are no free economic zones in the Sultanate of Oman.

(h) Trade-related environmental policies

123. There are no trade-related environmental policies.

(i) Mixing regulations

124. The Sultanate of Oman does not have any mixing regulations.

(j) Government-mandated counter-trade and barter

125. There is no government-mandated counter-trade or barter.

(k) Trade agreements leading to country-specific quota allocation

126. There are no such agreements leading to country-specific quota allocations.

(l) Government procurement practices, including legal régime and procedures for tendering, dealing with tenders and awards of contracts

127. There are two main legal instruments relating to government procurement. These are the Government Tender Regulations Issued by Royal Decree No. 86/84 of 29 October 1984 and the Unified Rules Granting Preferences in Government Purchases to the National Products and the Products of GCC Origin. The Unified rules were issued vide Ministerial Decision No. 18\87.

128. All governmental purchases, i.e. purchases by Ministries, Government Departments and Agencies, Public Corporations, Government Companies or those companies in which the Government's shareholding is not less than 51 per cent (except by Ministry of Defence and Defence forces), are required to be

procured through public tendering. However, purchases of up to Rial Omani 10,000 are exempt from public tendering.

129. Government procurement is supervised by a high-level Tender Board. The responsibilities of the Tender Board include the calling of tenders, receiving offers from tenderers, evaluating the offers and award of contracts. The Tender Board is assisted by various tender committees established within the Ministries and all over the Sultanate of Oman.

130. Contracts for government purchases of less than Rial Omani 250,000 may be announced, vetted and awarded by the internal tender committees within the Ministries. All contracts of Rial Omani 250,000 or more have to be announced, processed and awarded by the high level Tender Board.

131. There are four categories of tenders: limited tenders, local tenders, international tenders and general tenders.

Limited tenders are open to participation by companies which have been pre-qualified by the concerned Ministry or Department. Such tenders are for goods or works of highly specialized nature.

Local tenders are open to participation of those bidders and companies which are already enrolled in the Commercial Register and whose names are on the list of the Tender Board.

International Tender is open to all bidders world-wide. Successful bidders are required to enrol in the Commercial Register within one month of the award of the contract.

General tenders are those announced with the objective of reaching the best offer. These can either be locally advertised within the Sultanate of Oman or advertised internationally.

132. Royal Decree No. 86/84 and the Unified Rules require that preference in government procurement should be given to national products, i.e. products of Omani origin, provided these meet the conditions and technical specifications of the contract. If products of Omani origin are not available in sufficient quantities or do not conform to technical specifications, preference in procurement shall be given to products of GCC origin and finally to products of foreign origin.

133. Products of Omani origin shall be granted a preference of 10 per cent in price as compared with similar foreign products. Products of Omani origin receive a price preference of 5 per cent as compared with products of GCC origin.

134. All Ministries and Government Departments and Agencies are required in drawing up the contracts of supplies, public works, maintenance or operation to make a stipulation that the contractors shall be obliged to give preference in their purchase of material and tools to Omani products and to products of GCC origin in that order. They shall also accord 10 per cent and 5 per cent price preference to products of Omani origin and of GCC origin respectively.

(m) Regulation of trade in transit

135. Transit of goods through the territory of the Sultanate is allowed without any discrimination as to the origin or source of goods, except that the customs have the right to examine the goods so as to ensure that arms and ammunition or narcotics are not transported through Oman. Goods in transit are not subject to any duty.

4. Policies Affecting Foreign Trade in Agricultural Products

(a) Imports

136. The general rate of duty on most agricultural products is 5 per cent. A number of agricultural products are free of duty, which include livestock, meat, milk, seeds, flowers and plants, fresh fruits (excluding bananas) and vegetables, cereals, tea, cooking oils and fats, sugar etc. Dates attract a duty of 20 per cent, while bananas are subject to a duty of 25 per cent. The rate of duty on tobacco and tobacco products is 50 per cent.

(b) Exports

137. There are no export duties on any agricultural products.

138. The Sultanate of Oman does not grant export subsidies on agricultural products.

(c) Export prohibitions and restrictions

139. The approval of the Ministry of Agriculture and Fisheries is required for export of date seeding and certain species of fish.

(d) Export credits, export credit guarantees or insurance programmes

140. There are no export credits or export credit guarantees or insurance programmes for agricultural products.

(e) Internal policies

141. The Government of the Sultanate of Oman encourages the agricultural sector by providing infrastructure facilities, e.g. irrigation facilities, agricultural extension services and research stations.

142. Domestic support programmes consist of supply of subsidized inputs to small farmers, aimed at promoting technology transfer. Subsidy is also provided for purchase of agricultural machinery, so as to encourage the farmers to mechanize agriculture.

5. Policies Affecting Foreign Trade In Other Sectors

143. The Sultanate of Oman was a party to the Multifibre Arrangement. It has bilateral agreements with the United States and Canada under which there are quota restrictions on exports of certain textile and clothing items.

V. TRADE-RELATED INTELLECTUAL PROPERTY REGIME

1. General

(a) Intellectual property régime

144. Oman is in the process of completing procedures for becoming a member of the World Intellectual Property Organization following a Government decision in June 1996. Oman has a trademarks law as of 1987 and aims to implement the Unified Patent System of the Gulf Cooperation Council. Oman has recently promulgated a new law on copyright protection, vide Royal Decree No. 47/1996. Oman is determined to protect intellectual property rights within its jurisdiction and meet its international obligations.

(b) Responsible agencies

145. The Ministry of Commerce and Industry is responsible for policy formulation and implementation in respect of trademarks, patents and copyrights and related rights.

(c) Membership in international conventions and regional or bilateral agreements

146. Oman is soon to become a member of the World Intellectual Property Organization. It is also a party to the GCC's Unified Patent System.

(d) Application of national and MFN treatment to foreign nationals

147. Oman extends national treatment and MFN treatment to foreign nationals in respect of patents, trade marks and copyright and related rights.

(e) Fees and taxes

148. R.O. 25 for filing of an application for registration of a trademark.

149. For copyrights and related rights the implementing by-laws expected to be issued before the end of this year will cover such matters.

2. Substantive Standards of Protection

(a) Copyright and related rights

150. Copyrights and related rights are protected under the Law for the Protection of Copyrights issued by Royal Decree No. 47/96. It protects authors of innovative literary, scientific, technical and cultural works in general no matter their value or whatever be the method of their utilization or the purpose of authoring them. The protection applies to the following categories.

