

## Country Profile:

# Sultanate of Oman



**Population:** 3,831,553 (2013)<sup>1</sup>

**Population growth rate:** 2.3 (2011)<sup>2</sup>

**Ranked based on population:** 130<sup>3</sup>

**Capital<sup>4</sup>:** Muscat

**Language:** Arabic

**Currency:** Omani Rial (OMR)



**Location:** Oman, officially called the Sultanate of Oman (Arabic: سلطنة عُمان), is an Arab state in southwest Asia on the southeast coast of the Arabian Peninsula. It has a strategically important position at the mouth of the Persian Gulf. It is bordered by the United Arab Emirates (UAE) to the northwest, Saudi Arabia to the west and Yemen to the southwest and also shares a marine border with Iran. The coast is formed by the Arabian Sea on the southeast and the Gulf of Oman on the northeast. The Madha and Musandam exclaves are surrounded by the UAE on their land borders, with the Strait of Hormuz and Gulf of Oman forming Musandam's coastal boundaries.



<sup>1</sup> [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_population](http://en.wikipedia.org/wiki/List_of_countries_by_population)

<sup>2</sup> <http://www.indexmundi.com/facts/indicators/SP.POP.GROW/compare?country=om>

<sup>3</sup> [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_population](http://en.wikipedia.org/wiki/List_of_countries_by_population)

<sup>4</sup> <http://en.wikipedia.org/wiki/Oman>

## History <sup>5</sup>

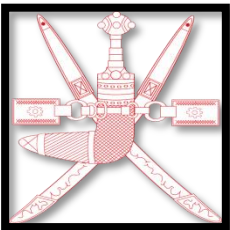
Omanis were among the first people to come in contact with and accept Islam. The conversion of the Omanis is usually ascribed to Amr ibn al-As, who was sent by Prophet Muhammad around 630 AD to invite Jayfar and 'Abd, the joint rulers of Oman at that time, to accept the faith. In submitting to Islam, Oman became an Ibadhi state, ruled by an elected leader, the Imam.

A decade following Vasco de Gama's successful voyage around the Cape of Good Hope and to India in 1497-98, the Portuguese explorers arrived in Oman and occupied Muscat for a 143-year period, between 1507 and 1650, where their fortress still remains. In need of an outpost to protect their sea lanes, the Portuguese built up and fortified the city, where remnants of their colonial architectural style still remain. The Ottoman Navy took over the port of Oman in 1522 during the fight for control over the Persian Gulf.

Rebellious tribes eventually drove out the Portuguese, but they were pushed out themselves about a century later, in 1741, by the leader of a Yemeni tribe leading a massive army from various allied tribes, beginning the current line of ruling sultans. Excepting a brief Persian invasion in the late 1740s, Oman has been self-governing ever since.

From the 17th century, Oman had its own empire; no foreign power controlled the entirety of what is now Oman. The majority of the territory was always ruled by tribes, with colonial control contained to a few strategic port cities. Oman, as it exists now was never under the total sway of European colonization.

## Political System <sup>6</sup>



Oman is a monarchy in which the system of laws is based firmly on Islamic sharia. Omani legislature is the bicameral Council of Oman, consisting of an upper chamber, the Council of State (Majlis ad-Dawlah) and a lower chamber, the Consultative Council (Majlis ash-Shoura). Political parties are banned. The upper chamber has 71 members, appointed by the Sultan from among prominent Omanis; it has only advisory powers. The 84 members of the Consultative Council are elected by popular vote to serve four-year terms. The members are appointed for three-year terms, which may be renewed once.

## Important Figures

### Sultan of Oman <sup>7</sup>

His Majesty Sultan Qaboos was born in Salalah, the most southerly city of the state then known as Muscat and Oman, on 18th November 1940. He was the only son of the late Sultan Said bin Taimur and the eighth direct descendant of the royal Al Busaidi line founded in 1744 by Imam Ahmad bin Said. Sultan Qaboos spent his childhood in Salalah. When he reached the age of 16, his father sent him to a private school in England, and in 1960 he entered The Royal Military Academy Sandhurst as an officer cadet.

After passing out of Sandhurst, he spent a year with a British infantry battalion on duty in Germany and then held a staff appointment with the British army.

Having finished his military service, His Majesty studied local government in England and then embarked on a tour of the world. When he returned to Oman, he spent six years studying Islam and Omani history in Salalah. On the abdication of his father and his subsequent accession on 23rd July 1970, Sultan Qaboos moved to Muscat to implement his vision for the country's development.



