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Questions and Replies to the Memorandum on the Foreign Trade Régime (Document WT/ACC/OMN/2)

In a communication dated 22 April 1996, circulated as WT/ACC/OMN/1, the Government of the Sultanate of Oman applied for accession to the World Trade Organization (WTO) under the provisions of Article XII of the WTO Agreement. The terms of reference of the Working Party are reproduced in document WT/ACC/OMN/4. In document WT/ACC/OMN/2, Members had been invited to submit questions in writing concerning the foreign trade régime of the Sultanate of Oman. The questions submitted by Members and the replies thereto provided by the Government of the Sultanate of Oman are reproduced hereunder.

Delegations wishing to raise additional questions concerning the foreign trade régime of Oman might inform the delegation of Oman (with a copy to the Secretariat) of such questions in advance of the meeting of the Working Party, so that considered replies can be made available by the Government of the Sultanate of Oman to Members at the time of the Working Party meeting.

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I. INTRODUCTION

Question 1.

Oman should identify those aspects of its trade regime that it recognizes as not in conformity with WTO requirements, and indicate at the first Working Party meeting the specific steps Oman is taking to address these deficiencies. Please describe steps that have recently been taken, in addition to the enactment of the law on copyrights protection law, which were designed to bring the Sultanate's trade regime into conformity with WTO rules.

Reply

There are two aspects of the foreign trade regime of the Sultanate of Oman which in our opinion are not in conformity with the WTO rules. These are: customs valuation and trade-related aspects of intellectual property rights.

The present system of valuation is not in conformity with the provisions of the WTO Agreement on Customs Valuation. Similarly, the IPR regime of the Sultanate is not in conformity with the provisions of the TRIPS Agreement. Whereas we have the Trademarks Law, the Copyright Law, and follow the Unified Patent System of the GCC, we do not have legislation on industrial designs, on layout-designs of integrated circuits, and on geographical indications. The Trademarks Law and the Copyright Law may in some respects not be in full conformity with the provisions of the TRIPS Agreement.

We are conscious of these deficiencies but we are committed to assuming all obligations under the WTO Agreement and its annexes. However, as a small developing country, it would be unrealistic to state that Oman will be in full conformity with each and every provision of the WTO rules well before joining WTO. We would listen attentively to the questions, comments and observations of WTO member countries on our trade regime and we will take careful note for appropriate action.

Having said that, we may flag that the Sultanate of Oman would need transition period for bringing some of our laws, regulations and procedures into conformity with the WTO requirements.

Question 2.

Please describe the specific further modifications, either under way or planned for the near future, which are designed to bring the trade regime into conformity with WTO requirements.

Reply

Please see reply to question 1.

II ECONOMY, ECONOMIC POLICIES AND FOREIGN TRADE

2. Economic Policies

(a) Main directions

Question 3.

Please provide the Working Party with a copy of the Fifth Five-Year Development Plan.

Reply

An English version of the Plan is under preparation. As soon as it is ready, a copy of the same will be sent to the WTO.

Question 4.

Please describe the specific measures Oman has taken or intends to take for the development and promotion of natural gas-based projects.

Reply

Gas Sector

By 2020 the Gas Sector is expected to contribute around (10 per cent) in Oman's Gross Domestic Product compared to about (1.5 per cent) at the end of 1995. This means the achievement of high rates of growth in the value addition of this sector with an average annual growth of about (11.1 per cent). This big jump in the volume and contribution of the Gas Sector is attributed to the following:

- (i) the availability of large size of the confirmed present reserves of natural gas estimated to be about 16 trillion cubic feet, in addition to the promising expectations of discovering large additional quantities in the future;
- (ii) government policies that aim towards the encouragement and inducement of the local and foreign private sector's participation in the utilization of this vital resource;
- (iii) the establishment of industries that depend on the utilization of gas as a basic input such as the Liquefied Natural Gas Project and a number of large industrial projects that use gas and energy as a raw material, such as polyethylene.

Natural Gas Exploration Programme

The Natural Gas Exploration programme aims at increasing Natural Gas reserves through exploration and drilling and confirming the actual quantities that can be exploited. As a result, the plan gives special importance to this project. It also enhances the opportunities of the economic diversification strategy's success adopted by the future vision of Oman's economy which considers the utilization of natural gas, especially the Liquefied Natural Gas Project, its first priority. The upstream programme is being financed directly by the Government while Petroleum Development Oman Co. carry out the implementation of programme under authorization from the Ministry of Petroleum and Minerals. The total allocation of this programme in the Fifth-Five-Year Plan amounts to about RO 42 million.

Question 5.

Please describe for the Working Party the objectives of the Fifth five-year plan in relation to the development of the petroleum and petrochemical sectors.

Reply

The objectives of the Fifth Five-Year Plan concerning oil and petrochemicals include the following:

- (i) Increasing the crude oil production rates to reach about 880 thousand barrels per day on an average during the years of the plan without affecting the basic technical requirements formulated to lengthen the assumed life of oil as long as possible.

The plan aims at increasing the crude oil production rates so as to reduce the effects of the stabilization of oil prices at the 15 dollars/barrel level which is the assumed price in the computation of oil revenue estimates during the Fifth Plan. It also aims at transferring all increases that may occur on the assumed oil prices and until the price of 17 dollars/barrel is realized, to the State's General Reserve Fund. The oil production rates targeted in the plan are based in the light of the findings of a comprehensive study of status of the oil sector which encompassed all the basic infrastructures of the sector. They are also built on the expectations of large increases in the volume of oil reserves, and consequently the planned increase should not result into bottlenecks in the production operations or a rise in the annual exhaustion above 6 per cent of the total accumulated reserve and hence, the technical requirements for lengthening the assumed life of oil will not be violated.

- (ii) Diversification of the National Income Sources by increasing the Non-oil Sectors Share in the Gross Domestic Product to about (68.8 per cent) by the end of 2000.

The efforts of the Plan are concentrated in the field of economic diversification in the following way:

- utilization of the gas reserves;
- the large expansion in petrochemical industries.

The most important objectives of the Petroleum Development Oman Co. in the Fifth Five-Year Plan adopted by the Board of Directors of the company in coordination with the Ministry of Petroleum and Minerals, are as follows:

- (i) raising the daily production rates of oil for the company in the Fifth Five-Year Plan to reach 846 thousand barrels/day compared to about 731 thousand barrels in the Fourth Five-Year Plan i.e. an increase of (15.7 per cent);
- (ii) maintaining the oil reserve and increasing it to enable it to meet the targeted production rates, as far as possible, through exploration, re-assessment of fields, intensifying oil sector studies and developing exploration methods and extraction ways. In this respect, it is planned to increase oil reserves by an annual amount of 320 million barrels/day during the years of the plan, i.e. exceeding the targeted annual production rate in the plan by about (3.6 per cent) which will increase the proven reserve in the year 2000 by about (1.1 per cent) compared by its level in 1995.
- (iii) rationalizing and reducing costs by using modern technologies in line with the recommendations of the working group which was formed to review the production cost and which included representatives of the Government and foreign partners;

- (iv) Absorbing the expected increase in prices both nationally and internationally. The company's investment programme estimates were prepared assuming an annual inflation rate of about (3 per cent).

Question 6.

Does the fifth five-year development plan, or any preceding plans, identify specific industrial sectors or firms to be supported or promoted?

Reply

The realization of the future vision of the Oman's Economy - Oman 2020 for the diversification of the economy requires the transition from an economy that depends upon a single non-renewable source of income that is continuously influenced by external economic and political factors, to an economy with several renewable sources. This can be achieved by following a host of suitable policies that conform to the economic diversification strategy.

The following are a number of dimensions that are connected with the development of the industrial sector:

1. The strategy of higher added value:

This strategy places emphasis on the industries that are characterized by the use of capital intensive production methods. It also depends on high and advanced technology and scientific research and development that depends upon trained national human resources in the engineering, technical and administrative fields and who possess the ability to implement this strategy with efficiency.

To ensure a high degree of success of this strategy a number of policies would be adopted. Some of the most important policies are listed below:

- (a) Developing the private sector and enhancing its role in the domestic economy.
- (b) Enhancing the strategic, guidance and supervisory role of the Government.
- (c) Developing human resources, together with the market mechanisms in such a way as to increase national labour force participation and raise the efficiency of the labour market.
- (d) Developing industries that depend on local resources and giving priority to those industries that depend on gas as major input. Basically the strategy aims to concentrate on the following industries:
 - those that aim at the production and export of natural resources with value addition;
 - those with inputs of other industrial products made from local resources in the agricultural, fisheries and minerals sector;
 - import substitution wherever it is economically feasible;
 - those depending upon the utilization of traditional technologies;
 - export industries that benefit from the strategic location of the Sultanate;

- subsidiary and ancillary industries that achieve balanced industrial development;
- minerals, building material industries and encouraging the establishment of assembly industries.

2. Developing Medium and Small Industries:

The Sultanate attaches great importance to the development of the medium and small scale industries which will greatly benefit the Omani economy.

To be able to direct the progress and course of the economy in this strategy, the Government will be adopting the following policies:

- facilitating procedures and developing information system specially relating to external markets;
- facilitating and obtaining the necessary finance (capital and soft loans) through the establishment of a special fund for this purpose (Venture Capital Fund);
- establishment of a “Business Centre” to provide its services (offices - coordination activities) for the medium and small industries.

Question 7.

Please discuss any trade-related measures to protect the environment Oman is taking or intends to take, by affected sector or industry. How does Oman intend to address the negative impacts that may arise as a result of cost reduction efforts by privatized enterprises?

Reply

The Sultanate of Oman does not have nor does it intend to take trade-related measures to protect the environment.

Question 8.

In para 25(ii), Oman states that it has “plans to reduce the dependence on oil”. Please explain in more detail how Oman intends to achieve this objective.

Reply

The plans for achieving this goal are spelled out in the future vision for Oman’s economy during the next quarter century up to the year 2020. The Government has issued a report on its economic strategy for Oman (the “Vision 2020” Conference Report”). The Vision Conference Report sets forth objectives for the development of Oman’s economy by 2020, including: (i) to create a stable macroeconomic framework for the economy through improvements in the balance between Government revenues and expenditures, raising savings rates and encouraging market competition, (ii) to reduce the Government’s role in commercial production and services while improving the level and quality of basic Government services, (iii) to increase the standards of education and vocational training, (iv) to promote economic diversification by encouraging investment in non-oil export industries and services, (v) to develop the private sector through privatization policies and reducing barriers to entry of private

capital into the production and service sectors of the economy and (vi) to strengthen economic relations with other countries.

The Fifth Plan aims to increase the GDP share of the non-oil sector to 69 per cent by the year 2000. This includes development and promotion of natural gas based projects. The share of manufacturing sector in GDP is to increase to 15 per cent by 2020 from a low of 5-6 per cent in mid-1990s. Some major industrial projects - fertilizer plant, LNG, aluminium smelter, and polyethylene complex will contribute significantly to diversity the Omani economy and reduce its dependence on oil. In order to achieve these results, domestic and foreign investment is being encouraged, and private sector's share in total investment in the Fifth Plan has been raised to 53 per cent.

Question 9.

On page 5 it is stated that “the Government shall determine the unified maximum tariff to be paid by all consumers in the Sultanate”. Is this related to services and all goods?

Reply

This relates only to basic utilities.

Question 10.

Are there any restrictions to foreign participation in the privatization programme (e.g. specific sectors from which foreign participation is excluded, general restrictions such as ceiling levels of foreign participation)?

Reply

Royal Decree No. 42/96 promulgating “Privatization Policies and Controls” calls for encouraging foreign participation in privatization projects with the objective of benefiting from foreign capital and expertise. Such participation shall be governed by the Omani Foreign Capital Investment Law. Companies established to take over privatized projects shall be Public Joint Stock Companies offering at least 40 per cent of their share capital for public subscription. Foreign equity in such companies shall be up to 49 per cent.

No specific sectors are excluded for foreign participation in the privatization programmes.

Question 11.

What sectors, if any, are excluded from the privatization programme?

Reply

There is no specific exclusion of any sector for privatization.

Question 12.

Are there any conditions attached to the participation of foreign investors in the privatization programme?

If so, do these restrictions also apply to potential domestic investors?

Reply

There are no restrictions to foreign participation. The regulations of the privatization process (Royal Decree 42/96) state that the Omani shareholders shall own at least 51 per cent of the shares of the company implementing the privatization programme.

Question 13.

How does Oman reconcile the stated goal of promoting “commercial activity and removing constraints which impede the consolidation of free market operations and free competition” (WT/ACC/OMN/2, page 21, para (viii)), with the following policies:

- **Royal Decree 10/91, which permits the granting of loans for private sector projects in the fields of industry and tourism, provided that 75 per cent of the capital is Omani-owned throughout the loan period, or else if the projects are 51 per cent Omani-owned and contribute to the national economy;**
- **Ministerial Decision 49/91, which permits the granting of loans for industrial projects as long as the projects are exporting more than 10 per cent of their production, using 20 per cent of local raw materials in the production process, and employing more than 25 per cent Omani labour;**
- **Ministerial Decision 49/91, which gives tourist projects preferential loans if they employ at least 25 per cent Omani labour for existing projects, and 15 per cent for new projects;**
- **Ministerial Decision 49/91; which awards industrial loans for bricks, carpentry and smithing work shops provided they are fully owned by Omanis.**

Reply

The Sultanate of Oman is pursuing a policy of promoting and consolidating free market operations and free competition. We do not see that the provisions of Royal Decree 10/91 and of Ministerial Decision 49/91, quoted in the Question, are incompatible with the free market principles.

Loans from commercial banks are available to all enterprises on the same basis without any specific conditions or requirements.

The conditions mentioned in the question are applicable only if some enterprises seek loans from government funded institutions.

Loans for bricks, carpentry and smithing workshops are provided to small individual entrepreneurs so as to help them start small businesses and to reduce unemployment.

These policies relate only to interest free loans and should be viewed from the perspective that Oman is a developing country in the early stages of industrial development. The Sultanate has virtually started from scratch, the process of economic development in 1970 under quasi-complete absence of an indigenous class of entrepreneurs. As such these policies were drafted as tools to create and nurture a class of Omani entrepreneurs which is a prerequisite for economic development, to create

employment opportunities for Omanis and finally these policies serve as instruments of income distribution.

Oman is intent on diversifying its economy away from heavy dependence on oil into other non-oil sectors and to shift investment from the public to the private sector. The above mentioned policies are meant to motivate the Omanis to contribute towards achieving these objectives.

Even advanced developed countries give incentives and support to some sectors of the economy for example agriculture. That does not mean that they are not pursuing free-market policies in general. The same is true of Oman.