- books and computer programs, including data bases, and other writings;
- verbally delivered categories such as lectures, speeches and sermons;
- theatrical works and musical plays;
- musical works, whether numbered or not, and whether accompanied by words or not;
- compilations relating to choreography and pantomime;
- cinematographic, television, Radio, audio and audio-visual compilations;
- drawings, paintings, architecture design, sculpture, ornaments and engravings;
- applied arts, both handicrafts and industrial arts;
- illustrations, geographical maps, building maps, compilations related to geography, topography, architecture and science;
- folklore;
- the title of the compilation, if it is of an innovative nature, and not a current term used to denote the topic of the compilation.

151. Also to enjoy the protection of this law are those who take the original author's permission to translate the material into another language, or those who abridge, amend, modify or explain the compilation or otherwise render it novel in form.

152. The protection stipulated in the clause mentioned above shall not breach the protection enjoyed by the authors of the original material or their successors.

153. The Copyright Law provides the rights for financial utilization of the material upto 50 years after the death of the author. The period is also applicable to joint authorship material and is calculated from the death of the last co-author. The copyright protection period ends after 25 years from the first date of publishing as regards movies, applied art works, photos, publications under pseudonym and compilations by juristic persons.

(b) Trade marks, including service marks

154. The law of trademarks of 1987 governs the registration and protection of trade marks. The periods of protection resulting from the registration of trade marks is ten years. The registration can be renewed. The registration can be cancelled if the trade mark has not been used for five consecutive years unless the owner of the trademark submits justification for not using it.

155. The owner of a trademark has to apply to the Ministry of Commerce and Industry for registration of a trade mark. After approval by the Ministry, the trademark is registered in a Register at the Ministry of Commerce and Industry giving all necessary particulars.

(c) Patents

156. The Unified Patent System of Gulf Cooperation Council, which Oman intends to follow after the issuance of its implementing by-laws by GCC Secretariat, aims at securing within the GCC member States the full protection of inventions. The Ministry of Commerce and Industry is responsible for matters relating to patent protection. The Law makes no distinction between GCC nationals and non-nationals in respect of granting patents.

157. The terms of a patent shall be valid for 15 years from the date of its grant. The patent holder can request to extend the validity of the patent for an additional five years provided that the extension is requested within the last 90 days of the original term.

158. The Unified Patent System of the GCC does not provide protection for plant varieties and method of surgical or therapeutic treatment of the human or animal body.

3. Measures to Control Abuse of Intellectual Property Rights

159. The Government may, in public interest, decide to publish or reproduce a compilation which was not published by the heirs or successors of the author despite an official request. Heirs or successors shall be fairly compensated.

4. Enforcement

160. For trademarks violations, a person shall be punishable with imprisonment for a term not exceeding three years and shall be liable to a fine not exceeding R.O. 500 or one of the two penalties. Articles 32-34 of the Trade Marks Law also provide for preventive measures to restrain the import and circulation of violative goods. It is also provided that goods in violation of a trade mark may be confiscated and destroyed.

161. With regard to copyright violations, punishment will be meted out by imprisonment for a period not exceeding two years and/or a fine not exceeding R.O. 2000. The courts may order confiscation of pirated copies and materials used for such purposes as well as closure of premises of the offenders.

162. Aggrieved parties have recourse to the Authority for Settlement of Commercial Disputes.

5. Laws, Decrees, Regulations and Other Legal Acts

163. The legal acts relating to intellectual property rights include the following:

- the Trade Marks Law;
- the Law for the Protection of Copyrights;
- the Unified Patent System of the GCC.

6. Statistical Data on Application for and Grant of Intellectual Property Rights.

TRADE MARK STATISTICS

Year	Filed Applications	Granted Registration
1989	3663	-
1990	1474	10
1991	1295	521
1992	1459	647
1993	1429	632
1994	1638	635
1995	1818	530

VI. TRADE-RELATED SERVICES REGIME1. General

164. Oman's services sector régime follows the free-market economic philosophy. Oman's export of commercial services is very small, whereas its imports of services is very large. Hence it is a net importer of services.

165. With respect to the movement of natural persons, Oman has a liberal attitude. The number of foreign workers and professionals working in both the public and private sectors in Oman is approximately 670,000 of different nationalities.

166. Company formation and operation are governed by the Commercial Companies Law which provides for six kinds of companies in Oman, namely general partnerships, limited partnerships, joint stock companies, limited liability companies, joint ventures and holding companies. Foreign participation in the various service sectors is governed by the Foreign Capital Investment Law. There are also sector specific laws such as Banking Law, the Insurance Law, Law on Organization of Engineering consultancy offices, Commercial Agency Law to name a few.

2. Policies Affecting Trade in Services(a) Government departments, agencies or other bodies with authority

167. The Ministry of Commerce and Industry is responsible for matters related to most business services and professional services, insurance services, tourism and travel related services and engineering services. The same Ministry has jurisdiction over matters relating to commercial presence and for participation of foreign capital in service enterprises.

168. The Central Bank of Oman and the Ministry of Finance have authority in relation to the Financial Services.

169. The Ministry of Posts, Telegraphs and Telephones has jurisdiction over postal services and telecommunication services. The Ministry of Communications is responsible for Civil Aviation and land and sea transportation.

170. The Ministry of Health and the Ministry of Education have authority respectively for medical services and educational services.

171. The Ministry of Social Affairs and Labour has authority over movement of natural persons.

(b) Judicial, arbitral or administrative tribunals affecting trade in services

172. Disputes with respect to trade in services are normally dealt with by arbitration at the appropriate Ministry concerned. The Oman Chamber of Commerce and Industry can also arbitrate in an informal and unofficial way in the case of commercial disputes. There is also the alternative to refer any dispute to the Authority for the Settlement of Commercial Disputes which has jurisdiction over all disputes relating to commercial matters.

(c) Qualification requirements and procedures

173. Article 19 of the Oman Labour Law states that all workers must possess requisite technical qualifications for the type of activity they re engaged in. Qualifications of foreign service suppliers such as doctors, engineers and accountants are recognized by Oman.

(d) Monopolies and exclusive service suppliers

174. The Government is the exclusive service supplier of television and radio, postal services, basic telecommunications and public utilities such as water and electricity.

(e) Safeguard measures

175. Oman does not currently have any specific safeguard measures as they apply to trade in services.

(f) International transfers and payments

176. Oman does not have any restrictions on international transfers and payments for current transactions of services by residents or non-residents.