Nakhal Fort, one of the best-preserved forts in Oman.



His Majesty Sultan Qaboos

<sup>5</sup> <http://en.wikipedia.org/wiki/Oman>

<sup>6</sup> [http://en.wikipedia.org/wiki/Oman#cite\\_note-9](http://en.wikipedia.org/wiki/Oman#cite_note-9)

<sup>7</sup> <http://www.omanet.om/english/hmsq/hmsq2.asp?cat=hmsq>



### **Central Bank of Oman - Board of Directors**<sup>8</sup>

The board of directors of the CBO comprises the following members:

- H.E. Dr. Ali bin Mohammed bin Moosa – Deputy Chairman-CBO and Chairman – Tender Board
- Hamood bin Sangour bin Hashim Al Zadjali - CBO Executive President
- H.E. Sultan Bin Salim Bin Said Al Habsi - Under Secretary Ministry of Finance

### **Chairman of Oman Chamber of Commerce & Industry (OCCI)**<sup>9</sup>

Chairman Khalil Al Khonji



<sup>8</sup> <http://www.cbo-oman.org/>

<sup>9</sup> <http://www.theprospectgroup.com/executivefocus/profile/oman-chamber-of-commerce-industry-occi-chairman-khalil-al-khonji-on-encouraging-private-sector-participation-in-omans-economy/81228/>

Indicator	Indicator Value		
	Year 2013	Year 2012	Year 2011
GDP Growth (Constant Prices, National Currency)	4.159 %	5.019 %	4.492 %
GDP (Current Prices, National Currency)	OMR 30.294 Billion.	OMR 29.4 Billion.	OMR 26.904 Billion.
GDP (Current Prices, US Dollars)	US\$ 78.788 Billion	US\$ 76.464 Billion	US\$ 69.972 Billion
GDP Deflator	219.299 (Index, Base Year as per country's accounts = 100)	221.68 (Index, Base Year as per country's accounts = 100)	213.044 (Index, Base Year as per country's accounts = 100)
GDP Per Capita (Constant Prices, National Currency)	OMR 4,335.74.	OMR 4,295.34.	OMR 4,219.59.
GDP Per Capita (Current Prices, National Currency)	OMR 9,508.25.	OMR 9,521.92.	OMR 8,989.56.
GDP Per Capita (Current Prices, US Dollars)	US\$ 24,729.05	US\$ 24,764.61	US\$ 23,380.05
GDP (PPP), US Dollars	US\$ 95.342 Billion	US\$ 90.055 Billion	US\$ 84.243 Billion
GDP Per Capita (PPP), US Dollars	US\$ 29,924.88	US\$ 29,166.39	US\$ 28,148.41
GDP Share of World Total (PPP)	0.109 %	0.108 %	0.106 %
Implied PPP Conversion Rate	0.318	0.326	0.319
Investment (% of GDP)	31.846 %	29 %	28.592 %
Gross National Savings (% of GDP)	41.743 %	44.627 %	46.278 %
Inflation, Average Consumer Prices (Indexed to Year 2000)	155.091 (Index, Base Year 2000 = 100)	150.1 (Index, Base Year 2000 = 100)	145.819 (Index, Base Year 2000 = 100)
Inflation (Average Consumer Price Change %)	3.325 %	2.936 %	4.032 %
Inflation, End of Year (Indexed to Year 2000)	157.63 (Index, Base Year 2000 = 100)	152.557 (Index, Base Year 2000 = 100)	148.285 (Index, Base Year 2000 = 100)
Inflation (End of Year Change %)	3.325 %	2.881 %	3.292 %
Import Volume of All Items Including Goods and Services (Percent Change)	13.57 %	13.978 %	6.93 %
Import Volumes of Goods Only (Percent Change)	13.681 %	14.113 %	10.871 %
Export Volume of All Items Including Goods and Services (Percent Change)	2.999 %	6.762 %	3.44 %
Export Volumes of Goods Only (Percent Change)	2.345 %	6.774 %	3.697 %
Value of Oil Imports	US\$ 0 Billions	US\$ 0 Billions	US\$ 0 Billions
Value of Oil Exports	US\$ 35.077 Billions	US\$ 36.294 Billions	US\$ 33.358 Billions
Population	3.186 Million	3.088 Million	2.993 Million
General government revenue (National Currency)	OMR 14.366 Billions	OMR 14.712 Billions	OMR 12.004 Billions
General government revenue (% of GDP)	47.422 %	50.041 %	44.616 %
General government total expenditure (National Currency)	OMR 12.768 Billions	OMR 11.229 Billions	OMR 10.299 Billions
General government total expenditure (% of GDP)	42.149 %	38.194 %	38.279 %
Total Government Net Lending/ Borrowing (National Currency)	OMR 1.598 Billions	OMR 3.483 Billions	OMR 1.705 Billions
Total Government Net Lending/ Borrowing (% of GDP)	5.274 %	11.847 %	6.337 %
General Government Balance (National Currency)	OMR 1.405 Billion	OMR 3.259 Billion	OMR 1.51 Billion
General Government Balance (% of GDP)	4.639 %	11.083 %	5.611 %
Total Government Gross Debt (National Currency)	OMR 2.179 Billion	OMR 1.8 Billion	OMR 1.468 Billion
Total Government Gross Debt (% of GDP)	7.193 %	6.122 %	5.456 %
Fiscal Year Gross Domestic Product, Current Prices	OMR 30.294 Billions	OMR 29.4 Billions	OMR 26.904 Billions
Current Account Balance (US Dollars)	US\$ 7.798 Billion	US\$ 11.949 Billion.	US\$ 12.375 Billion
Current Account Balance (% GDP)	9.897 %	15.627 %	17.686 %