Question 14.

The Memorandum refers to the aim of balancing government expenditure and revenue (WT/ACC/OMN/2, page 4, para 25).

To what extent is the tariff an essential source of government revenue?

Will this affect the ability of the Oman government in the context of its WTO accession to reduce barriers to imports and bind its tariff at a reasonable level?

Reply

Oil is the main source of revenue of the Sultanate. Tariff at present is not an essential source of revenue for the Government.

The Government would be prepared to bind tariffs on the basis of mutual advantage, and commensurate with the level of development and level of industrialization of Oman.

Question 15.

We would appreciate more detail on current and expected progress towards achievement of Oman's privatization plans (WT/ACC/OMN/2, pages 5-6, para 25(iv))

Reply

Oman has achieved through management contracts in the service sectors like electricity and water the benefits of privatization by awarding operation and maintenance contracts of the power and desalination plants to the private sector. This had been done before formally formulating the policy of privatization in the country. In the electricity sector the government has awarded a concession of the Al Manah project in the year 1995 to a private company based on the policy of build, operate and transfer (BOOT). This award was made on a tender basis. This project involved setting up of a 90 MW power station at Manah and the associated transmission and the distribution network to interconnect the power plant with the existing system. This project is now operational completely, having commenced the commercial operation in October 1996.

In the waste water sector, the government invited tenders for the privatization of Muscat and the Salalah systems. The tenders have been evaluated and the selection of a successful consortium is being made to implement the projects. A decision is expected soon to finalize the concession contracts.

In the electricity and water sectors, the government is evaluating various options to introduce privatization. The government is also evaluating proposals to privatize the telecom and the road sector.

In the ports sector, a private consortium has been identified to own and manage the port at Raysut in the south of the country.

Price controls

Question 16.

There is no information in the Memorandum on the Foreign Trade Regime on the use of price controls within the Sultanate of Oman. Are there any prices set by Oman authorities? If so, please identify all goods or services that are subject to price controls, by tariff line item as appropriate, describing why such controls have been applied, and outlining Oman's plans for such controls in the future, e.g. will they be liberalized?

Reply

Prices are set by the Government only for petroleum, electricity, water and telecommunication. These price controls are applied for the benefit of consumers, in order to provide them these facilities at reasonable prices. There are no liberalization plans at present. There are no price controls on any other item.

Question 17.

Please outline how the Government of Oman determines which goods or services should be subject to price controls and how the price control levels are determined.

Reply

The Cabinet determines the items and the prices keeping in view the need and welfare of the citizens.

Question 18.

Which Ministry regulates price controls and in what law is this authority contained?

Reply

The authority rests with the Cabinet and not with any Ministry.

Question 19.

Are any goods or services subject to price control? If so, please provide details?

Reply

Please see reply to question 16.

(c) Foreign exchange and payments systems

Question 20.

It is stated in section that “no exchange control requirements are imposed on capital receipts by residents or non-residents”. Please confirm that no restrictions on the movement of capital between Oman and third countries exists. If this is not the case, please indicate which restrictions apply.

Reply

No, there are no restrictions on the movement of capital.

(d) Foreign and domestic investment policies

Question 21.

Please explain in more detail how Oman promotes private sector investment, as stated in para.32.

Reply

Private sector investment is encouraged and promoted through continuation of privatization policies. An outlay of RO 1008 million (\$2620 million) has been earmarked for privatization projects during 1996-2000. The share of the private sector in total investment in the Fifth Plan has been put at 53 per cent i.e. RO 3900 million.

The Government is taking all possible steps to eliminate procedural and administrative barriers hindering the entry of private capital in the goods and services sectors.

The Omani trade and investment laws are being reviewed to promote private investment (including foreign investment) in the country. A single window facility has been provided in the Ministry of Commerce and Industry to attract foreign investors to invest in the country.

The Omani Government also provides a number of incentives - low tax rates on corporate income, duty free import of raw materials and capital goods, pre-feasibility studies on projects, concessional credit facilities from specialized financial institution etc. Both information and incentive aspects are being strengthened to promote private sector investment in Oman.

Question 22.

Are any incentives to foreign investment being considered by the Government?

Reply

The following incentives are available to foreign investors:

1. Foreign investors are allowed to set up projects in Oman and own up to 100 per cent of their capital for projects that contribute to the development of the national economy provided that the capital of the project shall not be less than RO 500,000 (equivalent to US\$ 1,300, 000). For other projects, a foreign share holding ranging between 49 per cent and 65 per cent is allowed.

2. Free surveys of industrial investment opportunities and either undertaking or subsidizing the costs of conducting economic and technical feasibility studies for industries of importance to the national economy.
3. Investment projects shall be exempted from customs duties on imports of machinery, equipment and raw materials required for production.
4. Fully serviced Industrial Estates where plots of varying sizes and advance facilities are available either by usufruct or through long-term rent at nominal rates.
5. Availability of reliable supply of power, water, natural gas and sewage treatment services at reduced rates.
6. Provision of interest-free Government loans and access to soft loans upon satisfaction of certain criteria.
7. Exemption from income tax on companies for five years (this may be renewed for another period of five years). Thereafter tax rates ranging from 5 per cent - 25 per cent are applied, depending on the percentage of foreign shareholding, shares publicly offered in the Omani market, and the amount of taxable income realized. Besides, losses incurred during the exemption period(s) enjoy thereafter very generous carry-over system.

Question 23.

Could Oman detail the circumstances in which foreign investment projects could be confiscated or expropriated in the “public interest”, and the attendant compensation procedures (WT/ACC/OMN/2, page 8, para 34)?

Reply

Confiscation and expropriation of foreign investment projects could take place during a state of national emergency. But such measures would be taken only for a public purpose authorized by law, on a non-discriminatory basis in accordance with the laws prevailing in the Sultanate, and against compensation. Such compensation, shall subject to the Omani Laws, be equal to the value of the investment immediately before the expropriation or before the impending expropriation became public knowledge. The compensation shall be freely convertible and transferable. Affected investors shall be accorded treatment not less favourable than that accorded to Omani nationals or nationals of any third State with respect to restitution, compensation, indemnification or any other settlement.

Question 24.

Under what circumstances would a 100 per cent foreign-owned investment project contribute "to the development of the national economy" and therefore be approved by the Council of Ministers upon a recommendation from the Minister of Commerce and Industry (WT/ACC/OMN/2, page 8, para 35)?

Reply

There are no standard criteria in this respect as projects are considered on case-by- case basis. But generally a foreign investment project is considered to contribute to the development of the national economy if it is a strategic industry which fulfils the following criteria:

- economic development of Oman outside the capital area;
- transfer of technology through industrial training, licensing of industrial processes, and research and development, which will help diversify the economy;
- application of new technology to improve existing infrastructure.

Question 25.

What incentives does Oman provide for foreign investors and are they compatible with the TRIMS agreement? (WT/ACC/OMN/2, page 8, paras 34-35).

Reply

Please see reply to question 22.

The incentives do not appear to be incompatible with the TRIMs Agreement as no prohibited TRIMs are used by Oman.

Question 26.

Could Oman provide more detail on its ownership rules, especially any which require foreign companies to purchase foodstuffs and similar supplies on the local market (rather than importing directly)?

Could Oman's ownership rules in this regard constitute a trade-related investment measures which is inconsistent with the obligation of general elimination of quantitative restrictions as set out in paragraph 1 of Article XI of GATT 1994?

Reply

Foreign Companies can make importation as described in replies to questions 53 and 57. There is no requirement that they should make purchases on the local market. We don't consider there is any trade-related investment measure or import restriction in this arrangement.

Question 27.

We seek confirmation from Oman that it intends to ensure that measures used to promote economic diversification and development will be implemented only in conformity with WTO provisions, e.g. regarding subsidies, trade restrictions, and trade-related investment measures.

Reply

The Sultanate of Oman confirms that it would faithfully abide by its obligations under the WTO rules and will not maintain or adopt policies or measures which are inconsistent with the WTO provisions.

Question 28.

Please describe specific trade and investment measures that Oman uses or contemplates using in its development and diversification strategy. Are foreign investors eligible to benefit, pursuant to the same terms and conditions applicable to domestic investors, from these specific investment measures?

Reply

Please see paragraph 110 of the Memorandum and reply to question 22. Incentives are generally available to foreign investors on the same terms except that interest-free loans are not available to foreign investors if their share in the ownership of a project exceeds 25 per cent.

Question 29.

Please provide specific and detailed information on policies or programmes that Oman intends to use to strengthen its agricultural sector.

Reply

The Sultanate of Oman makes efforts to achieve the following objectives with respect to the agricultural sector developments:

- To develop the agricultural resources and protect the same and achieve optimum utilization which secure sustainable agricultural production, while seeking to achieve these goals, the government implements the following policies:
 - to encourage the private sector (both commercial and traditional) to be involved in all economic activities which include production, marketing and processing activities and the entire related services.

The Omani Government as is the case in all countries which adopt the free economic system, undertakes the following:

- preparation of the agricultural production and marketing policies and the follow-up of their implementation and the assessment of the results;
- provision of the required infrastructure for the agricultural work represented in the construction of extension centres, agricultural research stations, ground water recharge dams and maintenance of the falajs for protecting water resources etc.;
- provision of basic agricultural services which are directed originally to the traditional sector that includes small scale farmers such as agricultural extension services for upgrading production efficiency;

- provision of appropriate incentives for improving traditional farmers productivity and to acquaint them with the use of modern agricultural inputs;
- to concentrate on vertical production expansion which depends on agricultural intensification method through application of modern agricultural techniques;
- to rationalize irrigation water use through the development of farming methods in irrigation and the installation of modern irrigation systems in Omani farms;
- to emphasize the economic efficiency principle in agricultural production through establishing the recommended crop pattern and the adoption of comparative advantage criterion for each region as per the results of social, economic and technical studies;
- concentration on the objective of increasing the value added in agricultural production through paying more attention to the products quality and enlightening the farmers with the quality control issues which contribute to upgrading of agricultural production value in addition to the establishment of modern marketing system;
- formation of integrated point of view with respect to directing the agricultural sector production policy considering the production, marketing, processing and funding activities as integral to each other and therefore to be treated as integrated measures as far as agricultural policy is concerned;
- the Sultanate of Oman adopts free economic policy in external trade sphere as the private sector takes the responsibility of importing and exporting the agricultural products and inputs according to the market mechanism.

Question 30.

Please identify any sectors of the economy in which foreign investment is prohibited or restricted. Please describe fully any such restrictions on foreign investment.

Reply

Foreign investment is not prohibited or restricted in any sector.

Question 31.

Please describe Oman's policies for foreign investment in the petrochemical sector, with particular reference to any incentives in terms of raw material pricing and tax exemptions.

Reply

There are no specific investment policies for the petrochemical sector and no particular incentives for this sector in terms of raw material pricing and tax exemptions.

3. Foreign Trade in Goods and Services

Question 32.

Please cite all existing laws, decrees, and regulations that provide for tariff or non-tariff measures to protect domestic output from import competition; describe their provisions; and identify the authorities of the Government of Oman that administer these laws.

Reply

All existing laws and regulations are listed in Annex 2 to the Memorandum on the Foreign Trade Regime of Oman (document WT/ACC/OMN/2). The authorities responsible for administering different laws are also indicated in Annex 2.

Question 33.

Please describe the ownership and operational authority structure in place in the Sultanate of Oman for the production and export of crude oil and its derivatives.

Reply

Crude oil and its derivatives are wholly owned by the Government of Oman.

The production of crude oil and natural gas and export of crude oil is undertaken by Petroleum Development Oman (PDO), as operator, on behalf of the Government. PDO is owned 60 per cent by the Government and 40 per cent by the private shareholders, comprising Shell (34 per cent), Total (4 per cent) and Partex (2 per cent).

The processing of Omani crude oil into refined products is undertaken by Oman Refinery Company (ORC). The only product exported from the Refinery is Long Residue (fuel oil). This is undertaken by ORC.

ORC was established by a Royal Decree as a 100 per cent Omani Government Commercial Limited Liability Company.

Question 34.

Please describe the system used by Oman to acquire and/or tax oil revenues.

Reply

There is no system.

Question 35.

Please elaborate on specific aspects of the Omanisation policy to increase the levels of Omani participation in the labour force, with particular reference to any restrictions on or differential treatment of foreign labour services.

Reply

The Omanisation policy seeks to achieve a higher ratio of Omani labour in the job market. With a view to promote employment opportunities for the Omanis, the government is considering and adopting number of steps in the Fifth Plan.

First - vocational training programmes for Omanis to become skilled and qualified workers, together with employment incentive schemes to the private sector to hire Omanis.

Second - expansion of non-oil sector in Fifth Plan, creating job opportunities in tourism, agri-processing, trading, petrochemical sector.

Third - Omanisation ratio in private sector is expected to go up to 75 per cent by 2020 from 15 per cent in 1995.

Fourth - private sector participation in formulation of policies related to upgrading of technical education and vocational training.

Fifth - according to the Fifth Plan projections, 150,000 jobs will be created and only 110,000 Omanis will be available, the rest will go to foreign labour; when demand exceeds supply, there is no question of putting any restrictions on foreign labour.

Question 36.

Please list and describe Oman's laws and regulations governing international participation in its services sector.

Reply

The laws and regulations of the Sultanate of Oman governing international participation in its services sector are listed in paragraph 5(a) of Annex 2 of document WT/ACC/OMN/2 - the Memorandum on the Foreign Trade Regime of Oman. Copies of these have been submitted to the WTO secretariat. It will be appreciated that it is not possible in this document to describe all these laws and regulations.

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

Question 37.

Please confirm that there is no legislative body with authority to make or review laws, decrees, etc., concerning issues on trade in goods and services.

Reply

As described in paragraph 48 of the Memorandum of Oman, document WT/ACC/OMN/2, all laws and decrees are issued by His Majesty the Sultan of Oman. There is no legislative body with the power to make or review laws.

Question 38.

Please list any of the Specialized Councils established by His Majesty that address issues on trade in goods and services, and describe their mandate and composition.

Reply

There are no Specialized Councils that address issues on trade in goods and services.

Question 39.

Are all legal and administrative acts relating to trade required to be published in the Official Gazette?

Reply

All laws, by-laws, implementing regulations and important Ministerial Decisions are published in the Official Gazette. Routine administrative decisions, however, are not published in the Official Gazette.

Question 40.

With regard to the last sentence of para. 48, please clarify the circumstances under which His Majesty the Sultan of Oman might decide that a treaty, convention or charter should not be part of the law of the land even though it has been ratified.