(g) Capital transactions

177. Oman does not have exchange restrictions on capital receipts or payments by residents or non residents.

(h) Government procurement

178. The Royal Decree No. 86/84 sets the system for Government tenders. According to that law, all items and jobs required by Government units or for the implementation of Government projects are subject to public tendering. Defence contracts and projects are, however, excluded from this. Price preference is given to Omani companies and to GCC companies in evaluating bids.

179. Contracts and works below 250,000 Rials may be announced, vetted and awarded by internal committees within the concerned Ministry. For contracts below 10,000 Rials the concerned Ministry may assign the works for any contract without the need for tendering.

(i) Aids, grants, subsidies, tax incentives or promotion schemes

180. There are no special aids, grants, subsidies, tax incentives or promotion schemes that directly affect trade in services.

3. Market Access and National Treatment

(a) Limitations on the number of service suppliers

181. There are no limitations on the number of foreign service suppliers.

(b) Limitations on the total value service transactions or assets

182. There are no limitations on the total value of service transactions or assets.

(c) Limitations on the total number of operations or total quantity of output

183. There are no limitations on the total number of service operations or the total quantity of service output, with the exception of service sectors reserved for the State. However, the Central Bank of Oman imposes restrictions on the number of branches that a particular foreign bank can operate in Oman.

(d) Limitations on the total number of natural persons employed in particular sectors

184. The Labour Law of 1973 governs the employment of Omanis and non-Omanis but priority should be given to Omanis to employ them on as wide a scale as possible. Recently the Ministry of Social Affairs and Labour has set percentages for Omanization to be achieved in certain service sectors by the end of 1996 as follows:

-	Transport, Storage and Communication Sector:	60%
-	Finance, Insurance and Real Estate Sector:	45%
-	Hotels and Restaurants Sector:	30%
-	Wholesale and Retail trade Sector:	20%
-	Construction Sector:	20%

185. Foreign workers are required to obtain work permits from the Ministry of Social Affairs and Labour.

(e) Restriction on, or requirement of, specific types of legal entities

186. There are six types of corporate entities in Oman. They are, as mentioned in the Commercial Companies Law, the General Partnership, Limited Partnership, Joint Ventures, Joint Stock Company, Limited Liability Company, and Holding Company. Each of these forms of companies is available to foreign investors subject to the Foreign Capital Investment Law.

(f) Limitations on the participation of foreign capital

187. Foreign capital participation is governed by the Foreign Capital Investment Law which allows a foreign investor to own 49 per cent share in a company with a capital of at least RO 150,000 (US\$ 390,000); upto 65 per cent if approved by the Minister of Commerce and Industry upon the

recommendation of the Foreign Capital Investment Committee; and 100 per cent share if the total capital of the project is RO 500,000 (US\$ 1.3 million) and it contributes to the development of the national economy. This level of ownership, however, needs to be approved by the Cabinet upon a recommendation from the Minister of Commerce and Industry.

188. In the case of Accounting and Auditing Companies, foreign companies must have a local Omani partner and the share of the Omani partner shall not be less than 35 per cent of the total capital.

(g) Measures providing for less than national treatment

189. In general, foreign companies and individuals are not permitted to own free hold land except by royal decree. They are allowed to build work camps by special permission, but these must be of temporary nature. However, land is available on a 50-year lease which is extendable.

4. Exceptions to Most Favoured Nation Treatment

190. Under Article 8 of the Unified Economic Agreement of the GCC, member countries are to agree on rules which would ensure national treatment for GCC nationals as far as freedom of movement, work and residence, right of ownership and freedom of exercising economic activity, including service activities, are concerned. Oman, together with other GCC members, is in the process of implementing this agreement.

VII. INSTITUTIONAL BASE FOR TRADE AND ECONOMIC RELATIONS WITH THIRD COUNTRIES

1. Bilateral or Plurilateral Agreements Relating to Foreign Trade in Goods and Trade in Services

191. The Sultanate of Oman maintains bilateral trade and economic agreements with many Arab and non-Arab countries, listed in Annex 8. These agreements are general goodwill-type agreements based on most-favoured-nation (MFN) treatment. The agreements do not contain any binding commitments, any country-specific quotas for imports or exports or any preferential tariff treatment. Most of these agreements provide for joint commissions which meet periodically. Private sector representatives participate in the membership of joint commissions.

2. Economic Integration, Customs Union and Free-Trade Area Agreements

192. The Sultanate of Oman is a member of the Gulf Cooperation Council which also includes Saudi Arabia, Bahrain, Kuwait, Qatar and the United Arab Emirates. The GCC countries have signed a Unified Economic Agreement in November 1981 with the objective of developing, expanding and fostering economic ties.

193. In 1983, the GCC countries established a free-trade area. Movement of goods of GCC origin is free of tariffs and other restrictions in all GCC countries.

194. The Unified Economic Agreement encourages joint venture projects, aims at creating harmony in development plans and aims at a common investment policy and coordination of financial and monetary policies.

3. Labour Market Integration Agreements

195. The Unified Economic Agreement of the GCC countries provides for labour market integration as one of its objectives, and thus aims to provide for free movement of labour, residence and the freedom to engage in economic activities.

4. Multilateral Economic Cooperation, Membership in the Multilateral Economic Organizations

196. The Sultanate of Oman is a member of several multilateral economic organizations which, among many other things, aim to promote increased trade and economic cooperation among member countries. These institutions include, among many others, the World Bank, the International Monetary Fund, the UNCTAD, the Organization of Islamic Conference, the Islamic Development Bank and the Arab Monetary Fund.

ANNEX 1

Ministry of Development of the Sultanate of Oman is responsible for foreign trade statistics for goods and services.

Statistics are published in the Statistical Year Book by the Information and Documentation Centre of the Ministry of Development.