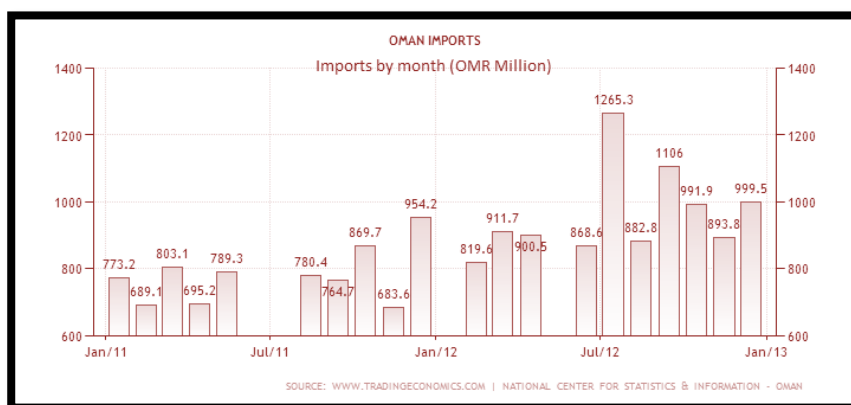
## Analyzing Oman's Foreign Trade <sup>11</sup>

Oman ranks 65th out of 183 countries in the 'Ease of Doing Business' index for 2009. Omani exports have good access to international markets, especially in comparison to its region and income group. Oil accounted for about 70 percent of Oman's export revenues over the last decade. Therefore, Oman benefited from the high oil prices in 2008, which peaked at US\$147 per barrel in July.

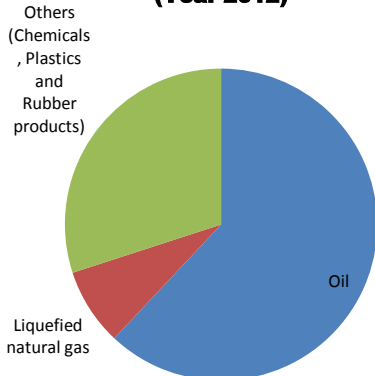
In the last 30 years Oman has increasingly relied on imports due to its small industrial and agricultural sector. Food imports, mainly from the UAE accounted for 14 percent of total value of imports in 1999. Non-oil exports only accounted for 35 percent in 1999. Oman has steadily increased its production of crude oil and enjoyed trade surpluses in the past decade. However, the size of the surplus varies from year to year with world prices of crude oil.