Reply

The last sentence of paragraph 48 of Oman's Memorandum does not mean that a treaty, convention or charter ratified by His Majesty the Sultan would not be implemented and would not become part of Oman's law. What was intended to be conveyed was that normally a treaty etc. would become part of Oman's law as of the date of publication in the Official Gazette. However, in some cases where considered appropriate, His Majesty the Sultan may decide that the treaty, convention etc. would become part of Oman's law from a date later than the date of publication in the Official Gazette.

Question 41.

Please describe how Oman will address ratification of its accession package after approval by the WTO General Council and Oman signs its Accession Protocol.

Reply

The Protocol of Accession and the accession package will be submitted by the Minister of Commerce and Industry to the Cabinet, which would submit to His Majesty the Sultan with its recommendations. After ratification by His Majesty the Sultan, a Royal Decree would be issued which would be published in the Official Gazette.

Question 42.

What role, if any, will the specialized Councils have in Oman's approval of its WTO accession package?

Reply

None.

Question 43.

Will implementing legislation be required to complete national procedures relating to WTO accession?

Reply

Yes.

Question 44.

Will the Agreement constituting the WTO be directly applicable under Omani law?

Reply

Yes.

Question 45.

Please provide details about the hierarchy of laws. Where do international treaties such as the WTO fit into this hierarchy?

Reply

The hierarchy of Oman's laws is as follows:

- the Basic Law of Oman (constitution);
- Royal Decrees;
- By-laws and Implementing Regulations;
- Ministerial and Administrative Decisions.

International treaties, such as the WTO, rank with the Royal Decrees.

Question 46.

Please outline in some detail how the Authority for Settlement of Commercial Disputes is organized and operates, e.g., the composition of this panel, how cases are initiated, requirements placed on defendants and complainants, etc.

The Authority for Settlement of Commercial Disputes has been established pursuant to a Royal Decree. It consists of a Chairman, a Deputy Chairman, a number of judges appointed by Royal Decree

and a number of members from the Oman Chamber of Commerce and Industry selected by the Minister of Commerce and Industry on the recommendation of Chamber's Board of Directors.

Cases are heard by circuits formed by the Chairman. Each circuit consists of a Vice-Chairman, (who presides), two judges and two members from the Chamber.

Appeals against the decision of a circuit are heard by an Appellate Circuit of the Authority. An Appellate Circuit consists of the Chairman (who presides), two judges and two members of the Chamber. The judges and Chamber members are those who have not heard the original case.

A case is filed with the Authority by a plaintiff who has to submit a written application signed by him or his attorney. The application should contain the facts of the case and the reasons why the applicant wants a relief. It should also be accompanied by a fee.

A copy of the complaint is sent to the defendant by the Authority and he is required to submit a written reply to the complaint within ten days of its receipt.

The date of hearing of a case is fixed not later than 30 days from the receipt of written reply of the defendant.

The complainant and the defendant are heard by the circuit, and the circuit after hearing the case and weighing the arguments gives a written reasoned decision, copy of which is made available to the parties.

Question 47.

Please indicate to what extent disputes arising from measures covered by the WTO and the Multilateral Trade Agreements contained in its Annexes would not be reviewed by the Authority for Settlement of Commercial Disputes.

Reply

The role of the Authority for Settlement of Commercial Disputes in relation to the WTO and Multilateral Trade Agreements is being examined by the Ministry of Legal Affairs.

Question 48.

Please describe in detail how, e.g., a customs dispute would be handled (a) by the authorities administering Oman's laws and regulations; and (b) by the judicial authorities if an importer contested the decision of the customs authorities at time of importation.

Reply

Disputes relating to customs matters are referred to higher authorities of Customs.

Question 49.

Is there the right of appeal from the Authority for Settlement of Commercial Disputes?

Reply

As described in reply to question 46, an appeal against the decision of the circuit which heard the original case lies with the Appellate Circuit of the Authority.

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

Question 50.

Could Oman elaborate on the nature of support provided to the agricultural, fish and animal industries by the Ministry of Agriculture and Fisheries (WT/ACC/OMN/2, page 11, paragraph 56)?

Reply

The nature of support provided to agriculture is listed in WT/ACC/4, which is being sent separately. There is no support to fish and animal industries.

Question 51.

It is stated in the Memorandum that there are no current plans to change any laws or regulations impacting on foreign trade (WT/ACC/OMN/2, page 11, paragraph 59).

Has Oman undertaken a study of its laws, regulations and administrative practices to identify the changes that will be necessary to give effect to Oman's obligations as a future WTO Member? If so, can information be provided on the action that needs to be taken?

Reply

The Sultanate of Oman would undertake a study of its laws, regulations and administrative practices in the light of questions, comments and observations made by WTO Members at the first meeting of the Working Party on the Accession of Oman.

Question 52.

WT/ACC/OMN/2 states in paragraph 7 that the Sultanate "... will be taking measures to bring its regime into conformity with the WTO." In paragraph 59, however, it is stated that "There are no legislative programmes or plans at present to change the regulatory regime".

In statement in WT/ACC/OMN/2, Oman has agreed that there are aspects of its regime, e.g. intellectual property protection and customs valuation that are not in conformity with WTO provisions. We believe that there are other areas of the trade regime that will require amendment to meet WTO norms.

Could Oman clarify how it intends to proceed to address aspects of its trade regime identified during the negotiations as needing amendment to meet WTO provisions?

Specifically, how will the Government of Oman adopt new laws and regulations to bring its trade regime into conformity with WTO requirements at the time of accession, and to implement the provisions of the Agreement Establishing the WTO and its annexes?

Reply

The Government of the Sultanate of Oman is committed to assume all obligations under the Agreement Establishing the World Trade Organization and under the various agreements annexed to the WTO Agreement. It would, as appropriate, amend laws and regulations which are not found to be in conformity with the WTO rules. It would also be prepared to enact new laws and regulations that may be considered necessary to comply with WTO requirements. The nature and extent of this exercise would emerge from the deliberations of the Working Party in the accession negotiations. The Sultanate of Oman may also avail of transition periods where appropriate.

IV. POLICIES AFFECTING TRADE IN GOODS

1. Import Regulation

(a) Registration requirements for engaging in importing

Question 53.

Please describe the requirements for registration for a company or individual (a) to engage in commercial activity in Oman, and (b) to import or to distribute imports in Oman.

Reply

The requirement for registration of a company to engage in commercial activities is to apply to the Ministry of Commerce and Industry in the appropriate form along with the Memorandum and Articles of Association of the company and the identification documents of the partners or Directors of the Company. Joint Stock Companies and Companies subject to the Foreign Capital Investment Law should have completed the necessary procedures under the Companies Commercial Law and the Foreign Capital Investment Law respectively before they apply for registration in the Commercial Register.

A Company which is registered in the Commercial Register can engage in importation or distribution of imports in Oman if importation and distribution of imports is covered in its Memorandum and Articles of Association.

An individual in order to get registration as a sole proprietor in the Commercial Register should be an Omani national, not less than 18 years of age, should have the place of business in Oman, should not have been convicted of an offense and should not have been declared as bankrupt.

Question 54.

What does the process of registration with the Ministry of Commerce and Industry consist of?

Reply

Please see reply to question 53.

Question 55.

Please provide details of relevant laws mentioned in this section.

Reply

The relevant laws are:

- the Oman Commercial Law;
- the Commercial Companies Law;
- the Foreign Capital Investment Law.

Question 56.

Please list the "relevant laws" concerning registration and provide copies in translation to the WTO Secretariat for Working Party review.

Reply

Please see reply to question 55. Copies of these laws have already been provided to the WTO.

Question 57.

Please confirm that foreign companies and individuals are permitted to engage in commercial activities such as importing and commercial marketing within Oman, under the same conditions as domestic entities.

Reply

Foreign companies can engage in importation and distribution of imports provided they have completed the requirements under the Foreign Capital Investment Law (reference paragraph 35 of Oman's Memorandum), and have fulfilled the requirements of registration as in reply to question 53.

As for foreign individuals, they are not allowed to engage in importation or distribution of imports.

Question 58.

Can foreign nationals and companies register under the same conditions as Omani nationals and companies? If not, why not?

Reply

Please refer to replies to questions 53 and 57. According to our understanding, whereas WTO rules do require member countries to provide national treatment for imported goods, they do not appear to oblige a country to provide national treatment for individuals and companies.

Question 59.

Please describe the provisions of the Law on Commercial Agencies, as noted in Annex 2 of the Memorandum. What is the rationale for this law, and what is its relationship to (a) commercial registration as referred to in paragraph 66 of WT/ACC/OMN/2, and (b) the right of foreign and domestic individuals and enterprises to import or to distribute imports in Oman?

Reply

The Law on Commercial Agencies lays down provisions governing the relationship of a principal/supplier and his agent in Oman. It does not oblige a principal/supplier to appoint a commercial agent. But it does provide that if he appoints an agent (i) a company, the Omani share in that company should not be less than 51 per cent, or (ii) an individual, he should be an Omani national. The objective of the law is to protect the interest of consumers and commercial agents in Oman. The commercial agents are required under the law to provide after sale service for the goods that they market in Oman and to provide adequate availability of spare parts and components. This is the prime purpose and rationale of the law, as otherwise the consumers may not get after-sale service and spare parts for the equipment and articles they purchase.

The Commercial Agencies Law is not meant in any way to provide protection to domestic producers.

Commercial agents are required to get registration in the Commercial Register for engaging in commercial activities and in its importation and distribution of imported goods, in the same manner as other enterprises and companies are required to register in the Commercial Register as described in reply to question 53.

Foreign enterprises can import or distribute imported goods as described in replies to questions 53 and 57. However, foreign individuals cannot engage in commercial activities in Oman and cannot import goods or distribute imported goods.

(b) Characteristics of national tariff system

Question 60.

What is the current system used for the classification of goods?

Reply

Oman does not follow any system for the classification of goods for customs purposes.

Question 61.

Please explain why Oman uses two different systems for the statistical and customs classification purposes?

Reply

The Sultanate of Oman is taking steps to use the HS System for customs classification purposes also. It is at present not using it for that purpose because of administrative and logistical difficulties in the Customs.

Question 62.

Which version of the Harmonized System (1988, 1992 or 1996) is used for Statistical purposes?

Reply

Oman is using HS-1988 version for statistical purposes.

Question 63.

When does Oman intend to bring its tariff nomenclature for the classification of goods for customs purposes into line with the HS 96 system?

Reply

Oman is considering the possibility of using HS-1996 for customs classification purposes and arrangements are in progress. Oman hopes to have the system in place before it joins the WTO.

Question 64.

When will Oman make a decision on whether or not to use Harmonized System for classification of goods for customs purposes? (WT/ACC/OMN/2, page 12, para 67, page 14, para 96)?

Reply

Please see reply to question 63.

Question 65.

Will Oman commit to the full implementation of the HS system for customs purposes prior to accession and to the establishment of its goods market access schedule in the HS system nomenclature?

Reply

Yes, Oman would implement the HS System for customs purposes prior to its accession and would establish its schedule of concessions and commitments on market access in the HS system.

Question 66.

We would be grateful for further information about Oman's tariff regime:

The Memorandum states that "all goods imported for Governmental use" are subject to zero tariffs. (WT/ACC/OMN/2 page 12, para 69). What are "goods imported for Governmental use"? Does the duty exemption apply only to goods imported for the government's own use or does it also apply to goods for commercial resale?

We note that Oman applies special duties on a number of products. Does Oman have any plans to revise or reduce tariffs on these items. (WT/ACC/OMN/2, page 12, para 70)?

The Memorandum advises that the existing overall tariff regime has been in force since the beginning of 1986 and there has been no revision of rates since then (WT/ACC/OMN/2, page 12, para 72). Does Oman intend to review whether it is able to reduce tariffs on any products in

the context of its WTO accession? What domestic procedures exist for interested parties to seek review of tariff rates on a particular product and for other parties to object to such changes?

Reply

- (i) Goods imported for government's own use and not for commercial resale are exempt from customs duties.
- (ii) The rates of duties mentioned in paragraph 70 of the Memorandum (WT/ACC/OMN/2) are ordinary customs duties applicable to the listed items. These are not special duties. There are no plans to reduce these duties at present.
- (iii) The Sultanate of Oman would be prepared to engage in tariff negotiations in good faith, based on the WTO principle of mutual advantage. It would be prepared to make binding commitments. It may be premature to talk about the level of bindings. These would be the subject of negotiations.
- (iv) Interested parties seeking a review of tariff rates can approach the Ministry of Finance. Other parties objecting to such changes can also approach the Ministry of Finance. The Ministry after weighing the arguments, considering the impact on national economy and after consulting with the concerned Ministries makes a recommendation to the Cabinet, which makes the final decision.

Question 67.

Can Oman provide more information on the GCC free-trade area (WT/ACC/OMN/2, page 12, para 73 and page 25, para 193)?

Does it cover all products?

Are all trade barriers eliminated within the free-trade area?

Does it cover trade in services?

Is it consistent with Article XXIV of the GATT and Article V of the GATS?

Reply

The GCC Free-Trade Area covers all products, agricultural and industrial. All trade barriers are eliminated within the free-trade area.

Though the GCC Free-Trade Area does cover some services activities, in our view, it is not a full-fledged free-trade area in services.

The GCC Free-Trade Area Agreement was notified to the GATT by Kuwait in 1982. We presume it would have been examined by the GATT, and if not examined over these years it might have been considered by the GATT to be consistent with Article XXIV. In our opinion, it is consistent with Article XXIV of the GATT.

Question 68.

Would Oman please provide the tariff schedules used for customs purposes and the HS tariff schedules, used for statistical purposes, in electronic format if possible, to the Working Party?

Reply

There is no tariff schedule as such except for the rates of duties indicated in paragraphs 69 - 71 of the Memorandum.

The HS Schedule used for statistical purposes in electronic format is being sent to the WTO.

Question 69.

Please provide import data, in electronic format if possible, for 1993-95, by HS tariff line item and supplier country.

Reply

Import data in electronic format is being sent to the WTO.

Question 70.

According to paragraph 69 of the Memorandum, foodstuffs like meat (except pork meat), milk, cooking oils and fats, cereals, tea, sugar, fresh fruits and vegetables, are subject to zero tariffs.

Please identify these agricultural items by tariff line item and HS-based statistical heading.

Reply

Since the Sultanate of Oman does not use HS System for customs purposes, it is not possible to identify duty-free items on HS based headings.

