

**Council for Australian-Arab
Relations (CAAR)**

**Australia Arab Chamber of
Commerce and Industry (AACCI)**

Business Guides to the Arab Gulf

The Sultanate of Oman

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Part I: A brief overview of Oman

The formation of the Sultanate of Oman

The Sultanate of Oman is located on the southeast coast of the Arabian Peninsula, bordering the United Arab Emirates (UAE) in the northwest, Saudi Arabia in the west and Yemen in the southwest. These land borders merge into the great desert of the Rub al-Khali, otherwise known the Empty Quarter of the Arabian Peninsula. For much of its history, therefore, most contact with Oman has been by sea.

In the east Oman borders the Arabian Sea, the Gulf of Oman and in the north, the Arabian Gulf. Oman's strategic coastal location linked its early fortunes to the sea and to maritime trade. Communities along the coast and in the interior, however, developed at a different pace, and balancing their sometimes-competing interests has been one of the challenges of governing the Sultanate.

For much of its early history, Oman was under the sway of Persia (later-day Iran).¹ The dynasty that rules Oman today, the Al-bu-Said, came to power when its founder, Ahmad bin Said (c. 1744-83), then-governor of the flourishing northern seaport of Sohar, rose up against the Persians and expelled them from Oman.

The Omani people are greatly proud of their rich naval traditions. In 1698 Omani naval forces ejected the Portuguese from Zanzibar² on the east coast of Africa, and held the island as part of greater Oman until 1861. At its height the Omani navy and the country's merchant seamen were significant influences on maritime trade from East Africa to Pakistan, the UAE and well into the Gulf.

When sail gave way to steamships in the mid 19th Century, and especially with the opening of the Suez Canal in 1869, Oman's influence began to wane. Internal dissent between coastal and inland communities and within the ruling family followed, and accelerated the decline of Oman's wealth and power.

In 1861 the British Government of India was invited to arbitrate a dispute between the two sons of Sultan Said bin Sultan, who each had been designated a legacy in their father's will: one as ruler of Oman and the other as ruler of Zanzibar. To settle the succession issue the British made what became known as the *Canning Award*, dividing the realm into the two states of Oman and Zanzibar. Under the terms of this agreement Zanzibar was required to pay an annual tribute to Oman. This became known as the *Zanzibar Subsidy*. When Zanzibar defaulted on this payment the British Government took up the commitment. The Zanzibar Subsidy was then paid by the British Foreign Office each year – and discontinued only in 1970.

In 1891 the Sultan signed a *non-alienation* bond with Britain, under which Oman undertook never to sell, lease or lend any of its land to any country other than Britain. By the 1920s Britain had further consolidated its position in Oman although, unlike the Gulf States, Oman remained, in treaty terms, a sovereign, independent state.

The discovery of oil in commercial quantities in 1964 provided Oman with resources to develop and expand its basic infrastructure. The country, however, remained

¹ Oman also experienced periods of occupation by Portugal in 1508 and Turkey in 1659.

² Zanzibar is an island 40km off the coast of East Africa of about 1,500 sq km that today forms part of the nation of Tanzania.

largely isolated from the rest of the world until 1970, when the current ruler, His Majesty Sultan Qaboos bin Al-Said, ascended the throne. Oman and Britain continue to maintain close and cordial relations, and in 1980 Oman also signed a military agreement with the USA to provide air and naval facilities to American forces.

Oman became a member of the Gulf Cooperation Council (the GCC)³ and has pursued broad policies of development, and has established an effective government structure. Whilst enjoying solid development, the nation faces various challenges including high population growth and declining oil income.

Oman is a Muslim country; however, the majority of the population (some 55%) follow a different branch of Islam (known as *Al-Ibadiyyah*) from fellow Arabs elsewhere in the region. Ibadi Muslims are neither Sunni nor Shi'a⁴, and until quite recently this tended to separate the Ibadi from other Arab Muslims. Until they joined the GCC, the links between Oman and other Gulf States, in both political and social terms, were quite limited.

It was only in the 1980s that Oman began to open fully to the outside world, and foreign visitors were welcomed. Today Oman is an active member of the GCC and the broader international community, and is a thriving tourist destination. The capital, Muscat, is easily accessible, as it is only 50 minutes by air from Dubai – or 4-5 hours by a well-developed highway system.