## Imports Profile <sup>12</sup>

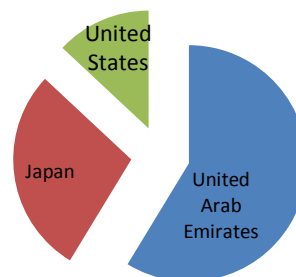
Imports in Oman increased to 999.50 million OMR in December of 2012 from 893.80 million OMR in November of 2012. Imports in Oman are reported by the National Center for Statistics & Information - Oman. Oman Imports averaged 578.10 million OMR from 2004 until 2012, reaching an all time high of 1265.30 million OMR in July of 2012 and a record low of 242.50 million OMR in January of 2005. Oman main imports are: transport equipment (24 percent of total imports); electrical machinery and mechanical appliances and parts (18 percent); mineral products (14 percent) and base metals and articles thereof (13 percent). Main import partners are: United Arab Emirates (27 percent of total imports), Japan (13 percent) and United States (6 percent). Others include: Saudi Arabia, India, China and Germany.



**Major Import Products**  
%



**Main Import Partners**  
%

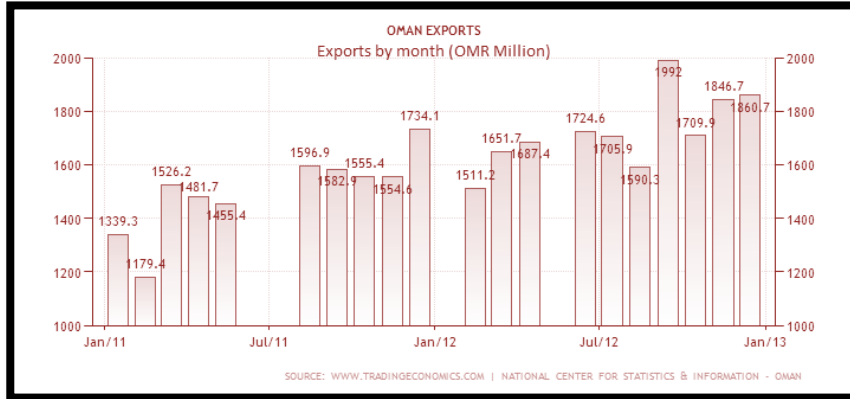


<sup>11</sup> [http://www.economywatch.com/world\\_economy/oman/export-import.html](http://www.economywatch.com/world_economy/oman/export-import.html)

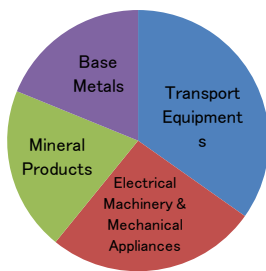
<sup>12</sup> <http://www.tradingeconomics.com/oman/imports>

**Exports Profile <sup>13</sup>**

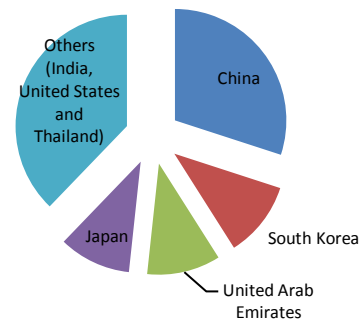
Exports in Oman increased to 1860.70 million OMR in December of 2012 from 1846.70 million OMR in November of 2012. Exports in Oman are reported by the National Center for Statistics & Information - Oman. Oman Exports averaged 1020.37 million OMR from 2004 until 2012, reaching an all time high of 1992 million OMR in September of 2012 and a record low of 423 million OMR in August of 2004. Oman’s economy is highly dependent on exports of oil (62 percent of total exports) and liquefied natural gas (8 percent). Other exports include chemicals, plastics and rubber products. Main export partners are: China (30 percent of total exports), South Korea (11 percent), United Arab Emirates (10.7 percent) and Japan (10.5 percent). Others include: India, United States and Thailand.