A complete list of duty-free items is as follows:

- seeds, fertilizers, live plants (including flower plants);
- fresh fruits and vegetables, all sorts;
- rice, wheat, wheat flour, barley, corn, sugar;
- milk all sorts, condensed and sweetened evaporated, powdered or sterilized, but not flavoured;
- cooking media all sorts, not including butter or margarine;
- meat, fresh or frozen;
- tea;
- cement;
- printed books all sorts;
- agricultural implements;
- insecticides especially made for agricultural use;
- gold and silver bullion;
- currency (including gold sovereign).

Question 71.

According to paragraph 71 of the Memorandum, all products other than those specifically listed in paragraph 69 and 70, are subject to a 5 per cent tariff rate. Paragraph 69 provides that cement is subject to a zero tariff. However, we have received other reporting that a 15 per cent tariff rate is being applied to polyurethane products and paints, and a 20 per cent tariff rate is being applied to pipes and cement. Please confirm that a zero tariff rate is being applied to cement and a 5 per cent tariff rate is being applied to polyurethane products, paints and pipes.

Reply

It is confirmed that the rate of duty applicable to cement is zero, and that the rate of duty applicable to polyurethane products, paints and pipes is 5 per cent.

Question 72.

Is Oman prepared to bind its zero customs tariff rate for all items included in paragraph 69 (foodstuff, cement, fertilizers, printed material, agricultural equipment and all goods for government use)?

Reply

The level of bindings will emerge from tariff negotiations. In due course, the Sultanate of Oman would submit an initial offer and would then enter into tariff negotiations with interested WTO members.

(c) Tariff quotas, tariff exemptions

Question 73.

Are tariff exemptions (except those applied in the context of a Customs Union or Free Trade Agreement) applied on an m.f.n. basis?

Reply

Yes, tariff exemptions are applied on an m.f.n. basis.

Question 74.

Please explain in more detail what the tariff exemption for "goods imported for Government use" means. What products are covered?

Reply

Tariff exemptions, i.e. zero tariff, is applied to all products which are imported for government's own use and not for commercial resale.

Question 75.

If appropriate, please provide a list of any products specifically eligible for duty-free importation for governmental use. Otherwise, please confirm that any products in Oman's tariff schedule is imported duty free if imported for Government use.

Reply

All products imported for government's own use, and not for commercial resale, are exempt from customs duties. There is no special or limited list of products.

Question 76.

Does the Government (e.g. the Ministries, Government agencies) import on its own account, or does the Government authorize non-governmental agencies, firms, or enterprises to import for the Government?

Reply

The Government of Oman imports goods on its own account. It does not authorize non-governmental agencies, firms or enterprises to import goods for the Government or on its behalf.

Question 77.

How are these products used by the Government of Oman? Please clarify that "goods imported for Governmental use" are limited to those items consumed by the Government in its day to day operations and not inputs for further processing and/or for sale on a commercial basis in Oman.

Reply

Goods imported for government's own use are exempt from customs duties. This exemption does not apply to goods imported for commercial resale or to goods imported as inputs for further processing and commercial sale.

Question 78.

Specifically, does the Government of Oman import any goods for further processing or distribution?

Reply

No.

Question 79.

If so, (a) are they imported duty free; (b) do these products compete with domestic or imported goods; and (c) please list the firms, entities, or enterprises that either import, process, or distribute goods on behalf of the Government of Oman.

Reply

Please see reply to question 78.

Question 80.

If so, how does the Government determine the quantities to be imported and the purchase price of the goods? Does Oman, intend to liberalize this system as part of its WTO accession?

Reply

Please see reply to question 78.

Question 81.

Are there any other tariff exemptions, for example for diplomatic missions, goods imported as humanitarian aid etc.? If so, please provide details of these exemptions.

Reply

Good imported by diplomatic missions are exempt from customs duties. Goods imported for humanitarian and are given exemption on a case by case basis, depending upon the need for aid and credentials of aid organization.

(d) Other duties and charges

Question 82.

Please identify and describe in detail, including amounts, all fees and charges for services which may be assessed imported goods.

Reply

The Government of the Sultanate of Oman does not impose any fees or charges in connection with importation or exportation other than import duties.

Port Services Corporation, a commercial company in which the Government has 35 per cent share, levies the following fees and charges for services rendered:

(a) Quay handling and storage charges

- | | | |
|-------|---|--|
| (i) | General cargo including bagged cargo other than foodstuff, medicines and animal feed. | Rial Omani 1.500 per Freight Ton (Freight Ton will be determined by weight or measurement which ever is higher). |
| (ii) | Foodstuff, medicines and animal feed | Rial Omani 1.000per Freight Ton |
| (iii) | Iron and Steel bars, pipes, tubes, channels, mesh, girders, sheets and angles. | Rial Omani 2.000 per Freight Ton |

(iv)	Plywood, hardboard, chipboard, blockboard, laminated board and other similar laminated wood products in crates.	Rial Omani 2.000 per Freight Ton
(v)	Loose Plywood	Rial Omani 3.000 per Freight Ton
(vi)	Timber packed	Rial Omani 2.000 per Freight Ton
(vii)	Timber loose	Rial Omani 3.000 per Freight Ton
(viii)	Unpacked Vehicles, mechanical equipment, trailers and caravans	
	- under 2.5 tons, per unit	Rial Omani 10.000
	- 2.5 tons to under 5.0 tons, per unit	Rial Omani 20.000
	- 5 tons and over, per unit	Rial Omani 25.000
(ix)	Heavy lifts (5 tons and over, excluding vehicles and mechanical equipment)	Rial Omani 2.000 per Freight Ton
(x)	Bagged cement and hydrated lime	Rial Omani 1.200 per Freight Ton
(b)	Demurrage (for import and export cargo)	
(i)	For the first 10 days after final discharge or before loading - for general cargo, foodstuff, medicines, iron and steel, timber and plywood.	Free
(ii)	For the first 7 days after final discharge or before loading - for cargo other than that in (i) above.	Free
(iii)	For 21 days after the free period:	
	- General cargo, foodstuff, medicines, iron and steel, timber and plywood	Rial Omani 0.300 per Freight Ton
	- Unpacked vehicles, mechanical equipment, trailers and caravans:	
	- under 5 tons, per unit	Rial Omani 4.900
	- 5 tons and over, per unit	Rial Omani 9.900
	- Bagged cement and hydrated lime	Rial Omani 0.200 per Freight Ton
(iv)	After 21 days of the free period:	
	- General Cargo, foodstuff, medicines iron and steel, timber and plywood	Rial Omani 1.200 per Freight Ton
	- Unpacked vehicles, mechanical equipment, trailers and caravans:	
	- under 5 tons, per unit	Rial Omani 15.000
	- 5 tons and over, per unit	Rial Omani 30.000
	- Bagged cement and hydrated lime	Rial Omani 1.000 per Freight Ton
(c)	Overtime	

There are no overtime charges - for cargo deliveries or receipt of export cargo after the normal working hours, provided an advanced notice of 24 hours is given for this purpose.

If an advance notice of 24 hours is not given then overtime is charged at the rate of Rial Omani 0.500 for the services of one person per hour (or part thereof) subject to a minimum of 2 hours.

Question 83.

How are the amounts of the fees and service charges determined? Is the amount of the fees or charges limited to the approximate cost of the service rendered?

Reply

Please see reply to question 82. As stated therein, no fees or charges are imposed by the Government of Oman. Fees and charges by a commercial company are levied on the basis of services rendered.

Question 84.

Does Oman apply any duties or charges within the meaning of Article VIII of the GATT 1994?

Reply

No.

Question 85.

What are the levels of the charges applied in respect of storage?

Reply

Please see reply to question 82.

Question 86.

Does Oman apply any seasonal duties? If so, please provide full details of the product coverage, level etc.

Reply

No, Oman does not apply any seasonal duties.

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

Question 87.

A list of goods subject to import prohibitions or restrictions is provided in Annex 7 of the Memorandum. Please identify those products in Annex 7 that are prohibited and those that are restricted, and provide the GATT/WTO justification for each of the product prohibitions and restrictions.

Reply

A list identifying prohibited and restricted items giving WTO justification for each is attached.

Question 88.

For each of the products listed in Annex 7, please indicate whether import is totally prohibited, or may take place under certain circumstances.

Reply

Please see reply to question 87.

Question 89.

Please describe the procedures for implementing the bans and restrictions for both imported and domestic goods.

Reply

Bans and restrictions are implemented at the border by the Customs. The Customs will not allow the import of banned goods, will seize and destroy these. As for restricted goods, the Customs will allow importation only if permission of the concerned authorities is produced to the Customs.

The production and domestic circulation of banned goods in Oman is prohibited.

Question 90.

Where importation of a product listed in Annex 7 may take place under certain circumstances, please provide details of the restrictions on importation that apply.

Reply

Information will be provided later; at the meeting of the Working Party.

Question 91.

For each of the products listed in Annex 7, please provide the reason for maintaining an import prohibition or restriction.

Reply

Importation is prohibited or restricted for reasons of public morality and religion and in order to protect human, animal or plant life or health. For WTO justification, please refer to reply to question 87.

Question 92.

Can Oman confirm that it does not intend in the future to introduce any other import prohibitions except where these are justified under WTO rules?

Reply

Yes, the Sultanate of Oman confirms that it would not introduce in the future any import prohibitions or restrictions which are not justified under the WTO rules.

Question 93.

According to paragraph 77-79 of the Memorandum, import quotas are fixed by the Government of Oman for milk, eggs, fruits and vegetables. Please describe fully the restrictions that apply to these products, including the size of the quotas of each product for each of the past five years, a list of the countries that supplied the quotas for each of the past five years, the criteria for eligibility for a quota share, and a description of the method used to allocate the quotas.

Reply

The information given in paragraphs 77-79 is amended to the extent that import quotas are fixed only for milk and eggs for certain months of the year. For fruits and vegetables there is no quota. In certain years when there is over-supply of certain fruits and vegetables their import may be banned.

The size of the quotas for milk and eggs for the last five years and the actual import of these from different countries will be sent later.

The quotas are global quotas; these are not allocated on country basis. The allocation of quotas to importers is on the basis of past performance.

Question 94.

Please provide a justification for imposing quotas on each of the products mentioned in this section.

Reply

Quotas/bans are imposed to provide protection to domestic producers.

Question 95.

For each product, what have the levels of the quotas been for the three most recent years?

How are these quotas allocated?

Reply

Please see reply to question 93.

Question 96.

What are Oman's plans to eliminate these seasonal quota restrictions?

Reply

The Sultanate of Oman would replace these quotas by tariffs, upon its accession to the WTO.

Question 97.

Please describe the organizational structure of the Public Authority for Marketing Agricultural Produce, which is responsible for the determination of the annual import quota for fruits and vegetables.

Reply

The Government has already taken a decision to privatise the Public Authority for Marketing Agricultural Produce (PAMAP). The decision is under implementation. As mentioned in reply to question 93, there is no quota on import of fruits and vegetables.

Question 98.

How are these restrictions enforced at the border? Does Oman maintain any internal limits on production of these products?

Reply

The restrictions are implemented by the Customs. There are no internal restrictions on the production of milk and eggs.

Question 99.

Can Oman confirm that it does not intend in the future to introduce any other import quotas?

Reply

Yes, Oman can confirm that in the future it would not introduce any other import quotas.

Question 100.

Quantitative restrictions on imports of agricultural products are prohibited by the WTO Agreement on Agriculture. In the context of WTO accession, Oman's quotas must be eliminated and replaced with WTO-consistent means of protection.

Reply

Oman would replace these quotas by tariffs upon its accession to the WTO.

Question 101.

Can Oman confirm that it does not intend in the future to introduce restrictive import licensing?

Reply

Yes, Oman can confirm that in the future it would not introduce any restrictive import licensing.

Question 102.

With respect to quantitative import restrictions in paragraph 77,78 and 79, import quotas are applied to milk, eggs, fruits and vegetables. Please explain how the import quotas are implemented.

Reply

Please see reply to question 93.

Question 103.

In the case where import licensing method is applied, how will Oman ensure transparency and impartiality regarding the eligibility of applications, the criteria of issuance and so on?

Reply

Transparency is ensured by informing all concerned about the size of quota and its opening date. Impartiality is ensured by allocating quotas on the basis of past performance.

Question 104.

What are the justifications for the Ministry of Agriculture and Fisheries' and the Public Authority for Marketing Agricultural Produce's (PAMAP's) annual and seasonal application of quantitative import restrictions to milk, eggs, fruit and vegetables. (WT/ACC/OMN/2, pages 12-13, para 77-79).

Are the findings of studies conducted to this end consistent with GATT Article XI?

How does Oman plan to eliminate import quotas on these products in line with the WTO Agreement on Agriculture?

Reply

Please see replies to questions 93 and 94. As stated in reply to question 93, no import quotas are fixed for fruits and vegetables.

The import quotas on milk and eggs will be replaced by tariffs. Import of fruits and vegetables will also be regulated in future by tariffs.

Question 105.

Could Oman clarify whether the prohibition on imported petroleum products, in circumstances where such products can be supplied by the Oman Oil Refinery in quantities sufficient to satisfy domestic requirements (see WT/L/33, page 4, III(d)), remains in operation?

If so, when is this prohibition likely to be lifted (bearing in mind that it conflicts with GATT Article III and XI)?

Reply

The prohibition remains in operation.

Oman would do what is necessary to comply with its WTO obligations.

Question 106.

Please identify by tariff line or category the imported products that are subject to labelling requirements. Please describe these requirements and why they are imposed with special reference to how the requirements are applied and enforced with regard to similar domestic products.

Reply

All prepared, prepackaged foodstuff items are subject to labelling requirements. The labelling requirements are according to GCC Standard for Labelling of Prepackaged Foods. These consist of disclosing the contents of item and the date of manufacture and expiry date. The labelling shall be in English and in Arabic. The purpose of labelling requirements is consumer protection.

Same labelling requirements are enforced for domestic products through periodic and surprise inspection of factories and supermarkets by the staff of DGSM.

Question 107.

In addition to the import restrictions and prohibitions that apply to the products listed in Annex 7 of the Memorandum and the quota restrictions described in pares 77-79, please indicate any other quantitative, security, or protective restrictions applied to imports, listing the item affected, the nature of the restrictions, and how it is enforced. Please indicate the provisions of the WTO that cover these restrictions.

Reply

No, there are no other prohibitions or restrictions.

Question 108.

We understand that Oman applies standards and sanitary/phytosanitary requirements to imports. In addition, Oman administers quota restrictions on certain agricultural imports. We do not understand how Oman can implement such a system without recourse to import licensing procedures.

Reply

Questionnaire on import licensing procedures is under preparation and will be sent later to the WTO.

(h) Customs valuation

Question 109.