Statistical Data; Tables attached

- 1(a) GDP
- 1(b) Government Budget
- 1(c) GNP per capita
- 1(d) Cost of Living Price Series
- 1(e) Foreign Exchange
- 1(f) Current Account Balance
- 1(g) Distribution of Labour Force
- 1(h) Summary of Government Finances
- 1(I) External Debt and Debt Service
- 1(j) Government Domestic Debt
- 1(k) Merchandize Trade Balance
- 1(l) Composition of Non-Oil Exports
- 1(m) Composition of Imports
- 1(n) Direction of Imports
- 1(o) Direction of Exports

TABLE 1(a)

Gross Domestic Product

Current Prices			Constant 1988 Prices	
Year	Omani Rial (Million)	Growth Rate	Omani Rial (Million)	Growth Rate
1990	4492.9	24.7	3597.7	9.2%
1991	4360.8	-2.9%	3816.4	6.0%
1992	4787.8	9.8 %	4140.5	8.5%
1993	4803.6	0.3%	4395.0	6.1%
1994	4967.3	3.4%	4564.0	3.8%
1995	5288.2	6.5%	4772.9	4.6%

TABLE 1(b)

Government Budget
(Million Omani Rial)

	Revenues*	Expenditures
1990	1876.3	1887.4
1991	1585.1	1868.1
1992	1680.2	2258.7
1993	1723.9	2242.3
1994	1757.4	2252.9
1995	1851.6	2331.0

* After transfers

TABLE 1(c)

Gross National Product

Items	1990	1991	1992	1993	1994	1995
Gross National Product (Mil. RO)	4085.9	3937.8	4178.9	4169.6	4202.3	4488.2
GNP Per Capita (RO)	2511.6	2234.9	2208.4	2066.2	2024.2	2102.2
Exports of Goods & Services (Mil. RO)	2122	1878	2141	2068	2136	2337
Exports of Goods & Services (Mil. RO)	1240	1515	1702	1828	1726	1879

TABLE 1(d)

Cost of Living Prices Series

Year	Comsumer Price Index (1990= 100)	% Change
1990	100	9.9%
1991	104.6	4.6%
1992	105.6	1.0%
1993	106.9	1.2%
1994	106.1	-0.7%
1995	104.7	-1.3%

TABLE 1(e)

Foreign Exchange Rate

Year	Dollar (Avg)	SDR (Avg)
1990	0.38	0.547
1991	0.38	0.55
1992	0.38	0.5287
1993	0.38	0.5281
1994	0.38	0.5613
1995	0.38	

TABLE 1(f)

Current Account Balance

Year	Million Omani Rials			Million US Dollar		
	Trade Balance	Services & Tansfers	Current Account Balance	Trade Balance	Services & Transfers	Current Account Balance
1990	1042	-567	475	710	-1475	1235
1991	594	-654	-60	1545	-1701	-156
1992	636	-806	-170	1654	-2096	-442
1993	411	-805	-394	1069	-2094	-1025
1994	588	-943	-355	1529	-2453	-923
1995	648	-990	-342	1685	-2575	-889

TABLE 1(g)

Distribution of Labour Force in the Labour Market (15 years and above) Per Economic Sector
(1993)

No.(000)

Economic Sectors	Percentage Omani	Total	Non-Omani	Omani
Agriculture	25.6	54,075	40,222	13,853
Fishing	93.5	8,707	567	8,140
Mining & Quarrying	57.4	14,067	59991	8,076
Manufacturing	7.0	60,037	55,825	4,212
Electricity, Gas & Water Connection	21.3	4,423	31481	942
Construction	4.1	107,703	103,294	4,412
Wholesale Retail Trade & Car Repairs	12.7	88,863	77,568	11,295
Hotels & Restaurants	6.3	14,379	13,473	906
Transport Storage & Communication	46.6	24,328	12,989	11,339
Financial Intermediaries	67.1	7,144	2,349	4,795
Real Estate and Rented Services	10.6	10,000	8,938	1,062
Public Administration & Defence	84.0	160,324	25,610	134,714
Education	48.5	36,593	18,836	17,757
Health & Social Work	42.9	16,163	9,233	6,930
Community & Personal Services	38.9	23,174	14,148	9,026
Domestic Services	0.6	33,494	33,279	215
Non-Regional Organizations & Agencies	26.1	959	709	250
Not Classified	35.2	5,842	3,786	2,056
Total	35.81	430,295	239,980	239,980

TABLE 1(h)
Summary of Government Finances, 1991 - 1995
(In Millions of Rials Omani)

		Actuals			Budget	Prov.	Budget
	1991	1992	1993	1994	1995	1995	1996
Revenue ¹	1,570.4	1,661.0	1,709.5	1,737.0	1,823.9	1,844.2	1,921.0
Oil Revenue	1,241.7	1,277.2	1,304.0	1,312.8	1,353.7	1,374.8	1,474.4
Non-Oil Revenues	328.7	383.8	405.5	424.2	470.2	469.4	446.6
Of which							
Tax Revenues	65.8	74.3	77.2	87.3	123.9	101.5	108.0
Grants (Net)	1.3	-6.0	7.4	9.6	10.3	10.7	
Expenditures	1,863.8	2,216.4	2,211.4	2,242.7	2,155.1	2,265.0	2,152.0
Current	1,491.5	1,775.0	1,758.7	1,799.8	1,740.7	1,852.8	1,798.0
Civil ²	772.0	919.0	932.1	936.1	981.0	993.0	1,003.0
Total Wage Bill	374.8	441.5	467.1	480.0	501.1	501.2	520.6
Goods & Services	266.0	305.5	305.9	299.8	300.7	321.8	303.6
Subsidies & Transfers	61.8	73.5	58.8	56.3	53.7	62.2	58.8
Interest	69.4	98.5	100.3	100.7	125.5	107.8	120.0
Defence ³	643.3	773.8	734.2	775.3	667.0	770.2	699.0
PDO Operations ⁴	76.2	82.2	92.4	87.7	92.7	89.6	96.0
Capital	372.3	441.4	452.7	442.9	414.4	412.2	354.0
Civil	221.8	290.7	288.7	282.7	250.0	252.0	163.0
PDO Capital ⁴	142.3	142.3	156.5	151.9	155.4	145.8	179.0
Gas Development	8.2	8.4	7.5	8.3	9.0	14.4	12.0
Net Lending & Equity							
Participation	-10.4	23.2	16.6	-10.2	-19.2	-1.6	-13.0
Domestic	-9.6	18.0	-2.2	-12.9	-18.2	-2.3	
Foreign	-0.8	5.2	18.8	2.7	-1.0	0.7	
Official Budget Surplus/ Deficit (-)_	-281.7	-584.6	-511.1	-485.9	-301.7	-408.5	-218.0
SGRF Receipt	282.1	288.5	143.7	56.6		220.1	
Oil Revenue	193.0	195.2	16.3	9.6		141.8	
Income Earned	90.0	76.7	71.1	55.0		47.7	
Realized Capital Gains	-0.9	16.6	56.3	-8.0		30.6	
Contingency Fund Receipts	82.0	57.1	1.8				
Oil Revenue	82.0	54.1	0.6				
Income Earned		3.0	1.2				
Oil Fund Receipts			11.9	39.8			33.7
Timing Differences	-40.6	39.6	-34.1	10.4		-19.0	
Overall Surplus/Deficit	41.8	-199.4	-387.8	-379.1	-301.7	-173.7	-218.0
Financing	-41.8	199.4	387.8	379.1	301.7	173.7	218.0
Domestic	-32.0	255.1	177.8	85.1		-37.5	