**Main Imports % (Year 2012)**

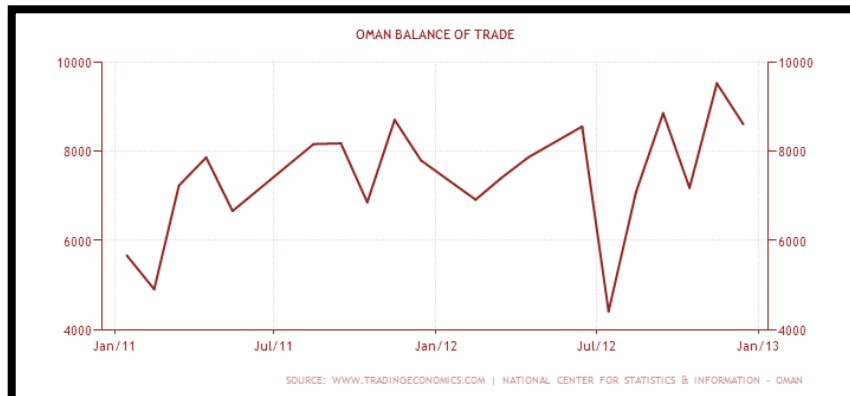


**Major Export Partners % (Year 2012)**



**Trade Balance <sup>14</sup>**

Oman recorded a trade surplus of 8612 million OMR in December of 2012. Balance of Trade in Oman is reported by the National Center for Statistics & Information - Oman. Oman Balance of Trade averaged a surplus equivalent to 3735.05 million OMR from 1982 until 2012, reaching the best surplus at 9529.00 million OMR in November of 2012 and the worst deficit at 117.60 million OMR in June of 1998. Oman has been recording large trade surpluses on a consistent basis due to oil and gas production. Shipments of oil and gas account for 70 percent of total exports.



<sup>13</sup> <http://www.tradingeconomics.com/oman/exports>

<sup>14</sup> <http://www.tradingeconomics.com/oman/balance-of-trade>

## Trade Policies <sup>15</sup>

The Renaissance of Oman led by His Majesty the Sultan ushered in the new and modern age for the Sultanate of Oman. In a short period of less than 40 years, Oman has been transformed from a less developed economy characterized by a low standard of living with subsistence agriculture as the main source of income of the population into a modern state with a stable and strong economy, a high standard of living and increasing work opportunities for its young and growing population. In the wise words of His Majesty, the economy is the main concern of the Sultanate of Oman, with the aim of improving the standard of living of the people, ensuring that they benefit from the fruits of development.

Successive Five Year Development Plans have been pursued towards self-sustained growth in a private sector-led, export-oriented economy with diversified sources of national income.

The long term goals of Oman are laid down in "Oman Economic Vision 2020", where main policy areas are as follows:

- Development of human resources and upgrading Omani skills and competencies to keep abreast with the technological progress.
- Creation of a stable macroeconomic framework aimed at development of a private sector capable of the optimal use of human and natural resources of Oman.
- Encouraging the establishment of an effective and competitive private sector.
- Providing appropriate conditions for the realization of economic diversification.
- Enhancing the standard of living of the people, reduction of inequality among regions and among various income groups and ensuring that the fruits of development are shared by all citizens.
- Preserving the past achievements and safeguarding and developing them.

Oman received Sultan Qaboos Prize for the maintenance of the environment "first Arab Award" granted by UNESCO in the area of caring for the environment at the international level.

Oman was ranked 1st in the Arab Economic Freedom Index by the International Research Foundation, and 18th place in Global Economic Freedom Index by Fraser Institute in the year 2007. In addition, Oman has been described as the least politically risked in MENA region as per Aon Political risk Map 2007.

An ancient trading nation whose ships ruled the ocean waves for centuries, the Sultanate of Oman appreciates and recognizes the value of open and liberal trade policies, and firmly believes in these policies.

The Sultanate of Oman joined the World Trade Organization as a member in November 2000, after completing the accession process under Article XII of the Marrakesh Agreement Establishing the World Trade Organization. The Sultanate of Oman thus follows WTO rules in the formulation and implementation of its trade policies. Even before acceding to the WTO, Oman's trade policies followed the basic principles of the multilateral trading system. The Ministry of Commerce and Industry, headed by His Excellency the Minister, is the focal point for implementation of trade policies. Proposals for formulation of specific trade policies are initiated by the Ministry of Commerce and Industry, where relevant in consultation with concerned Ministries, and are submitted to the Cabinet for approval, and if necessary, for example by issuance of Sultani Decrees, for final approval to His Majesty the Sultan. Trade policies are implemented at the national level. There are no regional or sub-regional governments in Oman.

The objectives of trade policies of Oman are to maximize development of Oman's economy with a view to ensuring prosperity, raising living standards and providing increased employment opportunities to the people. The trade policies thus aim at expansion of trade by removing or reducing barriers to imports and exports, and by securing greater market access for Omani products and services. Oman attaches great importance to standards, conformity assessment and quality for facilitating trade, economic and industrial development, technology transfer, human resource and skill upgrading and safety and well being of the population at large. Oman strongly believes in the important role of trade and fair treatment to all the stakeholders; it is Oman's endeavors to harmonize Omani and (GCC) standards as-far-as-possible with International Standards and also to use International Standards and concepts for conformity assessment within the requirements of WTO principles on TBT and SPS. The Directorate General for Specifications and Measurements (DGSM) under the Ministry of Commerce and Industry is actively assisting Omani trade and industry and entities in this regard and is progressively widening into SMTCCQ (Standards, Metrology, Testing, Conformity Assessment and Quality) services based on international approach and WTO-TBT-SPS principles. The Omani National Enquiry Point and Information Centre (NEPIC) for WTO-TBT-SPS is also operating at DGSM. The Annual Report 2006 of DGSM Oman has already been submitted to WTO separately.