Could Oman elaborate on how it regulates non-tariff border restrictions such as those described above, describing the procedures for the implementation of the restrictions and the allocation of the import quotas in the form of a response to the questionnaire on Import Licensing Procedures?

Reply

Questionnaire on import licensing procedures will be submitted later.

Question 110.

What is the legislative basis for Oman customs valuation system?

Please provide the Working Party with a copy of the relevant piece of legislation.

Reply

Oman does not have written laws or regulations on customs valuation system.

Question 111.

According to paragraph 83 of the Memorandum, the system of valuation is not based in entirety on the WTO Customs Valuation Agreement or on the Brussels Definition of Value. In addition, the information contained in Annex 4 confirms that legal regime for customs valuation in Oman does not cover all of the provisions of the WTO Agreement. Please provide in translation the regulations used by Omani customs officials in applying the valuation provisions of the Customs Law to imports.

Reply

There are no written regulations on customs valuation.

Question 112.

Please identify and describe those aspects of the customs valuation regime which are not in conformity with the WTO Customs Valuation Agreement.

Reply

The Customs Valuation regime of Oman does not have provisions corresponding to the following provisions of the WTO Agreement on Customs Valuation:

- there is no detailed provision corresponding to paragraphs 1 and 2 Article 1 of the Agreement on Customs Valuation, although the customs valuation system of Oman is based on transaction value;
- there is no provision corresponding to Articles 2 and 3 of the Agreement on Customs Valuation;
- there is no provision corresponding to Article 5 of the Agreement on Customs Valuation;
- there is no provision corresponding to Article 6 of the Agreement on Customs Valuation;
- there is no provision corresponding to Article 7 of the Customs Valuation Agreement;
- there is no provision corresponding to Article 8 of the Customs Valuation Agreement.

Question 113.

Does Oman anticipate any problems in applying the WTO Customs Valuation Agreement in full from the date of accession to the WTO?

Reply

The Sultanate of Oman would not be able to apply the Agreement on Customs Valuation from the date of accession to the WTO as it would have to make new elaborate laws and regulations based on the WTO Agreement on Customs Valuation; it would have to prepare manuals, administrative procedures and instructions to implement the Agreement; it would have to train the customs staff to

apply the Agreement and it would have to train and acquaint the importers and customs brokers in the new system of valuation. All this would be a monumental, time consuming task for a small country like Oman and it would require time to do that. In fact Oman may need technical assistance from the WTO and from its member countries in order to implement the Agreement on Customs Valuation.

Question 114.

Could Oman provide copies of its laws governing customs valuation?

How is Oman's system different from the WTO Customs Valuation Agreement (WT/ACC/OMN/2, page 13, paragraph 83 and page 43, Annex 4)?

Does Oman have any intention to amend its legislation prior to accession to enable it to fully meet WTO customs valuation obligations as from the date of accession?

Reply

Oman does not have written laws on customs valuation.

Please refer to reply to question 112 concerning differences between Oman's system and the WTO Agreement on Customs Valuation.

As stated in reply to question 113, it would not be practicable for Oman to implement the WTO Customs Valuation Agreement as from the date of accession.

Question 115.

Please describe in detail the process for calculating import value when transaction value is determined not to apply as the basis for customs valuation.

Reply

If the transaction value is not accepted, the value of imported goods is determined on the basis of invoice price of identical or similar goods imported earlier.

Question 116.

Does Oman use minimum prices in the calculation of import value? Please describe the circumstances and process of applying such minimum prices, and list, by tariff line item, any products for which this procedure is required or commonly used. Please include the minimum price applied and how it is determined.

Reply

No, Oman does not use minimum values.

Question 117.

We appreciate Oman's frankness in describing the limitations of its current valuation system vis-à-vis the WTO. We would be pleased to work with Oman to facilitate adoption of a WTO-based system. Please describe the legislative and administrative steps that will be required to bring the customs valuation system into full conformity with WTO requirements, e.g., to enact the

provisions of the Agreement in the law of Oman, and provide a timetable for accomplishing this prior to WTO accession.

Reply

The Sultanate of Oman appreciates the offer of assistance in implementation of the WTO Customs Valuation Agreement. For reasons explained in reply to question 113, it would not be practicable for Oman to implement the WTO Customs Valuation Agreement from the date of its accession to the WTO. The Sultanate of Oman would require an adequate transition period for this purpose.

Question 118.

Concerning cases where the classification, valuation, or duty assessment by customs officials is disputed by importers or exporters: please describe more fully the avenues and procedures for appeal available, and provide copies of regulations or laws, in translation, pertaining to the appeals process.

Reply

There are no written rules or regulations concerning appeals in cases of customs classification, valuation or assessment of duty. However, an aggrieved party may approach the customs officer in charge of the port, airport or land border station. If he is not satisfied with the decision of the officer in charge, he may go in appeal to the Director General of Customs.

Question 119.

Is the Authority for Settlement of Commercial Disputes used in such cases? Is it independent of the Customs authority? How many customs valuation, classification, or duty assessment appeals has this authority consider in the past three years? What was the average duration of time from initiation of the appeal of valuation or duty assessment until the final resolution of the dispute by the Authority for the Settlement of Commercial Disputes?

Reply

No

(j) Pre-shipment inspection

Question 120.

Will Oman undertake that, should any preshipment inspection system be introduced in the future, the operation of such a system will be consistent with the relevant WTO Agreements, in particular, on Preshipment Inspection and Customs Valuation?

Reply

Yes, the Sultanate of Oman undertakes that in case it introduces any preshipment inspection system in the future, its operation will be consistent with the provisions and requirements of WTO Agreements on Preshipment Inspection and Customs Valuation.

(k) Application of internal taxes on imports

Question 121.

Can Oman confirm that it does not apply any internal taxes such as VAT or excise duty?

Reply

It is confirmed that Oman does not apply any internal taxes such as VAT, sales tax or excise duty.

Question 122.

Can Oman confirm that there are no internal taxes, such as value added taxes, excise taxes or sales taxes imposed on products sold within Oman (WT/ACC/OMN/2, page 13, paragraph 90)?

If such taxes exist, do they apply equally to imported and domestic products?

Reply

It is confirmed that Oman does not apply any internal taxes, such as value added taxes, excise duties or sales taxes either on imported goods or on domestically produced goods.

Question 123.

According to paragraph 90 of the Memorandum, there are no internal taxes on imports within the meaning of Article III of GATT 1994. In addition, there is no other information in WT/ACC/OMN/2 on other aspects of Oman's taxation system. Please explain the nature of the qualifying phrase in paragraph 90, "within the meaning of Article III of the GATT 1994".

Reply

The qualifying phrase in paragraph 90 of the Memorandum related to internal taxes applicable to goods such as VAT, sales tax and excise duty. Article III, we understand, does not deal with direct taxes.

Question 124.

Without regard to Article III of GATT 1994, please describe the system of taxation applied by the Sultanate to individuals and entities, e.g., income tax, profits tax, payroll taxes, VAT or excise taxes, stamp taxes or other indirect taxes on commerce. (Note: If Oman does not have certain tax regimes, please confirm this.).

Reply

The Sultanate of Oman does not apply excise taxes, sales taxes, VAT, stamp duties and payroll taxes.

It only applies income tax. (Details given in reply to Question 125).

Question 125.

For each tax type or system listed, describe the nature and scope of the taxes, its level of incidence, and the products and/or persons to which they are applied.

Reply

The only tax applied by the Sultanate of Oman (in addition to customs duties) is the income tax. The income tax in Oman applies only to businesses. There is no personal income tax in Oman. Income tax is levied on the profits of businesses which are operating in Oman. The rate of tax varies according to the level of foreign ownership, as follows:

- for Omani businesses with no foreign participation, the top rate of tax is 7.5 per cent;
- businesses which have Omani participation of less than 10 per cent are liable for tax on a sliding scale with a maximum rate of 50 per cent;
- Omani companies with foreign participation of 90 per cent or less are taxed as follows:
 - (a) Public Joint-Stock Companies are subject to a maximum tax rate of 7.5 per cent provided that (i) 51 per cent capital is owned by Omani citizens and/or companies, and (ii) the company has offered at least 40 per cent of its shares for public subscription. In case conditions (i) and (ii) are not satisfied, the tax rate varies from 15 per cent to 25 per cent.
 - (b) Other companies, i.e. other than joint-stock companies are subject to tax rates ranging from 15 to 25 per cent.
- foreign companies without a permanent establishment in Oman and which receive royalties or fees for management, lease of machinery and equipment, know-how or research and development from businesses resident in Oman, are subject to a rate of tax of 10 per cent on turn over;
- income arising from the retail sale of gasoline and petroleum products is taxed at 55 per cent. Oil exploration and production companies are generally taxed under special rules set out in the relevant concession agreement.

Question 126.

Please identify any taxes that are applied to imported goods or foreign persons, but not to domestic goods or persons. Please identify any taxes for which the rate applied to imported goods or on foreign persons is different from the rate applied to domestic goods or persons.

Reply

There are no internal taxes applicable either to imported goods or to domestic goods. Similarly there are no taxes applicable to foreign individuals or to Omani nationals.

As for direct taxes on companies, please see reply to question 125.

Question 127.

Please indicate in general terms the percentage of the total Government revenue provided by these taxes, and by tariffs.

Reply

The percentage of total government revenue accounted for by customs duties and by income tax on businesses was 1.4 per cent in 1991 and 2.5 per cent in 1995.

(l) Rules of origin

Question 128.

According to paragraph 91 of the Memorandum, Oman uses rules of origin for imports from GCC countries. The Memorandum does not appear to describe how Oman determines rules of origin for use in non-preferential commercial policy instruments (some of which may not yet apply in Oman), such as application of most-favoured nation treatment, anti-dumping and countervailing duties, safeguard measures, origin marking requirements, discriminatory quantitative restrictions or tariff quotas, and government procurement and trade statistics. Please provide copies, in translation, of laws, decrees, or regulations governing the rules of origin applied in Oman, as they are applied to both preferential and non-preferential trade.

Reply

The Sultanate of Oman does not use any rules of origin for non-preferential trade.

Question 129.

Please describe Oman's rules of origin regime for use in non-preferential commercial policy instruments, noting where current provisions conform (or not) with the requirements of the WTO Agreement on Rules of Origin.

Reply

Oman has no rules of origin for non-preferential trade.

Question 130.

We seek implementation of WTO provisions on Rules of Origin in the trade regime of Oman.

Reply

The Sultanate of Oman upon accession to the WTO would abide by its obligations under all WTO Agreements including the Agreement on Rules of Origin.

Question 131.

Is proof of origin required for products originating from all countries or only from those countries exporting to Oman under a preferential scheme?

Where proof of origin is required, what constitutes that proof?

Reply

Proof of origin is required only for products originating from GCC countries which are part of the GCC free-trade area.

Certificate of origin is considered the proof of origin.

Question 132.

How is the country of origin currently ascertained?

Reply

It is accepted on the basis of a certificate of origin.

Question 133.

Oman seems only to apply preferential rules of origin in relation to imports from GCC countries (WT/ACC/OMN/2, page 14, paragraph 91).

In the light of this, how will Oman administer obligations it will assume under the Agreement on Rules of Origin?

What time frame does Oman envisage for development and implementation of standards in this area?

Reply

The Sultanate of Oman at present does not have legislation on anti-dumping, countervailing duties and safeguards. When it has such legislation and would feel the need to apply such measures, it would frame rules of origin for that purpose. In doing so it would strictly follow the provisions of the Agreement on Rules of Origin. The timing of this may be sometime after Oman accedes to the WTO.

(m-o) Anti-dumping, countervailing duty, safeguard regime

Question 134.

Oman does not currently have any laws or regulations covering anti-dumping, countervailing measures or safeguards (WT/ACC/OMN/2, page 14, paragraphs 92-94).

Can Oman confirm that, in the absence of legislation, there is no official or Ministerial discretion to impose such measures?

Does Oman intend to introduce laws to govern these measures prior to its accession to the WTO?

If so, will such laws be made available to the Working Party for examination?

Reply

It is confirmed that Oman has no official or Ministerial discretion to impose anti-dumping, countervailing duties or safeguard measures.

The Sultanate of Oman would introduce laws in these areas after its accession to the WTO. The proposed laws would be in strict conformity with the provisions of the relevant WTO Agreements. At an appropriate time, Oman would submit laws in draft form to the WTO before finally enacting these.

Question 135.

Paragraphs 92-94 state that Oman has no laws, decrees, or regulations on the application of anti-dumping, countervailing duty, or safeguards measures. How does the Government of Oman intend to proceed to develop appropriate legal basis to implement the provisions of the relevant WTO Agreements? If Oman intends to apply any such restrictions after accession to the WTO, it should be in the context of a legal regime consistent with the provisions of WTO Agreements.

Reply

Please refer to reply to question 134.

Question 136.

Could Oman please confirm that no safeguard legislation is in force/in preparation?

If this is not the case, please provide a copy of its legislation/draft legislation in a WTO language.

Reply

Yes, it is confirmed that Oman does not have a safeguard legislation at present, nor is it under preparation.

2. Export Regulation

(a) Registration requirements for engaging in exporting

Question 137.

Paragraph 66 noted that "any company or individual who has registered with the Ministry of Commerce and Industry under the relevant laws can engage in importation". Does this also apply for exporters, i.e., must a company or individual be registered with the Ministry of Commerce and Industry "under the relevant laws" in order to export?

Reply

An individual or a company in order to engage in any business activity should get registration in the commercial register. There is no separate or specific registration required for export trade.

Question 138.

How do the registration and any other requirements to export differ from those for (a) importation, and (b) domestic commerce and distribution?

Reply

As stated in reply to question 137, there is no separate or specific registration for engaging in export trade.

Question 139.

What role does commercial agency play in exporting?

Reply

None

Question 140.

Please confirm that any natural or legal person, whether or not Omani, can engage directly in exportation activities.

Reply

An individual or a company must be registered for engaging in business activities. Those individuals or companies which are so registered can engage in export trade.

In order to get registration, an individual must be an Omani national, not less than 18 years of age, with his main place of business in Oman.

The procedure for registration of a company is described in reply to question 53.

(b) Customs tariff nomenclature, types of duties

Question 141.

Paragraph 97 states that there are no export duties. Does Oman tax exports, e.g., of petroleum?

Reply

No, there are no export duties on petroleum.

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

Question 142.

What is the reason for requiring the approval of the Ministry of Agriculture and Fisheries before being able to export date seedlings or certain fish species?

Reply

The main reason for requiring the approval of the Ministry of Agriculture and Fisheries before being able to export dates seedlings is the preservation of local species and varieties.