The Government of the Sultanate of Oman

Oman is an absolute monarchy and Sultan Qaboos bin Al-Said rules by Royal Decree. In addition to his role as head of state, the Sultan also holds the positions of Prime Minister and Foreign Minister, as well as Ministers of Defense and Finance.

On November 6, 1996, Sultan Qaboos issued a royal decree promulgating the *Basic Statute* which clarifies the royal succession, provides for a prime minister, bars ministers from holding interests in companies doing business with the government, establishes a bicameral parliament, and guarantees basic rights and responsibilities for Omani citizens.⁵

The legislative branch of the Omani Government consists of a bicameral body (the *Majlis Oman*) which is composed of two chambers, the *Majlis al-Dawla* or upper house (of 70 members appointed by the monarch with advisory powers only) and *Majlis al-Shura* or lower chamber (of 84 members, elected by popular vote to serve four-year terms). This lower house has some limited powers to propose legislation, although it functions essentially in an advisory capacity. The next elections for the *Majlis al-Shura* are due in 2011.

Oman's memberships of international bodies include:

- The Arab League
- The International Labor Organization (ILO),
- The Organization of the Islamic Conference (OIC),
- The United Nations (UN) and its various agencies.
- The World Trade Organization (WTO)

³ The *GCC Market Overview* in this series of *Business Guides to the Arab Gulf* provides further background on the GCC.

⁴ The *Market Overview* also provides background on the differences between the Sunni and Shi'a branches of Islam.

⁵ Extract from US Department of State [Background Note June 2007](#): See Oman - US State for greater detail.

- The Gulf Cooperation Council (GCC), which also includes Bahrain, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates (UAE).⁶

The economy of Oman

Basic demographics

Oman's population is estimated as 2.6 million (2007), including 660,000 expatriate workers.⁷ Population growth is a high 3.2%. Expatriate groups include other Arabs (many from Egypt and Jordan), East Africans (largely from Zanzibar) and South Asians (Bangladeshis, Indians, Sri Lankans and Pakistanis) and other Asians, including Filipinos.

About 55% of the population lives in Muscat and the Batinah coastal plain northwest of the capital. Some 215,000 live in the Dhofar (southern) region, and about 30,000 reside in the northern enclave, Ras Musandam, a rocky peninsula (surrounded at its base by the UAE) that forms the southern promontory of the Strait of Hormuz. This strait is amongst the world's most vital waterways, as through it passes around 18% of the world's total oil production.

GDP trends

Oman's real GDP was recorded as US\$ 35.7 billion in 2006 with a per capita GDP of US\$ 14,032. This compares with real GDP growth in 2006 of 6.6%.⁸ The International Monetary Fund (IMF) estimated real growth to be 6% in 2007.⁹ The same year GDP at current prices was estimated as US\$40.1 billion¹⁰.

According to the Ministry of National Economy, oil revenues accounted for 27% of GDP in 2007.¹¹ The government is seeking to increase non-oil revenues, although rising gas production (up 12% year-on-year [yoy] in 2007) has boosted revenues, up to about 4% of GDP, compared with 1% in 2006.

While oil production has declined, this reduction in volume has been more than offset by the high prices that prevailed throughout much of 2007 and into 2008. In 2007 oil production was quoted as 560,000 - 570,000 barrels per day¹², which was approximately the same as that of Australia for the period.

Manufacturing accounted for about 13% of GDP in 2007; however, new downstream gas projects are forecast to lift that figure significantly.

The agriculture sector contributes only a small proportion of GDP, albeit that about half the Omani population depends on farming and fishing for their livelihood. There are few prospects for increasing agricultural production in view of limited water and soil resources. Arable land is only around 0.12% of the total land area of the country.

⁶ Further details on the GCC are available in the *Market Overview* of the series *Business Guides to the Arab Gulf*.

⁷ US Department of State, Op cit.

⁸ US Department of State, op cit.

⁹ IMF Regional Economic Outlook 2008.

¹⁰ DFAT's Oman Fact Sheet provides further details <http://www.dfat.gov.au/geo/fs/oman.pdf>

¹¹ Oxford Business Group – *Emerging Oman 2008* – 18 June 2008: OBG

¹² Extracted from 'Sultanate of Oman – A Summary of Economic, Commercial and Tax Developments in 2007' – Ernst & Young p 6.