		Actuals			Budget	Prov.	Budget
	1991	1992	1993	1994	1995	1995	1996
Banking System	-57.5	181.7	139.5	15.4		-43.7	
Government Proper	87.8	79.9	-57.7	-31.8		-16.1	
SGRF ⁷	-145.3	101.8	197.2	47.2		-27.6	
Nonbanks ⁸	25.5	73.4	38.3	69.7		6.2	
SGRF Foreign Holdings	-64.3	-187.2	201.3	163.4		198.7	
Foreign	85.4	104.9	-30.0	133.7		-1.0	
Loans (Net) ⁵	84.9	40.0	-95.0	167.7		-54.2	
Bond Sales Abroad	0.5	64.9	65.0	-34.0		53.2	
Discrepancy	-30.9	26.6	38.7	-3.1		13.5	
Memorandum Items:							
Total Revenues	1,934.5	2,006.6	1,866.9	1,833.4	1,823.9	2,098.0	1,921.0
Total Oil Revenues	1,516.7	1,526.5	1,332.8	1,362.2	1,353.7	1,549.9	1,473.0
Total Non-Oil Revenues	417.8	480.1	534.1	471.2	470.2	549.1	448.0
Total Expenditures	1,853.4	2,239.6	2,228.0	2,232.5	2,135.9	2,263.4	2,139.0
GDP at Market Prices	3,917.4	4,421.8	4,370.5	4,471.6	4,471.6	4,801.1	4,816.0
(In percent of GDP)							
Surplus/Deficit	1.1	-4.5	-8.9	8.4	-4.8	-3.3	-4.5
Total Revenues ⁹	49.4	45.4	42.7	41.0	42.7	43.7	39.9
Total Oil Revenues	38.7	34.5	30.5	30.5	31.0	32.3	30.6
Total Non-Oil Revenues	10.7	10.9	12.2	10.5	11.7	11.4	9.3
Tax Revenues	1.7	1.7	1.8	2.0	2.8	2.1	2.2
Total Expenditures	47.3	50.6	51.0	49.8	47.8	47.2	44.4
Current Expenditures	37.1	40.1	40.2	40.2	39.9	38.6	37.7
Capital Expenditure	9.5	10.0	10.4	9.9	9.3	8.6	7.4
(Growth rate in percent)							
Total Revenues	-8.6	3.7	-7.0	-1.8	4.2	14.4	-8.4
Total Oil Revenues	-10.9	0.6	12.7	2.2	1.7	13.8	-5.0
Total Non-Oil Revenues	0.7	14.9	11.2	-11.8	11.5	16.5	-18.4
Tax Revenues	19.9	12.9	3.9	13.1	41.9	16.3	0.6
Total Expenditures	-0.9	20.8	-0.5	0.0	-4.1	1.4	-5.5
Current Expenditures	-6.2	19.0	-0.9	2.3	-3.3	2.9	-3.0
Capital Expenditure	40.1	18.6	2.6	-2.2	-6.4	-6.9	-14.1

¹ Excludes Receipts assigned to the State General Reserve Fund (SGRF) and the Contingency Fund.

² Includes defense and police capital expenditures.

³ Includes non-project capital expenditure.

⁴ Sixty percent of PDO Operating and Capital expenditures.

⁵ Corresponds to the balance of payments entries.

⁶ Banking sector data including Contingency Fund.

⁷ Non-bank holdings of Development Bonds by residents and non-residents.

⁸ Includes oil revenue assigned to the SGRF. Income from SGRF and the Contingency Fund.

⁹ Includes adjustments for non payment of pension contribution.

TABLE 1(i)

External Public Debt and Debt Service 1991 - 1995
(In Millions of Rials Omani)

Description	1991	1992	1993	1994	Prov. 1995
Medium and Long-term Loans ¹					
Opening Balance Outstanding (disbursed)	847.1	932.0	908.6	882.7	993.3
Net Drawing during the year	84.9	-23.4	-25.9	110.6	3.2
Disbursement	227.1	105.8	136.7	254.3	119.2
Commercial Banks	173.0	0.0	19.6	134.1	
Other	54.1	105.8	117.1	120.2	119.2
Amortization	-142.2	-129.2	-162.6	-143.7	-116.0
Commercial Banks	-80.6	-84.9	-122.6	-85.8	-62.2
Other	-61.6	-44.3	-40.0	-57.9	-53.8
Closing Balance Outstanding	932.0	908.6	882.7	993.3	996.5
Interest	62.0	75.2	59.4	57.0	63.6
Commercial Banks	43.8	51.3	36.7	30.9	34.6
Other	18.2	23.9	22.7	26.1	29.0
Short Term Loans ²		63.4	7.7	59.2	
Stock at end-year					
Interest	7.4	0.7	0.8	1.0	1.6
Development Bonds (held by non-residents)					
Opening Balance		0.5	65.4	130.4	96.4
Net Sales	0.5	64.9	65.0	-34.0	53.2
Sales	0.5	64.9	65.0	7.3	75.7
Repurchase				-41.3	-22.5
Closing Balance	0.5	65.4	130.4	96.4	149.6
Interest		0.3	7.2	10.4	8.6
Total External Debt	932.5	1,037.4	1,020.8	1,148.9	1,146.1
(end-year) ³					
Debt Service	211.6	205.4	230.0	253.4	212.3
Amortization Payments	142.2	129.2	162.6	185.0	138.3
Interest Payments	69.4	76.2	67.4	68.4	73.8

¹ Maturities exceeding one year

² Maturities of one year or less

³ Stock of medium and long-term loans short-term and development bonds outstanding held by non-residents.