The justification for restrictions on export of fish is the fear of extinction of some rare fish species of high economic value which are facing threat of over exploitation in Omani waters. To achieve this goal, the fishing season for these species has been fixed to guarantee their breeding during the closed season.

Question 143.

Please list the species of fish which require Ministerial approval before exportation.

Reply

Only three species of fish are subject to export restrictions during a fixed period of the year i.e. during breeding and reproduction periods.

The three species are:

- lobster;
- abalone;
- shark.

Question 144.

Please explain how one goes about obtaining permission to export date seedlings and certain fish species.

Reply

- (a) Exportation of date seedlings is prohibited.
- (b) To export certain fish species the procedure is as follows:
 - exporting company should be registered Omani company performing fish trade and export activity and holding a licence from the competent authority;
 - fish to be exported should be already registered as stock caught by the company before the end of the fishing season as stipulated for each species in the Executive Regulations of the Marine Fishing Law;
 - fish species to be exported should be complying with the specifications and conditions determined by the Ministry.

Question 145.

What criteria are used by the Ministry of Agriculture and Fisheries in deciding whether or not to grant this permission?

Is there any quantitative element to this export restriction? If so, please detail and explain why.

Reply

The following conditions and criteria are followed:

- the exporting company should be registered Omani company performing fish trade and export activity and holding a licence from the competent authority;

- fish to be exported should be already registered as stock caught by the company before the end of the fishing season as stipulated for each species in the Executive Regulations of the Marine Fishing Law;
- fish species to be exported should be complying with the specifications and conditions determined by the Ministry;
- there is no quantitative limit.

Question 146.

Could Oman elaborate on the Ministry of Agriculture and Fisheries' preconditions for the approval for export of date seeding and certain species of fish (WT/ACC/OMN/2, page 14, paragraph 99)?

Do these preconditions directly or indirectly constitute export quotas which are inconsistent with GATT Article XI?

Reply

Please see replies to questions 144 and 145. We don't think the restriction on export of fish amounts to a quota. The restriction is meant to avoid over-exploitation of rare marine resources.

Question 147.

Does Oman intend to make use of (a) export prohibitions or (b) export quotas in the future for any products?

Reply

No, Oman would not use any export prohibitions or export quotas inconsistent with the WTO rules.

(f) Export financing, subsidy and promotion policies

Question 148.

Does Oman maintain or have the intention of introducing in the future, any export subsidies?

Reply

The Sultanate of Oman does not maintain any export subsidies and has no intention of introducing export subsidies in the future.

Question 149.

Is the interest subsidy scheme (WT/ACC/OMN/2, page 15, paragraph 103) considered by Oman to constitute an export subsidy within the meaning of the Agreement on Subsidies and Countervailing Measures and the Agreement on Agriculture?

Reply

No, we do not consider the interest subsidy scheme as an export subsidy as it is not contingent on exports.

Question 150.

According to paragraph 103 of the Memorandum, the Export Guarantee and Financing Unit, of the Oman Development Bank, assists manufacturers in their borrowing with the interest subsidy scheme, as well as export financing. Is the Oman Development Bank a publicly-owned or controlled entity? Does the Government of Oman provide any form of financial assistance to the Development Bank, for providing insurance cover, or for assisting manufacturers in their commercial borrowing with the interest subsidy scheme?

Reply

The Oman Development Bank is an Omani shareholding company established under a Royal Decree. The share capital of the Bank currently stands at Rial Omani 10 million, of which the Government of Oman hold a 54 per cent share. The Bank works on commercial lines in its operations.

The Export Guarantee and Financing Unit (EGFU) operates the export credit insurance scheme and the interest subsidy and export financing schemes. The Unit was launched with full funding from the Government of the Sultanate of Oman. However, in its operations of the export credit insurance scheme, the Unit charges premium rates which are adequate to cover the long-term operating costs and losses of the scheme.

The financing of the interest subsidy scheme and the export financing scheme is explained in reply to question 151.

Question 151.

Please describe fully the interest subsidy and export financing schemes, including the scope of coverage, eligibility criteria, sources of funding, and interest rates charged vis-à-vis commercial rates of interest on comparable loans.

Reply

Since 1991, the EGFU has been providing assistance to Omani exporters with the cost of financing the post shipment period of export credit. In many cases the gross interest rate is reduced. At the end of each month the financing Bank makes a claim on EGFU for the appropriate subsidy which is credited to the customer's account within a few days of the claim.

The main criterion for eligibility is that the exported goods should meet a value added requirement of 25 per cent or more, of the total sale value, by way of labour costs, interest, depreciation, taxes and net profit. The second criterion for eligibility is that the debt must be credit insured with the EGFU.

The EGFU has arranged with major Omani commercial banks whereby they will grant post-shipment advance in Rials Omani at a concessional interest rate of 7 per cent per annum to all exporters who are credit insured by discounting their export bills. However, the post-shipment advance shall be granted for a period not exceeding 180 days of each export bill.

As for export financing scheme, the commercial banks would not grant a loan without a collateral so as to cover their risk against non-payment. The export credit insurance policy issued by the EGFU to an exporter can be assigned to a commercial bank, as a collateral, to secure a loan. Thus on the strength of the insurance policy, the exporter can enjoy improved financial facilities.

Question 152.

Please confirm that Oman has no export subsidy or financing policies other than the interest subsidy and export financing schemes.

Reply

It is confirmed that Oman has no export subsidy or financing policies.

Question 153.

Concerning raw-material pricing for the production of exports, what is the policy of Oman regarding feedstock pricing in the petrochemical sector and, particularly for propane, butane, and naphtha? What is Oman's policy on pricing for export and for domestic deliveries of feedstocks?

Reply

The pricing of feedstocks for export projects is based on the principle that feedstocks should not be subsidised. Thus, the full development and delivery costs of feedstocks to the export sector must be recovered with a margin to reflect, at least, the cost of capital. In applying this, consideration is given to "Value Added" generated by the individual projects to the over-all economy of Oman.

As of January 1995, all domestic deliveries of feedstocks to, for example, the energy sector and for water desalination, are priced in accordance with the Energy Council directive, setting this price at \$1.50/mscf. This price is based on 1/12th of crude oil price of \$18/bbl (approximately 1/2 of the energy equivalent of crude price at \$18/bbl).

Question 154.

Please provide copies of any laws, regulations or decrees, in translation, applicable to feedstock pricing.

Reply

There are no laws, regulations or decrees.

Question 155.

Does the Government of Oman provide butane or other feedstocks for the production of exported MTBE at prices lower than otherwise found in the domestic market? Does the Government of Oman sell butane to third-party buyers for export at prices equal to those charged to domestic MTBE producers?

Reply

There is no domestic production of MTBE.

Question 156.

Does Oman intend to adopt policies in the future to encourage increased production and exports of MTBE?

Reply

Since there is no production, there is no programme of increased production.

(h) Import duty drawback scheme

Question 157.

Import duty is refunded if imported goods are re-exported in the same form (WT/ACC/OMN/2, page 15, paragraph 105).

We understand therefore that duty drawback is not available if imported goods are incorporated in other goods or are transformed in some other way. Is this correct?

To what extent must a good be transformed before it is disqualified for duty drawback?

Reply

Yes, duty drawback is not available if imported goods are incorporated in other goods or are transformed in some other way.

Goods are considered as transformed if they lose their character or identity. Minor changes, without affecting the character of goods, will not make them ineligible for drawback.

3. Internal Policies Affecting Foreign Trade in Goods

(a) Industrial policy, including subsidy policies

Question 158.

Para 106 of the Memorandum outlines the objectives of Oman's policies to expand the industrial sector. It refers to "the encouragement of export oriented industries"; the "integration and strengthening of inter-linkages in the industrial sector"; the encouragement of "resource-based heavy industries.."; "optimum utilization of the available national resources..."; and to Oman's intent to "adopt import substitution policy to selective industries". Please describe the measures and means that Oman intends to use to give effect to its import substitution policy, and their relationship to WTO provisions. Which industries have been selected for the import substitution policy? How will these measures apply to foreign firms that have invested in Oman?

Reply

The objectives of the industrial policy mentioned in paragraph 106 of the Memorandum, and quoted in this question, are general, indicative objectives. There are no specific targets fixed for these objectives nor are there specific measures or particular incentives for each of these objectives.

The incentives provided to industries by the Government of the Sultanate of Oman are mentioned in paragraph 110 of the Memorandum. These are:

- (i) free survey of industrial investment opportunities and soft loans for conducting pre-feasibility studies;
- (ii) provision of interest-free loans by the Government and soft-term loans by Oman Development Bank (Bank structure described in reply to question 150);
- (iii) exemption from customs duty on import of machinery, equipment, spare parts and raw materials.

A detailed description of interest-free and soft-term loans is given in replies to questions 171 and 172. These are available to all industries without any discrimination. The soft-term loans are available on the same terms to both domestic and foreign companies (i.e. foreign companies which are duly established in Oman under the Companies Law and/or the Foreign Capital Investment Law).

Interest-free loans are available on the same terms to all Omani companies and to foreign companies in which the Omani share is not less than 75 per cent.

Exemption from customs duty on machinery, equipment and spare parts is available to all industries and to all companies whether domestic or foreign, without discrimination. Exemption from customs duty on raw materials is available for an initial period of five years, extendable for two further five-year terms. This exemption is also available on the same terms to all industries and to all companies, domestic or foreign. (Foreign companies of course are those duly established in Oman).

The incentive of free surveys and soft loans are also available to all industries and to all companies, domestic and foreign.

There are no specific measures for import substitution industries, nor have any industries been selected under this policy. As described above, the incentives are available to foreign companies, except for interest-free loans which are available only to those foreign companies in which Omani share is no less than 75 per cent.

Question 159.

How does Oman intend to encourage export oriented industries?

Reply

Please see reply to question 158. There are no particular incentives for export oriented industries. Only general export promotion measures are taken to facilitate exports.

Question 160.

Please describe all incentives used by the Government of Oman to encourage export-oriented industries. What industries have been identified for the receipt of these incentives? What role would export subsidies, tax exemptions, interest-free loans, and subsidized land and equipment play in this export initiative? Are foreign firms eligible for these incentives under the same terms and conditions as domestic firms?

Reply

Please see replies to questions 158 and 159. There are no specific measures of the types like export subsidies, tax exemptions, interest-free loans etc.

Question 161.

Please describe all incentives used by the Government of Oman to integrate and strengthen inter-linkages in the industrial sector. Are these measures available to foreign invested firms?

Reply

Please see reply to question 158.

There are no specific measures or incentives to integrate or strengthen inter-linkages in the industrial sector.

Question 162.

Please describe all incentives used to encourage resource-based heavy industries and high value-added light industries.

Reply

Please see reply to question 158.

There are no specific measures or incentives to encourage resource-based heavy industries and high value-added light industries.

Question 163.

How does Oman intend to "encourage resource-based heavy industries and high value-added light industries"?

Reply

Please see reply to question 162.

Question 164.

Please describe all measures used to encourage the use of domestically-produced raw materials and intermediate products, particularly oil derivatives and petrochemicals. What incentives does Oman provide or intend to provide to encourage investment in facilities used to produce petrochemicals, such as MTBE and methanol?

Reply

No measures or incentives are used for this purpose, nor does Oman plan to use any particular measures or incentives.

Question 165.

How does Oman decide which enterprises should benefit from "exemption from customs duty on import" of certain items?

Do any enterprises currently benefit from this incentive?

Reply

All industrial enterprises are eligible for this exemption, including all domestic and foreign companies on the same basis.

Many, many enterprises are benefiting from this concession.

Question 166.

Please provide more details about Oman's objective to adopt import substitution policies to selective industries. What industries will be targeted? What form will these policies take?

Reply

Please see reply to question 158.

Question 167.

Could Oman provide more information about the non-tariff measures which are applied to expand the industrial sector, in particular the import substitution policies applied to selective industries (WT/ACC/OMN/2, page 15, paragraph 106)?

Reply

Please see reply to question 158. There are no specific measures or incentives. There is a provision in the Law on the Organization and Encouragement of Industry (Article 19, paragraph 4) which empowers the Government to increase customs tariff on imported goods which are similar to domestically produced goods, or to prohibit or restrict their importation. However, this is a dormant provision and has not been used for the last 15 years.

Question 168.

As Oman intends to increase substantially its manufacturing sector over the next 25 years (WT/ACC/OMAN/2, page 15, paragraph 108) can Oman give assurances that this will be done in ways consistent with WTO obligations, including those relating to subsidies?

Reply

The Sultanate of Oman can confirm, and assure, that its policies will fully conform to the WTO rules, including rules on subsidies.

Question 169.

We would appreciate more detail on Oman's provision of industrial incentives, including conditions for the provision of interest-free and soft loans, exemption from customs duty on machinery, equipment, spare parts and raw materials (WT/ACC/OMN/2, page 16, paragraph 110).

Reply

Please see replies to questions 158, 171 and 172.

The incentives and measures are not related in any way to export performance.

Question 170.

Concerning the industrial incentives mentioned in paragraph 110, please provide additional information. Are these incentives available to all enterprises, including foreign or foreign-owned entities? Do these incentives apply in all sectors? Is the award of these incentives contingent upon any special conditions?

Reply

The incentives and measures described in paragraph 110 of the Memorandum and in reply to question 158 are available to all industries and to all companies, domestic and foreign, except for interest-free loans which are available to those companies in which Omani share is no less than 75 per cent.

The award of these incentives are contingent upon the industry having a registration certificate from the Ministry of Commerce and Industry (for engaging in commercial activity). The sanction of loan is contingent upon the project having an industrial licence and the submission of a feasibility report which proves that the project is technically feasible and economically viable.

Question 171.

Please provide additional information on eligibility requirements for the Government interest-free loans and the Oman Development Bank soft-term loans. Under what terms and conditions can firms wholly or partially owned by foreign investors receive assistance in the form of the interest-free or soft term loans?

ReplyEligibility of Government Interest-free Loans for industry:

- the project shall be an industrial project holding an industrial licence/registration certificate;
- the capital shall have been fully paid in at the time of the loan application;
- the project shall have an independent budget if it is operating under a multi-purpose company;
- 75 per cent of the project capital shall be owned by Omanis throughout the loan period. Nevertheless, the Minister of Commerce and Industry may, after the approval of the Ministerial Committee, exempt the projects that contribute to the promotion of the national economy provided the Omani participation shall not be less than 51 per cent of the project capital;
- as for soft-term loans by the Oman Development Bank, the eligibility criteria are as follows:
 - (a) the project should be a manufacturing or service project in the industrial, fisheries, petroleum and mining sectors,
 - (b) should belong to an establishment which is subject to Omani Commercial Companies Law and registered in the Sultanate of Oman,
 - (c) should have obtained all the relevant governmental permissions. However, industrial projects can apply for a loan before obtaining the permissions,

- (d) should be located in the Sultanate of Oman,
- (e) should be technically feasible and economically viable,
- (f) its promoters should be of good reputation.