Economic developments

A notable feature of Oman's economy is the development of the services sector, which reportedly registered a 19% growth in 2007. The tourism sector has been particularly buoyant and is anticipated to make a major contribution to GDP growth in 2008.¹³

National infrastructure development has also been strong in 2007. This sector grew by 8% in 2007, with progress in the diversification of economic activities, including the expansion of the Duqm, Sohar and Salalah ports.

The inflation rate in the first 10 months of 2007 was 5.3%. Strong local demand, high economic growth, increases in property rentals, the weakening of the US dollar and inflation in Oman's major trading partners have all contributed to this level of inflation.

Government revenues in 2008 are forecast to be US\$14 billion, based on an assumption of an average oil price of US\$45 per barrel with production of 790,000 barrels per day.

Foreign trade

Oman's exports of US\$ 23 billion¹⁴ in 2007 were mainly oil and oil products, although contributions from the non-oil sector, principally chemicals, metals and mineral products, also continued to increase.

The major destinations for Oman's exports were China, Korea and Japan.

Imports of US\$11 billion¹⁵ (2007 – CIA) were sourced principally from the UAE, Japan and the US. Defence equipment procurement, however, may not be fully reflected in this figure – the UK and US are major suppliers.

The USA and Oman signed a Free Trade Agreement in 2006 and Oman is pursuing FTAs with other countries (including the EU and India) through the GCC.

Australian bilateral relations

Australian exports to Oman in 2008 totalled A\$ 706 million, including passenger motor vehicles valued at A\$ 325 million. For further details see DFAT Fact Sheet on [Oman](#).

Oman operates a Consulate-General in Melbourne. For details see [Oman Consulate](#).

Australia does not have an embassy or consulate in Oman. Consular services are handled by the [Australian Embassy in Riyadh](#), Saudi Arabia.

Austrade has a Trade Consultant based in Oman, responsible to the Austrade office in Dubai. For details, see the list of 'People to help you.'

Australia commenced negotiations of an [FTA](#) with the GCC on 30 July 2007. Oman, as a member state of the GCC, is a party to these negotiations.

¹³ Extracted from 'Sultanate of Oman – A Summary of Economic, Commercial and Tax Developments in 2007' p13.

¹⁴ CIA World Factbook – [Oman](#)

¹⁵ CIA World Factbook Oman

Part II: The market environment

Legal System

The Omani legal system (for civil, criminal, as well as family law matters) prior to 1971 was under the jurisdiction of the sharia courts¹⁶.

Sharia law remains the basis for legislation, although the law has now been largely codified in the *Basic Statute* of the State promulgated in 1996. All laws are promulgated by the Sultan.

The judiciary is composed of sharia courts, magistrate courts and several specialised courts and tribunals, which handle various areas of the law including property, commercial, labour and tax matters. It is extremely rare for commercial activities to be affected by sharia law.

Under the Royal Decree 13/97 of 1997 commercial courts were established with a three-tier structure, with the Supreme Court in Muscat; six courts of appeal at Muscat, Nizwa, Sohar, Ibra, Ibri and Salalah; and some 45 primary courts in various parts of the country.

Much of Oman's commercial legislation is consistent with that in force throughout GCC states, and as noted in the *Market Overview* of this series of *Business Guides*, there has been a considerable influence from Egyptian law, as well as French civil codes.

A more detailed review of legal practice in Oman is provided on the website of the international law firm, [Trowers and Hamlins](#).

Customs and regulatory environment

The unified GCC tariff rate of 5% ad valorem on the CIF value of goods applies to most imports into Oman, with some exceptions, including alcoholic beverages, cement, pipes and paints.

Many food items, such as meat, fruit and vegetables rice and sugar, as well as agricultural machinery, enter duty-free.

Full details of these provisions are available on the Austrade [Oman Profile](#) website.

Packaging and labelling requirements are also documented on Austrade's [Oman Profile](#) website. Please note especially the requirements for health and phytosanitary certificates for fresh foods.

Documentation for shipments to Oman are now legalised by the [Omani Consulate-General](#) in Melbourne. The [AACCI website](#) provides comprehensive advice on these procedures, including commercial invoices, certificates of origin and bills of lading etc.

Documentation, labelling and certification

Documentation requirements are also standard for the GCC, with legalisation (as noted above) required.

¹⁶ The GCC Market Overview in this series of *Business Guides to the Arab Gulf* has more detail on sharia law

As noted earlier, full details of these requirements appear on the Austrade [Oman Profile](#) website.