TABLE 1(j)

Government Domestic Debt and Related Interest Payments, 1991 - 1995

	1991	1992	1993	1994	Prov. 1995
Total Domestic Debt	185.8	320.3	320.8	353.9	343.6
Treasury Bills					
Opening Balance	32.7	97.3	159.8	110.2	34.5
(Commercial Banks)					
Net Sales	64.6	62.5	-49.6	-75.7	-14.4
Closing Balance	97.3	159.8	110.2	34.5	20.1
Development Bonds					
Opening Balance		40.1	113.5	151.8	221.5
Net Sales	40.1	73.4	38.3	69.7	6.2
Sales	40.1	73.4	50.2	92.3	45.9
Repayment			-11.9	-22.6	-39.7
Closing Balance	40.1	113.5	151.8	221.5	227.7
Credit from the Central Bank	32.8	27.5	32.7	96.5	85.5
Credit from the Commercial Banks	15.6	19.5	26.1	1.4	10.3
Total Interest Payments	4.0	19.4	20.0	21.0	27.3
Treasury Bills	3.8	7.3	7.3	2.7	1.3
Development Bonds	0.2	3.2	10.7	14.2	18.4
Other		8.9	2.0	4.1	7.6

TABLE 1(k)

Merchandise Trade Balance
(million Omani Rial)

Year	Exports	Imports	Balance
1990	2116	1076	1040
1991	1874	1279	595
1992	2135	1500	635
1993	2065	1652	413
1994	2132	1543	589
1995	2333	1684	649

TABLE 1(I)

Composition of Non-oil Exports*

	1990	1991	1992	1993	1994	1995
Food & Live Animals of which	27.2	28.1	30.8	39.4	42.8	52.4
Live Animals	6.7	7.4	5.9	6.3	8.2	7.5
Fish & Fish Preparations	17.3	13.3	13.4	19.8	19.0	23.6
Fruits & vegetables	3.0	3.3	5.5	5.4	5.7	5.9
Beverages tobacco	0.3	1.4	1.7	1.3	1.4	2.1
Crude Materials (Except Fuels)	0.0	1.6	2.1	3.4	4.5	7.3
Minerals Fuels, Lubricants: Related Materials	0.0	7.9	9.3	12.8	13.9	16.6
Animal & Vegetable Oils and Fats	0.0	2.2	3.2	4.4	6.3	8.3
Chemicals	0.0	4.9	5.0	6.2	4.7	4.9
Manufactured Goods (of which)	12.6	19.1	21.8	28.9	36.2	43.8
Non-Ferrous Metal	12.6	16.0	17.2	22.3	29.6	31.7
Machinery & Transport Equipment	0.0	0.8	2.0	2.8	4.3	5.8
Miscellaneous Manufactured items (of which)	0.0	12.9	20.8	23.3	31.3	41.0
Clothing	0.0	9.9	16.8	18.9	25.2	30.7
Other	28.7	0.0	0.0	0.0	0.0	0.0
TOTAL	68.9	79.1	96.7	122.5	145.4	182.2
(% of Total)						
Food & Live Animals	39.4	35.5	31.9	32.1	29.4	36.0
Live Animals	9.7	9.4	6.1	5.1	5.6	5.2
Fish & fish preparations	25.1	16.8	13.9	16.2	13.1	16.2
Fruits & vegetables	4.3	4.15	5.7	4.45	3.9	4.1
Beverages Tobacco	0.5	1.8	1.7	1.1	0.9	1.4
Crude Materials (Except Fuels)	0.0	2.1	2.2	2.8	3.1	5.0
Minerals Fuels, Lubricants: Related Materials	0.0	10.0	9.6	10.4	9.6	11.4
Animal & Vegetable Oils and Fats	0.0	2.8	3.3	3.6	4.3	5.7
Chemicals	0.0	6.2	5.2	5.0	3.3	3.4
Manufactured Goods (of which)	18.4	24.2	22.5	23.6	24.9	30.1
Non-Ferrous Metal	18.4	20.3	17.8	18.2	20.4	21.8
Machinery & Transport Equipment	0.0	1.0	2.1	2.3	3.0	4.0
Miscellaneous Manufactured items (of which)	0.0	16.4	21.5	19.0	21.5	28.2
Clothing	0.0	12.5	16.8	15.4	17.3	21.1
Other	41.7	0.0	0.0	0.0	0.0	0.0

* Excluding Re-Exports

Source: Statistical Year Book, Ministry of Development

TABLE 1 (m)

Composition of Imports*

	1990	1991	1992	1993	1994	1995
Food & Live Animals	163.7	171.1	180.7	187.4	193.3	220.2
Beverages & Tobacco	19.8	49.4	88.4	93.7	96.8	87.8
Crude Materials (Except Fuels)	12.9	14.2	88.4	93.7	96.8	87.8
Mineral Fuels, Lubricants & Related Materials	40.7	21.1	26.7	47.3	15.1	24.7
Animal & Vegetable Oils and Fats	3.3	5.3	6.8	8.1	9.7	13.6
Chemicals	65.5	74.1	81.4	92.7	90.8	108.2
Manufactured Goods	167	214.3	230.1	237	215.3	252.2
Machinery & Transport Equipment	373	514	633.5	683.9	642.1	643.0
Passenger Motor cars	111.3	145.4	230.6	243.3	192.6	156.1
Miscellaneous Manufactured Items	118.6	127.4	138	129.9	155.8	166.9
Other	66.6	37.3	44.9	69.3	49.1	72.3
TOTAL	1,031.1	1,228.2	1449.2	1,581.8	1,505.1	1,633.5
(% of Total)						
Food & Live Animals	15.9	13.9	12.5	11.8	12.8	14.6
Beverages & Tobacco	1.9	4.0	6.1	5.9	6.4	5.8
Crude Materials (Except Fuels)	1.3	1.2	1.3	2.1	2.5	3.0
Mineral Fuels, Lubricants & Related Materials	3.9	1.7	1.8	3.0	1.0	1.6
Animal & Vegetable Oils and Fats	0.3	0.4	0.5	0.5	0.6	0.9
Chemicals	6.4	6.0	5.6	5.9	6.0	7.2
Manufactured Goods	16.2	17.4	15.9	15.0	14.3	16.8
Machinery & Transport Equipment	36.2	41.8	43.7	43.2	42.7	42.7
Passenger Motor cars	10.8	11.8	15.9	15.4	12.8	10.4
Miscellaneous Manufactured Items	11.5	10.4	9.5	8.2	10.4	11.1
Other	6.5	3.0	3.1	4.4	3.3	4.8

* does not include un-recorded imports

TABLE 1(n)