Question 172.

Please describe how the interest-free and soft-term loans provided to industry conform, or will be changed to conform, to the rules of the WTO, including the Agreement on Subsidies and Countervailing Measures. Please describe the terms that typically apply to these loans, such as limitations on amounts borrowed, repayment terms, applicable interest rates, performance requirements, etc. What were the total annual amounts of interest-free loans and soft-term loans issued for each of the past three years? What percentage of these loans are classified as non-performing loans?

Reply

The interest-free Government loan and Oman Development Bank loan schemes are being revised so that a unified interest rate may be charged. Typical terms of the prevailing interest-free loan scheme are as follows:

- for projects taking the form of an Omani Joint-Stock Company or owned by such companies and which have covered not less than 25 per cent of their capital through public subscription, the loan shall be 100 per cent of the paid up capital if they are in Muscat Governorate and 125 per cent of the paid up capital, and without a maximum limit, if they are outside Muscat Governorate;
- a maximum of two loans shall be sanctioned for any one project within the limit of the company's paid up capital;
- the loan is interest-free and payable in 10 annual instalments starting as follows:
 - (a) after 5 years from commencement of production or receipt of the last payment of the loan whichever comes first with regard to existing projects,
 - (b) after 5 years from the purchase of machinery and equipment required for the expansion of the project production capacity or the receipt of the last instalment of the loan, whichever comes first with regard to existing projects,
 - (c) after 3 years from the date of payment of the last instalment of the loan in the case of projects facing financial difficulties,
- in all cases the repayment shall not exceed the lifetime of the project;
- all assets of the projects for which the loan is sanctioned shall be mortgaged to the government;
- an interest of 10 per cent shall be collected annually on any overdue instalment. In the event of default in payment for more than 6 months after the maturity date, all the remaining instalments may be regarded as due and have to be paid as a lump sum;
- amounts of loans sanctioned during the last three years are as follows:

<u>Million RO</u>	<u>Manufacturing</u>	<u>Tourism</u>
1994	7.6	0.4
1995	17.3	8.0
1996	16.8	6.9
(Up to end of Nov)		

The Oman Development Bank (ODB) grants soft-term loans to manufacturing and service projects in the industrial, fisheries, petroleum and mining sectors. The Bank currently charges a rate of interest at 9 per cent. However, the Government of the Sultanate of Oman bears part of that interest by way of subsidy of 3 per cent per annum to projects located in Muscat area and of 5 per cent per annum to projects located outside Muscat area.

A grace period of one to two years depending upon the projected cash flow of the project is allowed for commencement of payment of instalments. The grace period usually commences from the date of signing of loan agreement. The duration of the loan ranges between 3 to 10 years.

The soft-term loans are available to all enterprises, domestic and foreign on the same basis.

Loans sanctioned by the Bank in the last three years are as follows:

1994	RO 12.19 million
1995	RO 19.39 million
1996	RO 22.19 million

The non-performing loans of the Bank, as of 31 December 1996, represent 6.55 per cent of the outstanding loans.

The two schemes described above are permissible subsidies under the WTO Agreement on Subsidies and Countervailing Measures. These do not fall in the category of prohibited subsidies, as the two type of loans are not contingent on export performance or contingent upon the use of domestic over imported goods.

We would tend to think that the two schemes are non-actionable subsidies within the meaning of the Subsidies Agreement as these are not specific to enterprises or industries or groups of enterprises or industries. These are available to all enterprises and industries.

(b) Technical regulations and standards, including measures taken at the border with respect to imports (Annex 5)

Question 173.

Please provide, in translation, all relevant laws, decrees and regulations governing the standards-setting process in Oman and how it is applied to imports.

Reply

The English translation of the Royal Decrees which are governing the standards-setting process in Oman are enclosed.

The Directorate General for Specifications and Measurements (DGSM) is the National Standards body in the Sultanate of Oman. It has been incorporated by the Royal Decree No. 39/1976 dated

20 October 1976. The DGSM is responsible for all activities related to Standardization and Measurements in Oman. All the technical regulations and standards which are adopted, issued and published by the DGSM are legally enforced by the law. The Omani Standards that safeguard public health, safety and the environment are mandatory.

Quality Assurance and Product Certification is one of the largest and most versatile activities in Oman, where the DGSM applies an annual inspection programme for all commodities either imported or locally produced, to check compliance with the standards, to provide the consumers with the essential assurance that performance and safety requirements of the standards are being consistently achieved.

The manufacturers/exporters have to satisfy and demonstrate the conformity of their products and services to the standards or technical regulations of Oman. Similarly all the importers have to abide and submit, upon request, an evidence of compliance with the standards for each consignment.

Question 174.

Please indicate how Oman's standards are applied to imports, in particular, to what extent an import permit, certificate or licence is necessary for importation. In this regard, we would like to see information on Oman's import standards regulatory system reflected in response to the questionnaire on import licensing procedures contained in WT/ACC/1.

Reply

All the Omani Standards that safeguard the public health, safety and the environment are mandatory standards in Oman for both the imported and locally produced products.

All the manufacturers/exporters have to demonstrate the conformity of their products/services to the Omani Standards where they exist or to the international standards.

All the importers have to submit, upon request, an evidence of compliance of their imports with the standards. Importers are not required to produce an import permit or licence for imported goods. Importer may be required to produce an evidence of conformity of the imported goods with the Standard.

Question 175.

According to paragraph 111 of the Memorandum, most Omani standards and measures are based on international standards. In order for the WTO Working Party to better understand Oman's standards, certification and labelling requirements, please complete fully the questionnaires on technical barriers to trade and on import licensing procedures.

Reply

Questionnaire on technical barriers is attached to Oman's Memorandum as Annex 5. Questionnaire on licensing will be provided later.

Question 176.

Please describe how these requirements are enforced for domestic products.

Reply

Quality Assurance and Product Certification is one of the largest and most versatile activities in Oman, where the DGSM applies an annual inspection programme for all products including foodstuff products to check compliance with the mandatory standards to provide the consumers with the essential assurance that the performance and safety requirements of the standards are being consistently met. All products are subjected periodically to tests for conformity with standards.

Question 177.

Are there any impediments to Oman accepting the obligations of, and abiding by, the Agreement on Technical Barriers to Trade as from the date of its accession?

Reply

There do not appear to be any impediments to Oman's accepting the Agreement. However, nearer the date of accession, and in the light of questions and comments from WTO member countries, Oman would determine whether it would accept the Agreement immediately or would need a transition period.

Question 178.

We seek Oman's implementation of the WTO Agreement on Technical Barriers to Trade from the date of accession, and would like to work with Oman on aspects of its current regime that are as of now, not fully in conformity with WTO provisions.

Reply

Please see reply to question 177. We would welcome technical assistance from friendly countries.

Question 179.

Oman will have to accede to the TBT Agreement from the first day of accession to the WTO. What practical steps is Oman taking or planning to take to prepare for the accession to the TBT Agreement?

Reply

Oman is studying the compatibility of its system with the Standards Agreement. This study would be carried further in the light of questions, comments and observations by WTO members at the first meeting of the Working Party.

Question 180.

Could Oman please provide more detailed information the legal basis for technical regulations and standards?

Reply

The DGSM is the national standards body in the Sultanate of Oman, and has been incorporated by the Royal Decree No. 39/1976 dated 20 October 1976 and it is responsible for all activities related to standardization and measurements in the Sultanate of Oman. The technical regulations and standards

which are adopted and published by DGSM and other governmental authorities in the Sultanate of Oman are mandatory under the law.

Question 181.

Could Oman please provide an overview of regulations relating to different products/product areas?

Reply

The Omani Standards cover the following:

- (a) food stuff products;
- (b) chemical products;
- (c) building materials;
- (d) textiles;
- (e) electrical and electronics products;
- (f) mechanical and metallic products;
- (g) motor vehicles;
- (h) industrial safety and health regulations.

Question 182.

Are the standards used in Oman voluntary or mandatory; if mandatory, could Oman please state the rational behind this?

Reply

All the Omani Standards that safeguard public health, safety and the environment are mandatory standards. These are mandatory so as to ensure health and safety of the populace.

Question 183.

Could Oman please provide more in-depth information on the procedures and requirements connected with the mandatory and/or the voluntary system of certification? For example, does the Omani certification system contain the possibility of using a manufacturers' declaration? Does Oman use pre-market certification in any product areas?

Reply

(a) Quality Assurance and Product Certification is one of the largest and most versatile activities where DGSM applies an annual inspection programme for all commodities either imported or locally produced to check compliance with the Omani, Gulf or International standards, to provide the consumers with the essential assurance that performance and safety requirements in the standards are being consistently achieved. Within these activities the DGSM works with the manufacturers to provide the best solution to their product quality requirements. Part of DGSM QA's client support service is the development of guidance notes to help different Omani industries interpret ISO 9000 series, and apply it to their organizations.

(b) The DGSM accepts the third-party certification systems for products according to principles and rules of ISO/IEC Guides Nos. 16-1978(E) and 28-1982(E). The benefits of third-party certification

in providing undisputed proof of compliance are also becoming increasingly important in today's competitive markets.

(c) The DGSM also accepts the manufacturer's declaration of conformity with standards or the technical specifications according to ISO/IEC Guide 22-1982(E), but this does not preclude our right to ask for third-party conformity certificates for the products and to check compliance with the relevant standards.

(d) The DGSM tends in future to have the service of registration to ISO 9000 series and to undertake assessments within most areas of business and industry, in both the private and public sectors.

(e) The DGSM tends in future also to award the Omani Quality Mark as a symbol of the local manufacturers commitment to the quality and safety of their products and compliance with Omani Standards. The product marking will help the manufacturers and exporters to achieve their business aims and competitiveness in world markets.

Question 184.

Does Oman accept as equivalent certificates from third country certification bodies?

Reply

Yes, Oman accepts the third-party certification.

Question 185.

Has Oman developed a quality assurance system? Could Oman please provide further information on this system or on any plans to develop such a system.

Reply

Please refer to reply to question 183.

Question 186.

Does Oman accept test results and conformity assessments carried out by qualified agencies in exporting countries?

Reply

Yes, Oman accepts the third-party certification systems for products according to the principles and rules of ISO/IEC Guides Nos. 16-1978(E) and 28-1982(E).

Oman also accepts test results and conformity assessments managed by accredited laboratories according to ISO/IEC Guide 23 - Methods of indicating conformity with standards for third-party certification systems, and rules of ISO/IEC Guide 28 - General rules for a model third-party certification system for products, and ISO/IEC Guide 38 - General requirements for the acceptance of testing laboratories.

Question 187.

Paragraph 115 states that the Directorate General for Specifications and Measurements (DGSM) ensures that draft standards are circulated for comments in advance of finalization. Please describe the procedures used by DGSM to ensure that public notice of draft standards for comment is provided to all parties? How long is the period for comments on draft standards, technical regulations and conformity assessment procedures?

Reply

Omani Standards are elaborated in consultation with concerned parties, manufacturers, users, research organizations, governmental departments, testing laboratories and consumers, who constitute technical committees. The work is coordinated by the DGSM staff, acting as a technical secretariat to the technical committees where the concerned bodies are represented. The first draft standards are prepared by the DGSM technical staff. Draft standards are circulated to all concerned parties and they are given a time of two to four months for comments. After the receipt of comments, either a second draft is issued or a final standard is issued. In the case of a second draft a time of one month is given for comments.

All comments whether on the first or the second draft are carefully considered by the respective technical committees.

Oman does not at present issue a public notice for this purpose. The procedure is to send the draft standards to all concerned parties for comments.

The same procedure applies to technical regulations and conformity assessment procedures.

Question 188.

The DGSM is responsible for preparing Omani standards and activities related to standardization and measurements, and it issues administrative regulations and orders. Are the DGSM or other agencies required, by laws or regulations, to publish draft standards for public comment? What is the recommended period allowing for public comment on draft standards? Do the laws or regulations direct the DGSM or other agencies to consider the use of appropriate international standards when they are drafting standards?

Reply

Please see reply to question 187. Draft standards are not published for comments. However, these are sent to all concerned parties for their comments, as explained in reply to question 187.

Oman bases its standards on international standards, and most of its standards are based on international standards.

Question 189.

According to Annex 5 of the Memorandum, standards and technical regulations are published in the Official Gazette of the Sultanate of Oman. The WTO Agreement on Technical Barriers of Trade requires the publication in advance of implementation for comment by interested parties, of conformity assessment procedures and announcements of draft standards and technical regulations. Does the DGSM publish, for comment by interested parties, conformity assessment

procedures and announcements of draft standards and technical regulations? How much time is allowed for comment by interested parties?

Reply

Please see reply to question 187.

Question 190.

How much time must elapse between the publication of a draft standard and the issuance of the final standard? Does Oman notify its trading partners prior to the release of final standards? Does Oman notify those countries whose comments are rejected?

Reply

Not less than one year usually elapses between the publication of a draft standard and the issuance of the final standard and the corresponding Ministerial Decree. All the trading partners are invited and represented through their agents in the meetings of the technical committees where the work is done. Besides, the enforcing date of the standard begins 6 months after the issuance of the final standard and the corresponding Ministerial Decree.

Individual countries are not informed about rejection of their comments. They get to know it in the technical committee.

Question 191.

Could Oman detail the differences between its standards policy and the international standards regime, and what is being done to base Omani standards more on international standards (WT/ACC/OMN/2, page 16, paragraph 111)?

Reply

Omani Standards are essentially based on the international standards where these are appropriate and satisfying our levels of protection that safeguard the public health, safety and the environment, for example the micro-analytical and micro-biological assessment, not only for detection of contaminants but also of other properties that may directly affect the safety of food. Another example is the Omani Standards for Motor Vehicles imported to the Sultanate of Oman; these should be suitable for use in dusty atmospheric conditions, high percentage humidity, high ambient temperature and uneven roads especially for radiator (type and size), battery, tyres and suspension systems; besides, the motor vehicles should satisfy the essential safety requirements and the engine shall be suitable for domestic gasoline with respect to its lead content and octane number and also for domestic diesel oil and the gaseous pollutants to the atmosphere should not exceed the allowable limits according to the concerned Omani Standards. Another example of the Omani Standards with respect to the imported electrical and electronic products is that these should satisfy the requirements of OS 270/1995 for "Voltage Rating Provisions for Household Electrical Appliances and other Electrical Products for Domestic Use" and so on.