Tenders

Public tenders are used for most major infrastructure and development projects in Oman.

The [Oman Tender Board](#) is the principal agency administering the process. The OTB website provides further advice on tender matters.

Investment

Oman actively encourages private sector investment. The Omani Centre for Investment Promotion and Export Development ([OCIPED](#)) is the agency responsible for investment promotion. The Centre notes that 'Oman's Foreign Capital Investment Law has been liberalized, permitting 70% foreign participation in companies automatically in most of the sectors and even 100% foreign capital investment is permitted for projects of national importance.'

For high priority projects, a range of incentives is offered, including tax relief, reduced utility charges and availability of land at preferential rates.

The OCIPED website provides a broad range of data, including the [Ernst & Young](#) publication *Summary of Economic, Commercial and Tax Developments in 2007*.

The World Bank's '[Ease of Doing Business](#)' survey for 2008 ranked Oman as 57th for 2009 (the same rank as for 2008) in a listing of 181 countries. While this is the lowest ranking of the GCC countries, Oman is working to improve its attractiveness and is expected to show improvement in this performance ranking.

According to the World Economic Freedom Index 2007¹⁷, which measures the extent to which economic activity can be pursued without government interference, Oman is ranked a creditable 18th position among 141 countries.

Statistics from the United Nations Conference on Trade and Development (UNCTAD) indicate that Oman attracted foreign direct investment of US\$2.4 billion in 2007, which was up from US\$1.6 billion in 2006. See the [UNCTAD](#) website for further details.

Types of business entities

When establishing a company in Oman, **full foreign ownership** is permitted, subject to approval by the Ministerial Cabinet. Under commitments made to the World Trade Organization (WTO), however, foreign ownership of up to 70% can be granted in most sectors on an automatic basis.

Investment incentives include provision of plots of land at nominal lease charges in specified areas and reduced utility charges and exemption from taxes. Tax exemptions from corporate tax and customs duties can be granted to entities engaged in manufacturing, mining, agriculture, fishing, fish farming, fish processing,

¹⁷ Published by the [Fraser Institute](#) of Canada: <http://www.freetheworld.com>

aquaculture, animal breeding, tourism, export of manufactured and processed products and public utilities.

These exemptions are granted for five years from the date of production or from when the services are first rendered, and a five-year extension may also be granted, subject to certain conditions.

Under the Omani Land Law, companies and foreign nationals **may own land** in specially-designated tourism complexes.

Foreign companies conducting business through special contracts or agreements with the government are allowed to establish a **branch office** in Oman. In practice contracts awarded by the government, Petroleum Development Oman LLC (PDO) and Oman LNG LLC (LNG) enable foreign companies to establish branches in Oman by registering with the Ministry of Commerce & Industry.

Foreign companies engaged in trade, industry and the service sectors may also open **commercial representative offices** in Oman. These offices, however, may *not* import, export or engage in trade, and may *not* promote products other than those produced by their company.

There are **six industrial estates** in Oman managed by the Public Establishment for Industrial Estates (PEIE). These industrial estates are located in key locations, such as Rusayl, Salalah, Sohar, Sur, Nizwa and Buraimi. For more information on industrial estates please refer to www.peie.om.

The following are amongst the most common types of business entities that can be formed:

- **A Joint Stock Company:**
 - either 'closed,' that is not publicly traded, but meeting minimum capital requirements of OMR150,000 (US\$390,000 approx.), or
 - 'open,' that is a public joint stock company, with shares publicly traded, and similar minimum capital requirements. These types of companies require prior approval from the Ministry of Commerce and Industry.
- **A Limited Liability Company (LLC):** a private company formed by a minimum of two and a maximum of 40 natural or legal persons, whose liability is the nominal value of their shares in the company's capital.
- **A Holding Company:** a joint stock company or LLC that holds at least 51% of the shares of another company and has financial and administrative control. The capital of the holding company shall not be less than Omani Rials (OMR) two million (or US\$5.2 million approximately)
- The other forms of business entities are **general partnerships**, formed by two or more individuals or entities, **limited partnerships**, which are formed by one or more general partners, and **sole proprietorships**.

Further information on company formation is available on the website of the law firm [Ali & Partners](#).

Oman does not restrict the **remittance** abroad of equity, debt, capital, interest, dividends, profits or personal savings.