Direction of Imports*

	1990	1991	1992	1993	1994	1995
GCC	277.7	356.0	449.8	510.9	486.3	468.2
UAE	239.0	310.8	404.8	443.7	438.1	389.2
Other Arab Countries	2.3	4.6	3.9	6.1	4.3	6.9
Egypt	1.3	2.6	1.8	1.4	1.1	1.5
Jordan	0.3	0.8	0.7	1.3	0.8	1.3
Africa	3.7	1.5	2.2	4.0	6.0	3.3
Asia	283.1	377.1	471.4	488.0	474.1	496.4
Japan	175.1	251.5	337.2	330.6	299.5	257.6
India	29.0	33.3	36.7	40.7	47.0	54.4
Korea	9.9	12.6	19.6	29.4	19.5	41.9
America	102.1	102.8	111.7	153.4	114.5	131.6
USA	96.1	93.8	98.8	127.6	101.4	106.2
Eastern Europe	5.1	3.1	2.1	2.4	6.8	4.9
Western Europe	326.1	354.6	375.0	362.0	375.3	474.2
Germany	50.0	64.2	77.1	69.8	73.9	82.9
Oceania	28.0	28.3	33.2	55.0	38.2	48.3
Australia	23.0	23.0	28.8	50.8	33.6	44.0
Total	1030.0	1228.0	1449.3	1581.8	1505.5	1633.8
(% of total)						
GCC	26.	29.0	31.0	32.3	32.3	28.7
UAE	23.	25.3	27.9	28.1	29.1	23.8
Other Arab Countries	23.8	0.4	0.3	0.4	0.3	0.4
Egypt	0.	0.2	0.1	0.1	0.1	0.1
Jordan	0.	0.1	0.0	0.1	0.1	0.1
Africa	0.	0.1	0.2	0.3	0.4	0.2
Asia	27.	30.7	32.5	30.9	31.5	30.4
Japan	17.	20.5	23.3	20.9	19.9	15.8
India	2.	2.7	2.5	2.6	3.1	3.3
Korea	1.	1.0	1.4	1.9	1.3	2.6
America	10.1	8.4	7.7	9.7	7.6	8.1
USA	9.	7.6	6.8	8.1	6.7	6.5
Eastern Europe	0.1	0.3	0.1	0.2	0.5	0.3
Western Europe	31.1	28.9	25.9	22.9	24.9	29.0
Germany	4.9	5.2	5.3	4.4	4.9	5.1
Oceania	2.3	2.3	2.3	3.5	2.5	3.0
Australia	2.3	1.9	2.0	3.2	2.2	2.7

* Does not include recorded imports.

TABLE 1(o)

Direction of Exports*
(million current R.O.)

	1993	1994	1995
GCC	219.9	243.1	253.9
UAE	194.3	211.1	218.9
Other Arab Countries	10.0	10.2	8.6
Egypt	1.0	1.2	1.8
Jordan	0.6	0.6	0.8
Africa	33.5	34.6	48.4
Asia	137.1	174.8	140.0
Japan	9.3	6.3	10.0
India	7.7	9.4	10.5
Korea	4.8	3.6	4.2
America	16.4	21.1	29.6
USA	16.2	20.6	29.3
Eastern Europe	0.5	0.4	2.4
Western Europe	18.2	19.5	20.5
Germany	1.4	1.1	1.8
Oceania	7.3	0.3	0.6
Australia	7.2	0.3	0.5
Total	442.9	504.0	504.0
(% of Total)			
GCC	49.7	48.2	50.4
UAE	43.9	41.9	43.4
Other Arab Countries	2.3	2.0	1.7
Egypt	0.2	0.2	0.4
Jordan	0.1	0.1	0.2
Africa	7.6	6.9	9.6
Asia	31.0	34.7	27.8
Japan	2.1	1.3	2.0
India	1.7	1.9	2.1
Korea	1.1	0.7	0.8
America	3.7	4.2	5.9
USA	3.7	4.1	5.8
Eastern Europe	0.1	0.1	0.5
Western Europe	4.1	3.9	4.1
Germany	0.3	0.2	0.4
Oceania	1.6	0.1	0.1
Australia	1.6	0.1	0.1

*Includes Non-oil export + re-export

ANNEX 2¹

1. Laws and legal acts regulating the activity of the customs authorities: responsible agencies

The Customs Regulation Law (The Customs Act)-Royal Decree No. 22/78

The competent authority is Royal Oman Police represented by the Inspector General of Police and Customs.

2. Laws and Legal acts relating to non-tariff regulation of imports, exports and trade in transit, rules of origin: responsible agencies

The Customs Law (Schedule I) specifies prohibitions on imports (prohibited items)

The responsible authority is the Royal Oman Police.

Royal Decree No. 52/74 in respect of remission/refund of customs duty on imported goods which are subsequently exported.

The responsible agency is the Ministry of Commerce and Industry.

3. Laws and regulations relating to foreign investment: responsible agencies

Royal Decree No. 102/94- The Foreign Capital Investment Law

Royal Decree No. 57/93 - Rules Regulating Investment by GCC Nationals.

The Ministry of Commerce and Industry is the responsible agency for implementing the above Royal Decrees.

4. Other laws and legal acts dealing with economic issues that affect trade: responsible agencies

Law for the Organization and Encouragement of Industry, 1978.

Royal Decree No. 40/87 on the Financial Support For the Private Sector in the Fields of Industry and Tourism.

The Oman Commercial Law, 1990.

The Commercial Companies Law, 1974.

Law of Commercial Agencies, 1977.

Royal Decree No. 74/90 in respect of Specifications and Measurements (standards).

Trade Marks Law, 1987.

Royal Decree No. 47/96 on Law for the Protection of Copyrights.

¹The authentic text of Laws and legal acts is in Arabic. The unofficial, informal English versions are available in the Secretariat (Accessions Division, Room 1126) for consultation.

The Ministry of Commerce and Industry is the responsible agency for the above mentioned laws and regulations.

5.(a) Existing laws, regulations or administrative guidelines which significantly affect trade in services

The Banking Law, 1974.

The Insurance Companies Law, 1979.

Regulation of Travel and Tourism Offices-Royal Decree No. 12/88.

Regulation of Accounting and Auditing Profession Law-Royal Decree No. 7/86.

Regulation of Engineering Consultancy Offices Law-Royal Decree No. 20/94.

Muscat Securities Market Law-Royal Decree No. 53/88.

Regulation of Brokerage Activities in Real Estate Law-Royal Decree No. 78/86.

Royal Decree No. 22/96 in respect of the Practice of Medicine and Dentistry Profession in Oman.

Royal Decree No. 68/77 Promulgating the Licensing of Private Schools.

Decision of the Minister of Health No. 8/78 on Promulgating the Licensing and Administration of Private Hospitals.

Royal Decree No. 43/96 on the Establishment of Private Veterinary Clinics.