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<sup>5</sup> [www.wto.org/english/tratop\\_e/tpr\\_e/g201\\_e.doc](http://www.wto.org/english/tratop_e/tpr_e/g201_e.doc)

## Trade Policy Table 16

### Basic indicators

Population (thousands, 2011)	2,846	<b>Rank in world trade, 2011</b>	<u>Exports</u>	<u>Imports</u>
GDP (million current US\$, 2011)	71,782	Merchandise	57	70
GDP (million current PPP US\$, 2011)	82,198	excluding intra – EU trade	40	48
Current account balance (million US\$, 2011)	10,263	Commercial services	96	64
Trade per capita (US\$, 2009-2011)	22,933	excluding intra-EU trade	70	45
Trade to GDP ratio (2009-2011)	108.4			
		<b>Annual percentage change</b>		
		2011	2010	2011
Real GDP (2005=100)	141	2005-2011	4	5
Exports of goods and services (volume, 2005=100) a	...	...	...	...
Import of goods and services (volume, 2005=100) a	...	...	...	...

### Trade policy

<b>WTO accession</b>	9 November 2000	<b>Contribution to WTO budget (%) (2012)</b>	0.151
<b>Trade policy review</b>	25, 27 June 2008	<b>Import duties collected (%) (2000-2001)</b>	
<b>GPA accession</b>	Observer	in total tax revenue	9.4
<b>Tariff and duty free imports</b>		to total imports	2.0
Tariff binding coverage (%)		<b>Number of notifications to WTO and measures in force</b>	
MFN tariffs	<u>Final bound</u>	100 <u>Applied 2010</u>	Outstanding notifications in WTO Central Registry
Simple average of import duties			Goods RTAs – services EIAs notified to WTO
All goods	13.7	5.6	Anti-dumping (30 June 2011)
Agricultural goods (AOA)	27.7	12.0	Countervailing duties (30 June 2011)
Non-agricultural goods	11.6	4.7	Safeguards (26 October 2011)
Non-ad-valorem duties (% total tariff lines)	0.0	0.4	<b>Number of disputes (complainant-defendant)</b>
MFN duty free imports (% (2008)			Requests for consultation
in agricultural goods (AOA)		40.6	Original panel / Appellate Body (AB) reports
in non-agricultural goods		6.2	Compliance panel / AB reports (Article 21.5 DSU)
<b>Services sectors with GATS commitments</b>		97	Arbitration awards (Article 22.6 DSU)

### Merchandise Trade

	Value 2011	2005-2011	Annual percentage change 2010	2011
Merchandise exports, f.o.b. (million US\$)	47,092	17	32	29
Merchandise imports, c.i.f. (million US\$)	23,860	18	11	19
	<u>2011 a</u>			<u>2011 a</u>
<b>Share in world total exports</b>	0.26	<b>Share in world total imports</b>		0.13

### Commercial Services Trade

	Value 2011	2005-2011	Annual percentage change 2010	2011
Commercial services exports (million US\$)	2,148	15	17	13
Commercial services imports (million US\$)	7,066	14	15	12
	<u>2011</u>			<u>2011</u>
<b>Share in world total exports</b>	0.05	<b>Share in world total imports</b>		0.18
<b>Breakdown in economy's total exports</b>		<b>Breakdown in economy's total imports</b>		
By principal services item		By principal services item		
Transportation	40.4	Transportation		43.8
Travel	43.0	Travel		16.5
Other commercial services	16.6	Other commercial services		39.7

### Industrial Property

Residents	Patents grants by patent office, 2010			Direct residents	Trademark registrations by office, 2010		
	Non-residents	Total			Direct non-residents	Madrid	Total
...	...	...	...	...	...	1,907	1,907