Company taxation is at a single rate of 12% of the taxable income exceeding OMR 30,000 (US\$78,000 approx.), irrespective of the percentage of foreign ownership. Branches of foreign companies are taxed at a single rate according to the entire amount of the branch's taxable income. The tax rate varies from 5% to 30%.

Foreign companies that do not have a permanent establishment in Oman are subject to a **flat tax of 10% of gross income** on the following type of income: royalties, management fees, rent for equipment, transfer of technical know-how and R & D fees.

A useful listing of frequently asked questions about investment in Oman is OCIPED website as [FAQs](#)

Distribution

Oman has a well-developed transport and road system linking it to the UAE. The ports of Duqm, Sohar and Salalah are also all under expansion.

The Port of Duqm is being developed as a fully integrated export terminal, with a major refinery and petrochemical complex. It will also have crude oil export facilities and a free zone for downstream industries. Construction planning for a new international airport is also well advanced, as well as a major dry dock facility.

The [Port of Sohar](#) is being expanded rapidly. Extensive dredging has created a port capable of accepting the largest container, cargo and liquid carriers in the world. Development of a steel mill and aluminium smelter has been planned.

The [Port of Salalah](#), located in the south of the country on the Arabian Sea near Yemen, is close to the point of convergence of some of the world's major sea lanes. The port has grown rapidly to become one of the world's major container transshipment ports. It is a modern facility that has established high-level surveillance capability, sufficient to participate in the US Container Security Initiative (CSI) to pre-screen cargos bound for US ports. The port is a major centre for APL, the global logistics company, owned by Singapore's Neptune Orient Lines.

Banking and finance

The Omani banking sector performed well in 2007. The combined net profit of all commercial banks increased by 27.1% with asset growth up by 34% in the first nine months of 2007 compared to the previous year.

The [Central Bank of Oman](#) is responsible for the administration of monetary policy and is the single integrated regulator of the nation's financial services industry.

There are three specialized banks: the Oman Housing Bank, the Oman Development Bank and the Alliance Housing Bank. In addition there are a number of commercial banks, eight of which are branches of foreign banks, including Arab Bank, Bank of Baroda and Citibank.

Part III: Doing business in Oman

Practical advice on entering the market

Market research

Statistical data for Oman is available from the 1980s. Collection of data has increased rapidly in recent years and sophisticated market analysis techniques are now being utilised.

[Research and Markets](#) offers an extensive range of commercial reports on Oman, ranging from healthcare to insurance.

[MarketResearch.com](#) also offers industry reports including telecommunications, oil and gas and ICT.

[Bharat Book Bureau](#) produces an infrastructure report on Oman with quarterly updates.

Austrade retains a Business Development Consultant in Muscat who can also assist with tailored market research, visit programs and business matching services. See the contact list of people who can help you for contact details.

Business customs

Similar to other GCC countries, Oman has an open market environment, and a well-established business community, with strong trading traditions. The population base of 2.6 million people, however, does represent a relatively small market, and key suppliers tend to have a strong local presence with developed networks.

Government-related business is an important factor in this market, and (as is the case elsewhere in the GCC) there are generally long lead-times involved in establishing a position in the market.

The registration requirements for technical consultants need to be studied carefully and local advice sought in order to ensure you fully comply with the registration processes.

Advice on identifying and screening an agent, distributor or local associate has been provided in the *GCC Market Overview* of this series of *Business Guides to the Arab Gulf*.

Agency representation

A Commercial Agencies Law governs commercial representation in Oman. Agencies must be approved by the [Omani Chamber of Commerce & Industry](#) and registered with the Ministry of Commerce and Industry. These agreements usually provide for exclusivity, with a commission payable to the agent for sales to other parties.

Termination procedures can be problematic and due diligence, using a local adviser, is strongly recommended *before* entering into agreements. It is suggested that as an alternative to formal agency arrangements other forms of appointment should be considered, at least in the initial period of engagement.

Separate agency arrangements are possible for the northern (Muscat) region and the Southern (Salalah) area.

The [Oman Chamber of Commerce and Industry](#) provides additional details on commercial agency procedures.

For advice on local legal advisers, contact may be made with Austrade's Business Development Consultant in Muscat. The British Embassy also publishes a listing of Omani legal firms at [Oman Lawyers](#).

Finding an agent

The Austrade Business Development Consultant in Muscat can also assist in screening companies to act as an agent or distributor.