5.(b) Publications or source of information concerning measures of general application of relevance to the GATS

Laws and regulations are published in the Official Gazette. Other information is available from the concerned Ministries and Agencies.

5.(c) Enquiry points, if any, as foreseen in Article III of GATS

The Ministry of Commerce and Industry

ANNEX 3

INFORMATION ON IMPORT LICENSING PROCEDURES

The Sultanate of Oman does not have import licensing requirements and there are no import licensing procedures.

ANNEX 4

INFORMATION ON IMPLEMENTATION AND ADMINISTRATION
OF THE CUSTOMS VALUATION AGREEMENT

1. Questions Concerning Article 1

(a) Sales between related persons

There are no special rules on sales between related persons. Customs can question and investigate a declared value if it appears to be low as compared with value of similar goods imported by unrelated persons.

(b) Price of lost or damaged goods.

No duty is charged on lost goods, whereas the price of damaged goods is assessed by customs officers and adjusted downwards corresponding to the damage.

2. How has the Provision of Article 4 To Allow the Importer An Option to Reverse the Order of Application of Articles 5 and 6 Been Implemented?

Not applicable as there is no provision in the existing customs law of the Sultanate of Oman corresponding to Articles 4,5 and 6 of WTO Customs Valuation Agreement.

3. How Has Article 5.2 Been Implemented?

Not applicable as there is no provision in the customs law of Oman corresponding to Article 5.2 of the Customs Valuation Agreement.

4. How Has Article 6.2 Been Implemented?

Not applicable as there is no provision in the customs law of Oman corresponding to Article 6.2 of the Customs Valuation Agreement

5. Questions Concerning Article 7

Not applicable as the existing customs law of the Sultanate of Oman does not contain a provision corresponding to Article 7 of the Customs Valuation Agreement.

6. How Have the Options Found in Article 8.2 Been Handled?

Oman values goods on c.i.f. basis.

7. Where is the Rate of Exchange Published, as required By Article 9.1?

It is published every day by the Central Bank of Oman.

8. What Steps Have Been Taken To Ensure Confidentiality As Required By Article 10?

Disclosure of confidential information is prohibited by the administrative orders of the Customs Department.

9. Question Concerning Article 11

The first right of appeal lies to the higher echelons of Customs, and in the final analysis to the Authority for Settlement of Commercial Disputes.

10. Provide Information on Publications As Required by Article 12

Customs laws and regulations are published in the Official Gazette of the Sultanate of Oman.

No further rules are anticipated at present. If and when there are new rules these would be published in the Official Gazette.

11. Questions Concerning Article 13

Provisions of Article 13 would be implemented when the Sultanate of Oman would join the WTO.

12. Questions Concerning Article 16

There is no provision in the legislation of Oman to give a written explanation on the determination of customs value. Oman would implement this upon membership of the WTO.

13. Interpretative Notes

Not applicable as the Sultanate of Oman is not implementing and following the WTO Customs Valuation Agreement.

14. Decision of 26 April 1984

Not applicable as Oman is not a signatory to the Customs Valuation Agreement.

15. Paragraph 2 of the Decision of 24 September 1984

Not applicable as Oman is not a signatory to the Customs Valuation Agreement.

ANNEX 5

INFORMATION ON TECHNICAL BARRIERS TO TRADE

1. Royal Decree No. 39/1976 of 20 October 1976 established the Directorate General for Specifications and Measurements, within the Ministry of Commerce and Industry, which is responsible for preparing Omani standards and the activities related to standardization and measurements. The Directorate General issues administrative regulations and orders in pursuance of its functions.
- 2.(a) Standards and technical regulations are published in the Official Gazette of the Sultanate of Oman. In addition DGSM publishes booklets on the subject.
- (b) The Directorate General for Specifications and Measurements, Ministry of Commerce and Industry, P.O. Box: 550, P.C. 113, Muscat, Sultanate of Oman is the inquiry point in respect of technical regulations and standards.
- (c) The Directorate General for Specifications and Measurements, Ministry of Commerce and Industry, P.O. Box: 550, P.C. 113, Muscat, Sultanate of Oman is the agency dealing with consultations as foreseen in Article 14 of the WTO Agreement on Technical Barriers to trade.
- (d) No other agency.
- (e) Only the DGSM is responsible for notifications. The responsibility is not divided.
- (f) The DGSM distributes draft standards and technical regulations to all concerned, including foreign governments, to seek their comments before finalizing the standards and technical regulations.

ANNEX 6

INFORMATION ON STATE TRADING

Not applicable as the Sultanate of Oman has no State Trading Enterprises.

ANNEX 7

LIST OF PROHIBITED AND RESTRICTED IMPORTS
ACCORDING TO SCHEDULE (1) OF THE CUSTOMS LAW

- Arms and ammunitions.
- Toys arms and guns and other instruments which the Inspector General of Customs deems easily transformable into fatal arms.
- Fireworks and explosives that contain such a quantity of explosives deemed dangerous by the Inspector General of Customs.
- Alcoholic drinks.
- Beer
- Transmission and reception radio sets and wireless telegraphs.
- Pornographic literature, drawings, cards, tapes, discs, films and toys and other flagrant items.
- Any newspaper, pamphlet, notice, book, or photo that contains materials meant to arouse violence against the Government.
- Receipts, counterfoils or any similar blank or incomplete documents.
- Paper money or forged currencies.
- Colour or silk textiles or other textiles printed with imitations of paper money or promissory notes or securities of the Government of the Sultanate of Oman or any other Government.
- White weapons or other tools designed or made in a way that conceals their reality and the possibility of using them or transforming them into knives, swords or other wounding or stabbing tools.
- Sticks, guns (Rifles) and every Rifle, what so ever designed in away that conceals its reality as a Rifle.
- Any drugs or substances or articles or preparations declared dangerous by the international conference on opium and drugs.
- Hemp, its leaves, flowers, seeds, stems and any plant thereof.
- Raw or processed opium.
- Daisy plant, its leaves, flowers, stems, seeds or any part, thereof.

ANNEX 8

LIST OF COUNTRIES WITH WHICH OMAN HAS BILATERAL TRADE
AND ECONOMIC AGREEMENTS

Australia
China
India
Iran
Jordan
Pakistan
Portugal
Syria
Turkey
Yemen
Iraq
Tunisia
Algeria
Egypt
Morocco
Germany
Italy
France
Holland
Greece
U.S.A.
Belgium - Luxembourg
Economic Union