Tariffs and imports: Summary and duty ranges

Summary		Total	Ag	Non-Ag	WTO member since		2000
Simple average final bound		13.7	27.7	11.6	Binding coverage	Total	100
Simple average MFN applied						Non-Ag	100
Trade weighted average					Ag: Tariff quotas (in %)		0
Imports in billion US\$					Ag: Special safeguards (in %)		0

Frequency distribution	Duty-free	0<=5	5<=10	10<=15	15<=20	25<=50	50<=100	>100	NAV in %
Tariff lines and import values (in %)									
<b>Agricultural products</b>									
Final bound	0	8.0	6.5	74.5	0.0	1.6	2.5	6.8	0
MFN applied									
Imports									
<b>Non-agricultural products</b>									
Final bound	7.7	6.5	20.6	62.8	2.4	0	0	0	0
MFN applied									
Imports									

Tariffs and imports by product groups

Product groups	Final bound duties				MFN applied duties			Imports	
	AVG	Duty-free in %	Max	Binding in %	AVG	Duty-free in %	Max	Share in %	Duty-free in %
<b>Animal products</b>	54.7	0	200	100					
Dairy products	17.0	0	75	100					
Fruit, vegetables, plants	19.7	0	100	100					
Coffee, tea	15.0	0	15	100					
Cereals & preparations	13.6	0	75	100					
<b>Oilseeds, fats &amp; oils</b>	19.6	0	200	100					
Sugars & confectionary	13.4	0	15	100					
Beverages & tobacco	101.7	0	200	100					
Cotton	13.0	0	15	100					
Other agricultural products	14.7	0	15	100					
<b>Fish &amp; fish products</b>	19.0	0	20	100					
Minerals & metals	14.4	1.8	20	100					
Petroleum	20.0	0	20	100					
Chemicals	5.4	11.2	15	100					
<b>Wood, paper, etc.</b>	7.4	2.2	15	100					
Textiles	14.9	0.2	15	100					
Clothing	15.0	0	15	100					
Leather, footwear, etc.	14.3	4.5	15	100					
<b>Non-electrical machinery</b>	11.0	14.6	15	100					
Electrical machinery	9.7	33.9	15	100					
Transport equipment	11.8	4.5	15	100					
Manufactures, n.e.s.	12.3	12.5	15	100					

Exports to major trading partners and duties faced

Major markets	Bilateral imports		Diversification 95% trade in no. of		MFN AVG of traded TL		Pref. margin Weighted	Duty free imports	
		In million US\$	HS 2-digit	HS 6-digit	Simple	Weighted		TL in %	Value in %
<b>Agricultural products</b>									
1. Saudi Arabia, Kingdom of	2010	171	9	21	6.6	5.3	5.3	100.0	100.0
2. Qatar	2010	24	14	43	3.9	4.3	4.3	100.0	100.0
3. Kuwait	2009	24	6	20	6.1	1.0	1.0	100.0	100.0
4. Yemen	2009	15	7	20	7.5	6.7	5.4	2.1	0.1
5. Bahrain, Kingdom of	2010	11	12	25	5.2	8.6	8.6	100.0	100.0
<b>Non-agricultural products</b>									
1. China	2010	9,779	2	2	5.9	0.2	0.0	30.2	95.7
2. Japan	2010	4,513	1	2	1.3	0.0	0.0	73.5	99.8
3. Korea, Republic of	2010	4,093	2	3	6.2	2.9	0.0	22.2	0.8
4. India	2010	3,984	5	9	8.8	5.2	0.0	7.1	1.9
5. Thailand	2010	2,408	2	2	12.2	0.1	0.0	15.3	98.3

<sup>17</sup> WTO, World tariff profiles 2012, Page I28

## Bilateral and Multilateral Agreements



**The Organization of Islamic Cooperation (OIC)** <sup>18</sup> is an international organization consisting of 57 member states. The organization states that it is "the collective voice of the Muslim world" and works to "safeguard and protect the interests of the Muslim world in the spirit of promoting international peace and harmony". The OIC has a permanent delegation to the United Nations, and is the largest international organization outside the United Nations. The official languages of the OIC are Arabic, English and French.

### **GAFTA**

The Arab League has a long history of trying to foster trade and economic cooperation among its member states, with several initiatives taken in the 1950s and 1960s.

In 1981, an agreement to facilitate and promote inter-Arab trade was signed, but to little effect.