Please also see the *GCC Market Overview* of this series of business guides for more detailed advice on agency appointments in the GCC.

If it is possible, it would be desirable to check with prospective customers whether your potential distributor does have the market coverage that you require. It may be appropriate, for example, to appoint different agents for the north and south of the country to ensure you have the best geographic coverage possible.

Visiting Oman

Omani business people have a reputation for being gracious and welcoming. The cities are small and pleasant, blending modern convenience with traditional Arabic styles. The capital city of Muscat is especially renowned for its architectural appeal, and is one of the most pleasant cities of the Middle East.

There are convenient air connections to Muscat from Dubai (a 45 minute flight), Abu Dhabi and Bangkok. By road from Dubai to Muscat, the trip takes 4-5 hours but, if you hire a self-drive car, make sure that your contract and insurance allows you to take the vehicle into Oman.

There are less-frequent flights to the southern port city of Salalah. [Oman Air](#) offers several daily services from Muscat – a 90 minute flight.

Australian passport holders may obtain entry visas on arrival in Oman.

If a visa is required before travel, this can be obtained from the [Oman Consulate-General in Melbourne](#). A three-week entry visa can be issued for business people without a sponsor.

Visit visas on arrival are available to Australian passport holders for a nominal fee that may be paid in local currency or by credit card.

More details on visa arrangements are available on the Australia Arab Chamber of Commerce and Industry ([AACCI](#)) website.

Accommodation

Muscat has some excellent hotels. The following are some websites that provide an indication of the range of options available [Oman-HotelGuide.com](#), [Muscat hotels](#) and [Oman tourism](#).

Getting around

Muscat is a fairly compact city with good taxi services, but for a comprehensive multiple-call program, renting a car (with driver) from your hotel may prove the most flexible (and assured) option.

Whether you choose a taxi, car with driver from the hotel, or self-drive, it is recommended that you obtain good maps and landmark details beforehand from the companies you propose to visit.

Trade promotion

A range of [trade exhibitions](#) takes place in Oman each year, and Omani business people also frequently attend other major international events in neighbouring UAE, especially in Dubai.

There is a range of trade exhibitions in Oman; however as many exhibitions may not have an established history, it may be advisable to attend the display first as a visitor in order to gauge its suitability.

As with any exhibition that you are considering, always seek detailed statistics from display organisers on previous audience volumes and a breakdown of those trade visitor numbers in terms of occupations. Details of successes claimed by past exhibitors can be useful, and any feedback from companies that have exhibited previously. The Austrade Business Development Consultant may also be able to provide some further advice on specific events.

The following websites may prove useful: [Oman exhibitions](#) as well as [Biz Trade Shows](#) and [Araboo](#).

Press publicity

Press publicity can be highly effective in Oman – particularly for product launches, company and branch openings and innovative local applications of your products or services.

There are also a number of PR agencies operating in Oman. One website providing a listing of these firms is [Global Edge](#).

Oman has a range of Arabic and English language media. Four newspapers in English, with on-line coverage are:

- [Oman Daily Observer](#)
- [Oman Tribune](#)
- [Times of Oman](#), and
- [The Week](#).

An Oman-based business magazine is [Business Today](#).

Timing of visits

The Islamic calendar has an overarching influence on business activity in Oman, and the availability of key contacts.

As with other Gulf States, you are *strongly* recommended to study and observe the Islamic calendar when planning business visits, and avoid 'summer holidays'. The [AACCI website](#) is an excellent source of this information.

Also check [Oman public holidays](#), as they will include the National Day and other local holidays.

People to help you

Australia does not have a resident diplomatic mission in Oman.

The [Australian Ambassador to Saudi Arabia](#), based in Riyadh, who is accredited to Oman, visits regularly and is responsible for diplomatic and consular relations with Oman.

[Austrade Dubai](#) has responsibility for trade-related matters in Oman. The Senior Trade Commissioner and his staff visit Oman on a regular basis. In addition there is a Business Development Consultant, based in Muscat, who assists Austrade clients in Oman.

Prior to travel please register your travel details online at: www.orao.dfat.gov.au.

Also please consult the Department of Foreign Affairs and Trade website at [Smartraveller](#) before planning a visit.

Major industry sectors in Oman

Transport sector

The Omani Government has initiated a range of major projects to develop the nation's transport and communication infrastructure. While the ports at Muscat, Salalah and Sohar remain the major hubs of shipping activity in the country, the new port complex at Duqm will be the focus of much activity in 2008.

A consortium of Belgian, Turkish and Omani contractors was awarded a contract for US\$ 486 million to develop the marine infrastructure for the Duqm port complex.

Oman Dry Dock Company is developing a US\$ 650 million ship repair yard within the Duqm port complex. It is expected to commence operations in 2010.

The Government has signed an agreement to triple the size of Port Sohar and to establish a Special Economic Zone. Oman International Container Terminal has inaugurated its second phase at the Port of Sohar. A new container berth, due for construction in 2008, will increase the Port of Sohar's capacity to 4.5 million TEU.

Port Sultan Qaboos at Muscat is planning an expansion to increase its container terminal capacity to 1 million TEUs.

Oman will invest more than US\$3 billion for the development of its airport infrastructure. The Omani Ministry of Transport announced that the project will include the construction of three new airports, one of which will be located in Sohar.

Muscat International Airport has plans to increase its handling capacity from the present 3 million passengers per year to 12 million by 2010.

One of the largest road projects in Oman's modern history is the US\$342 million Southern Expressway project, under execution by [Galfar Engineering & Contracting](#) SAOG.

Oil and gas

Petroleum Development Oman (PDO) announced the discovery of three new oil fields in 2007: extensions of the Ufuq and Dafi fields and a third field in the Birba area. The company has also reported a decrease in its crude oil production from 589,000 barrels per day (bpd) in 2006 to production of 560,000- 570,000 bpd in 2007.

Occidental Petroleum has announced that it will invest approximately US\$3 billion in the Mukhaizna field over the next few years. The field is expected to increase Oman's oil production by 150,000 bpd and is forecast to yield approximately 1 billion barrels of oil over the life of the field.

[Dolphin Energy Limited](#), a joint venture between the UAE, Occidental and Total, is planning to link the gas networks of Qatar, UAE and Oman. Oman is part of the Dolphin venture.

British Petroleum signed a major production-sharing agreement with Oman in January 2007.

Petroleum Development Oman has also awarded a major contract to the Dodsai Group of Mumbai, India, to enhance oil production at Qarn Alam. A steam injection project is reported to be the largest of its kind in the world and is expected to cost US\$ 1 billion.

The contract to construct Saih Rawl field, gas compression project, was awarded to Tecnicas Reunidas Oman (TR Oman). The contract, estimated at US\$ 480 million, would involve the construction of a 120 MW power station and the installation of a power distribution grid connecting the Saih Rawl area with Qarn Alam and Saih Nihayda.

Sohar International Urea & Chemical Industries is expected to commence production of urea in 2008.

Power and Water

Oman Power and Water Procurement Company (Oman-PWP), is sponsoring a Build Own Operate (BOO) project to develop a 400 MW and 15 million gallons-per-day desalination plant in Salalah.

One of the largest independent power and water desalination projects in Oman is a 700 MW power generation plant with a desalination unit of 130,000 cubic metres-per-day capacity. This BOO project is planned for the Batinah coast.

France's Veolia Water and Oman's Suhail Bahwan Group has won a BOO contract for a reverse osmosis desalination plant near Sur, south of Muscat. The plant will supply 80,200 cubic metres of potable water per day to the eastern Sharqiyah region.

Oman's Waste Water Service Company has announced that it will construct a sewage treatment plant at Seeb near Muscat. The estimated capacity of the plant is 82,000 cubic metres per day. The project cost is estimated to be more than US\$ 260 million.

Industrial

[Sohar Aluminium](#) is expected to commence production in 2008. The US\$2.4 billion project has a capacity of 350,000 m.t. per year.

[Austin Engineering Limited](#) of Brisbane and Oman's Specialist Technical Services (STS) have been contracted by Sohar to fabricate specially-designed aluminium busbars for its 1.2 kilometre-long potline. The joint venture was successful in bidding against intense international competition.

South Korean Pohang Iron and Steel Company (POSCO) has reportedly tied up with Gulf Investment Corp (GIC) to construct a spiral welded tubular products plant in Oman.

Gulf International Pipe Industry is also establishing a project in Sohar to produce 250,000 tonnes of steel pipes and casing.

The Sultanate of Oman

The Brazilian mining group, Companhia Vale do Rio Doce (CVRD) plans to establish an iron ore pelletisation plant at the port of Sohar at an estimated cost of US\$1 billion.