In February 1997, the League decided to create an Arab Free Trade Area, also known as the Greater Arab Free Trade Area or the Pan-Arab Free Trade Area, by 2008. This would be achieved through a 10% reduction in customs fees each year as well as the gradual elimination of trade barriers. Eighteen of the 22 Arab League states signed on to this agreement, which came into force on 1 January 1998.



In March 2001, it was decided to speed up the liberalization process, and on 1 January 2005 the elimination of most tariffs among the GAFTA members was enforced.

The 17 states that are members of GAFTA are: Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen. Others are in the process of joining.

### **GCC**

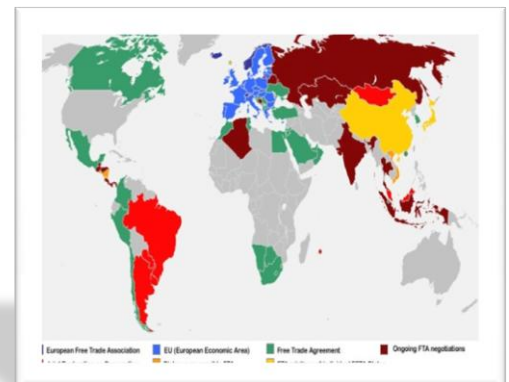
GCC (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates, with Yemen hoping to join by 2016) is dealing head-on with bilateral free trade agreements at various levels. It has been working as a group to establish FTAs with others, including Australia, China, Mercosur, Japan, Jordan, Korea, Turkey, New Zealand, India, Iran, ASEAN and the European Union. It signed an FTA with Syria in 2005, and more recently with Singapore (2008) and EFTA (2009).



### **EFTA**

While often overlooked, the European Free Trade Association — composed of Iceland, Lichtenstein, Norway and Switzerland — actively seeks comprehensive bilateral FTAs much like its rivals the EU, the US, Japan, Canada or Australia. EFTA's outward push towards FTAs is led and dominated by corporate powerhouse Switzerland, home to some of the world's biggest pharmaceutical, agricultural biotechnology, banking and insurance companies.

EFTA has established important bilateral FTAs with Chile (2003), Jordan (2001), Korea (2005), Lebanon (2004), Mexico (2000), Morocco (1997), the Palestinian Authority (1998), Turkey (1991), Singapore (2002), Tunisia (2004), the Southern Africa Customs Union (2006), Egypt (2007), Canada (2007), the GCC (2008), Colombia (2008) and Peru (2008).



The group is currently negotiating FTAs with India, Indonesia, Thailand, Algeria and Pakistan. It is expected to launch talks shortly with Malaysia and Vietnam, while similar deals with Russia and Ukraine are planned for later.

<sup>18</sup> [http://en.wikipedia.org/wiki/Organisation\\_of\\_Islamic\\_Cooperation](http://en.wikipedia.org/wiki/Organisation_of_Islamic_Cooperation)

## **US-Oman**

Late 2005, Oman finalized an FTA with the United States, as part of the US' plan to reach an all encompassing Middle East Free Trade Agreement. It was signed in Washington on 19 January 2006. While the text is still going through the ratification processes, major US corporations are lining up to benefit including Halliburton, Bechtel, Microsoft and Dow Chemical.

The FTA was ratified in June 2006. Companies like Dow Chemical hailed the agreement as it would open doors for them to expand their petrochemical operations in the Sultanate.

The deal entered into force in January 2009 after being delayed supposedly because Oman was dragging its feet on changing domestic laws on telecommunications and software.



## **The Indian Ocean Rim Association for Regional Co-operation (IOR-ARC)<sup>19</sup>**



Initially known as the Indian Ocean Rim Initiative, is an international organization with 20 member states. It was first established in Mauritius on March 1995 and formally launched on 6–7 March 1997 by the conclusion of a multilateral treaty known as the Charter of the Indian Ocean Rim Association for Regional Co-operation. In 2011, six priority areas of cooperation were identified for IOR-ARC. These include: Maritime Safety and Security, Trade and Investment Facilitation, Fisheries Management, Disaster Risk Management, Academic and Science & Technology Cooperation, and Tourism and Cultural Exchanges.

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<sup>19</sup> [http://en.wikipedia.org/wiki/Indian\\_Ocean\\_Rim\\_Association\\_for\\_Regional\\_Co-operation](http://en.wikipedia.org/wiki/Indian_Ocean_Rim_Association_for_Regional_Co-operation)

<sup>20</sup> <http://www.intracen.org/country/oman/>

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