Agreement was reached between the government and Larsen & Trubo (L&T) India, to build a unit to manufacture oil-drilling equipment, including rigs and platforms at Sohar Port.

Plans to establish a major sugar refinery at the port of Sohar were also announced in November 2007.

Tourism

[The Wave Muscat](#) is constructing a six-kilometre long beachfront residential complex close to the international airport. It is a fully master-planned community including a golf course, luxury hotels, villas, retail outlets and apartments.

The Government of Oman and the Muria Tourism Development Company signed agreements to develop two projects at Al-Seifa and Salalah. Egypt's Orascom is the major shareholder in these ventures.

The property development group, [Sama Dubai](#), is planning the development of a US\$1.4 billion Salam Resort & Spa at [Yiti](#), a picturesque beach in Oman.

Yenkit Tourism Development LLC, a joint venture of several Omani private investors and the Majid Al-Futtaim Group of Dubai, has undertaken to develop a US\$2 billion Integrated Tourist Resort Complex at Yenkit in Muscat governorate. The Integrated facility is proposed to accommodate four 5-star hotels, residential villas, residential apartments and townhouses.

The Oman Tourism Development Company is developing a project to construct a convention centre with a capacity of 7,000, a sports centre and exhibition galleries. The master-planned development is likely to include hotels, serviced apartments, shopping malls and business parks.

A number of other tourism development projects have been announced and are at various stages of planning, with development expected to commence within the next two years. UK-based hotel group InterContinental plans to build a Crowne Plaza hotel in Oman's Sohar port district.

Australian Services Opportunity Grid

Service	Market needs	New business potential
Building management and maintenance	<ul style="list-style-type: none">• Facility management• Landscaping• Surveying• Asset management• Interior décor	Many new projects announced, including tourism and mixed development projects. Many projects may slow as a result of the international credit crisis.
Building services	<ul style="list-style-type: none">• Contracting	Specialised opportunities only.
Business services	<ul style="list-style-type: none">• Management consulting• Project management• ICT• Communications	A small but growing sector of Oman's economy. Liberalisation of the telecoms sector will create more opportunities.

	<ul style="list-style-type: none"> • Recruitment • Training • MICE (meetings, incentives, conventions and exhibitions.) 	Project management has good prospects - water, power and tourism. MICE will be a prospective area. E-government services will present opportunities – agreement signed with Singapore for advisory services in e-government.
Education	<ul style="list-style-type: none"> • Graduate courses • Post grad courses • Vocational training 	Moderate potential.
Engineering	<ul style="list-style-type: none"> • Consulting services 	Major project activity is extensive, notably in ports and power. European consultants have a strong position.
Entertainment	<ul style="list-style-type: none"> • Fireworks displays • Laser shows • Event management • Music – live shows 	Moderate potential only.

Australian Services Opportunity Grid (Continued)

Service	Market needs	New business potential
Environmental management	<ul style="list-style-type: none"> • Water • Solid waste • Air pollution • Coastal development 	Water resources are a high priority. This sector will continue to offer sound opportunities.
Financial and legal services	<ul style="list-style-type: none"> • Accounting/audit • Investment services • Legal services • Equities • M&A 	Banking and finance growth was strong in 2007, but expected to slow in 2008-09.
Franchises	<ul style="list-style-type: none"> • Fast food • Hairdressing salons • Business services • Personal care • Training & coaching 	Second-tier franchises have some potential, but this is a relatively small market.
Health	<ul style="list-style-type: none"> • Training • Hospital and clinic management • Telemedicine • Personnel supply • Health insurance 	Some worthwhile opportunities but long lead-times for market entry in view of high government involvement.
Hospitality	<ul style="list-style-type: none"> • Training • Menu creation • Restaurant design • Facility management • 	Market will grow in line with planned tourism developments - niche opportunities will appear.
Sports & recreation	<ul style="list-style-type: none"> • Motor sports • Powerboats • Sports training • Facility design • Event management • Sports medicine • Lifeguard training • Diving services 	Tourism developments are creating openings for sports-related services at new resort complexes.
Transport	<ul style="list-style-type: none"> • Maritime • Air services • Road and highway design 	All areas subject to strong competition and referrals are important in gaining new business. Ports and related maritime infrastructure are undergoing major upgrades. New expenditure on airports.