Question 192.

Please explain fully how Oman's system of standards conforms to WTO rules.

Reply

As explained in replies to previous questions Oman's system by and large conforms to WTO rules. The only deficiency we notice is that draft standards are not published for comments. In other respects we think our system is in conformity with WTO rules.

Question 193.

Please identify those individual standards and measures that are not in conformity with international norms.

Reply

The Omani Standards are essentially based on International Standards. In general Omani Standards are the minimum requirements which must be attained by a given product. The national standards may be equal to, or higher than the international standards based on the country's appropriate level of health protection (risk assessment) or country's climatic and environmental conditions.

Question 194.

According to paragraphs 54 and 111 of the Memorandum, all imported and domestically-produced goods must meet Omani standards and measures. Does DGSM develop standards for each individual food product imported into Oman? Please describe how the standards are applied to the import of similar, but different, products, when no specific standard exists.

Reply

Whenever no specific standard exists, the food products imported into Oman are tested to ensure the safety of foods in regard to the following concerns:

- absence of pesticide residues and residues of veterinary drugs in foods according to the recommended international code of practice (Codex Alimentarius);
- food additives according to Codex Alimentarius;
- levels for radio-nuclides in foods according to Codex Alimentarius;
- micro-biological methods of food examination - commercial sterility test: compendium of method for micro-biological examination of foods prepared by APHA inter-society;
- the labels of all prepackaged food shall bear information in Arabic and English according to Omani Standards.

Question 195.

Are imported and domestically-produced foodstuffs subject to the same standards and inspection procedures?

Reply

Yes.

Question 196.

Please provide a list of all imported food products that DGSM tests for conformity with standards.

Reply

All imported food products are subject to testing. The list would run into thousands of items.

Question 197.

Please describe the dispute settlement procedures applicable to the resolution of issues related to food standards.

Reply

In case of a dispute, the sample can be retested or the sample can be sent for testing to a laboratory outside Oman. In that case, goods will not be held up at the Customs. These may be released and taken to the importers' warehouse, but the importer cannot sell or dispose of the goods for public consumption until the dispute is finally resolved.

Question 198.

According to paragraph 113 of the Memorandum, Omani standards and measures take into account the environmental conditions of the Sultanate of Oman. Please elaborate on how Oman applies standards and measures to "take into account the environmental conditions in the Sultanate of Oman". What are the major concerns of Oman regarding standards for imports of foodstuffs?

Reply

Because of the harsh climatic conditions in Oman, foodstuffs may become unfit for human consumption in a shorter time than in other countries with moderate climate. Because of that Oman provides for a shorter shelf-life for foodstuffs.

Also Oman provides specific requirements for transportation and storage of foodstuffs and keeping foodstuffs in the supermarkets.

The Recommended International Code of Practice for the processing, handling, storage and transport of foodstuffs especially for chilled or frozen foods is followed as Omani measures in recognition of the climatic conditions in Oman.

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

Question 199.

Does Oman anticipate any difficulties in applying the SPS Agreement in full from the date of accession?

Reply

No

Question 200.

Please describe precisely how Oman intends to apply the provisions of the WTO Agreement on Sanitary and Phytosanitary Measures?

Reply

Oman's existing system, in our view, is compatible with the provisions of the SPS Agreement. However, if in certain aspects it is found to be deficient, necessary changes would be made in laws, regulations and procedures.

Question 201.

Please indicate how Oman's sanitary and phytosanitary requirements are applied to imports, in particular, to what extent an import permit, certificate or licence is necessary for importation. In this regard, we would like to see information on Oman's import regulatory system for sanitary and phytosanitary measures reflected in response to the questionnaire on import licensing procedures contained in WT/ACC/1.

Reply

Sanitary and Phytosanitary measures are required by the Royal Act No. 49 dated 1977. To obtain import licence from Ministry of Agriculture and Fisheries the only requirement is to be registered with the Ministry of Commerce and Industry. The import licensing procedure is the interested party is required to fill an application form and to hand it over the department of agriculture affairs which will check the eligibility of the applicant and the lawfulness of the application. If approved, the licence will be issued to the applicant. For goods arriving at the port without a licence, time needed for obtaining approval for introduction may be from few hours to two days (depending on quantity, quality, and type of goods) and all Phytosanitary regulations and rules will be applied. The licence obtained is valid up to 3 months and no fees required for obtaining it. Goods inspection charges for quarantine measure value: RO 1/- per ton up to a maximum of RO 100/- which will not be exceeded regardless the increase in tonnage. If the consignment needs treatment, charge is RO 1/- for each ton with a maximum of RO 100/- as above. Treatment for transit trade is similar to the import trade. Due to seeds and plants, there is a list of prohibited ones eg. imports and exports of all palm varieties. Also, there is a list of prohibited and restricted pesticides, for others there is no limitation.

Import permit must be obtained prior to importation for if any consignment of animal, bird or living organism.

All consignments must arrive as cargo.

Each consignment must be accompanied by:

- official veterinary health certificate issued by veterinary authorities in the country of origin;
- a declaration in case of animals imported for slaughter or breeding from the captain of the vessel or aircraft that the consignment has come direct from the last port of call of the country or origin or in the case of importation by air they have not been off-loaded or mixed with any animals not destined for importation to Oman.

All consignments are subject to quarantine on arrival. Provided all documents are correct and the animals are healthy a release permit may be issued to the importer.

Information in questionnaire on import licensing will be provided.

Question 202.

Please describe how these requirements are enforced for domestic products.

Reply

The sanitary and phytosanitary measures are enforced for domestic products through a programme of regular inspections.

Question 203.

Does Oman intend to harmonize its sanitary and phytosanitary standards with internationally accepted guidelines (Codex Alimentarius)?

Reply

Oman is already following the internationally accepted guidelines (Codex Alimentarius).

Question 204.

Please describe the extent to which Gulf Cooperation Council standards for foodstuffs are incorporated into Oman's food laws. Please describe how Oman applies sanitary and phytosanitary measures to food products.

Reply

Oman is following and fully applying the GCC standards for foodstuffs.

Question 205.

Please provide translations of laws, regulations and directives setting health and sanitation standards for imported foods.

Reply

These are not available in English. An English translation will be furnished to the WTO.

Question 206.

Please provide a complete list of imported products, including HS tariff number, that are highly restricted or banned for animal or plant health reasons, and provide the corresponding justification for these measures.

Reply

A list is attached.

Question 207.

For each product, please describe the veterinary inspection and quarantine requirements that apply to livestock, animal products, fish, veterinary drugs and animal feed.

Reply

A. Livestock

On arrival, veterinary quarantine office will examine the imported animal and necessary action will be taken if any sign of infectious disease are found.

All animals are subjected to quarantine for 21 days. (Birds 15 days) as per regulation.

If any of the conditions of importation (see answer of question 201) are not fulfilled the animal will be refused entry into Oman and will be returned to the country of origin at the owner's expense.

B. Animal Products

Upon arrival of the consignment the veterinary officer at the Port of Entry shall receive a copy of original health certificate and inspect the consignment and perform laboratory analysis in order to ensure that the consignment is fit for human consumption.

Upon satisfaction that the consignment is fit for human consumption the veterinary officer at the Port of Entry shall issue release permit and release the consignment.

The Department of Animal Wealth shall ask any other certificates that are necessary to ensure that the consignment is fit for human consumption etc. (Halal Certificate, Radiation free certificate, and Laboratory analysis certificate).

Question 208.

Please describe the administrative and judicial avenues of appeal for importers and exporters in the application of sanitary and phytosanitary requirements to imports.

Reply

The avenues of appeal are to the higher echelons of the Ministry of Agriculture. There are no judicial avenues of appeal.

(e) **State-trading practices**

Question 209.

With respect to State-trading practices, the two following enterprises are mentioned in paragraphs 119 and 120:

- (i) **the Public Authority for Marketing Agricultural Produce,**
- (ii) **the Public Authority for Store and Food Reserves,**

Could Oman explain how they actually conduct their activities?

Reply

(i) The Government of the Sultanate of Oman has taken a decision to privatize the Public Authority for Marketing Agricultural Produce. It will no longer be an Authority; it will be a commercial company. The decision is under implementation. It will thus no longer be a State enterprise.

(ii) The Public Authority for Stores and Food Reserves was established in 1980 by Royal Decree No. 62/80. Its objective is to store and provide strategic food reserves. The Authority purchases and stores strategic food commodities, distributes these and keeps on replenishing the reserves. Purchase, distribution and replenishment is a continuous process. The Authority keeps stocks for six months' requirements of the Sultanate.

The food commodities that the Authority stores as reserves are: rice, sugar, tea, powder milk and edible oil. Except for rice, the Authority does not import any of the other four items. It purchases these commodities from importers in Oman, stores these, releases these periodically and replenishes the released stocks by making further purchases.

As for rice, the Authority imports rice on the basis of open tenders. However, it does not have any exclusive or special privileges. Other importers can and do import rice without any restrictions. The Authority thus is in open competition with the importers.

The Authority makes its sales and purchases on purely commercial considerations.

Question 210.

Oman lists two State-trading enterprises in this section (WT/ACC/OMN/2, page 17, paragraph 119).

Could Oman provide a more in-depth explanation of the function of these two enterprises as we note, for example, that in paragraph 79 the PAMAP sets import quotas for fruits and vegetables?

Is the PAMAP not a State-trading enterprise according to the definition of Article XVII and the Understanding on the Interpretation of Article XVII of GATT 1994?

Reply

Please see reply to question 211.

Question 211.

According to the Memorandum, Oman does not have State-trading enterprises as defined by Article XVII. However, two State enterprises, The Public Authority for Marketing Agricultural Produce (PAMAP) and the Public Authority for Stores and Food Reserves, engage in imports and export. For the sake of greater transparency, please describe, as a response to the Questionnaire on State trading, each of these two enterprises and its operations.

Reply

The Public Authority for Marketing Agricultural Produce is being privatized as stated in reply to question 209.

As for the Public Authority for Food Reserves it is not a State trading enterprise in terms of Article XVII of the GATT 1994 or in terms of the Uruguay Round Understanding on Article XVII. It also is not a State trading enterprise by any definition or criteria.

However, we would have no objection in providing the desired information.

Question 212.

Please list all products traded by these enterprises. Approximately what portion of import and exports of these products are accounted for annually by these firms?

Reply

Please see reply to question 209. As for the second part of the question, statistical information on this is not readily available.

Question 213.

What is the source of funding for the PAMAP and the Public Authority for Stores and Food Reserves? What products do they buy and sell, to whom are these products sold, and what is the role of these firms in the domestic distribution of these products? How do these enterprises determine the prices for the commodities they buy and sell?

Reply

The source of funding for the PAMAP is the government. However, as stated in reply to question 209, it is being privatized.

The Authority for Stores and Food Reserves is self-financing in its operations as far as purchases and sales are concerned. As for storage space and costs and establishment expenses, it gets a modest grant from the Government.

The Authority for Food reserves buys and sells rice, sugar, tea, milk powder and edible oil. These products are sold through its network of dealers, but it also sells these in the open market in order to release and replenish its stocks. In the domestic market the Authority competes with individual traders.

The purchase and sale prices are market-based.

Question 214.

According to paragraph 79 of the Memorandum, PAMAP establishes import quotas for fruits and vegetables. Does PAMAP also have a role in allocating the import quotas for fruits and vegetables?

Reply

Paragraph 79 of the Memorandum is modified to the extent that the Authority did not establish quotas for fruits and vegetables. It made recommendations for total embargo on import of fruits and vegetables in seasons when there was over supply of domestic fruits and vegetables. The Authority thus did not have any role in the allocations of quotas.

As stated earlier, the Authority is being privatized and that role of embargoes will vanish.

Question 215.

Can Oman guarantee that the two State-owned enterprises mentioned in this section act in a manner consistent with the general principles of non-discriminatory treatment prescribed in the GATT 1994 for governmental measures affecting imports or exports of private traders?

Reply

The two State enterprises conduct their business on purely commercial considerations like any private commercial enterprise. The Sultanate of Oman declares that these enterprises act in a manner consistent with principles of non-discriminatory treatment.

Question 216.

Can Oman confirm that there are no other enterprises, whether or not State-owned, which fall within the scope of Article XVII of the GATT 1994 or Article VIII of the GATT?

Reply

No, there are no other enterprises.

Question 217.

Concerning the regime applicable to the production and exportation of petroleum, natural gas and petrochemicals, please outline the structure of this industry for production and trade. Does the Government of Oman own any enterprises which have the ability to influence through their purchases and sales, the level of imports or exports of oil, natural gas or petrochemicals? Has the Government conferred exclusive or special rights or privileges to any enterprises, in the exercise of which, they can influence through their purchases or sales the level or direction of imports or exports, of these products? Please identify and describe these enterprises, as a response to the Questionnaire on State Trading.

Reply

Information in the form of questionnaire will be sent later.

(f) Free zones

Question 218.

Does Oman have any legislation relating to free zones? If so, please provide details.

Reply

No

Question 219.

Does Oman have any intention of establishing any free zones in the future?

Reply

No.

(g) Free economic zones

Question 220.

Does Oman have any legislation relating to free economic zones? If so, please provide details.

Reply

No

Question 221.

Does Oman have any intention of establishing any free economic zones in the future?

Reply

No

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

Question 222.

We seek Oman's accession to the Agreement on Government Procurement in the context of its accession to the WTO. We would encourage Oman to state its intent to become a member of the Government Procurement Agreement, and to forward to the GPA Committee an initial offer for an entity list within three months of accession to the WTO.

Reply

The Agreement on Government Procurement is one of the four plurilateral agreements acceptance of which is not obligatory for joining the WTO. The membership of GPA is very limited and a large majority of WTO members are not parties to the GPA. The Sultanate of Oman sees no advantage in joining the Agreement. It would reconsider its position if the GPA became a universal agreement and all Members of the WTO accept it.

Question 223.

Does Oman intend to join the GPA? If not, why not?

Reply

Please see reply to question 222.

Statistics

Question 224.

Could the Omani Government provide a breakdown of the public sector procurement market both by contracting entity and by product type?

Reply

No statistics are available.

Question 225.

What is the overall value of public sector purchasing in Oman, and which are the major procuring entities?

Reply

No statistics are available.

Question 226.

What statistics does the Omani Government collect on procurement? Could the Omani Government make these statistics available to the Working Party, as well as a copy of their most recent law on public procurement?

Reply

No statistics are collected on government procurement.

Management structure

Question 227.

What is the management structure of Oman's system of government procurement?

Reply

Oman's system of government procurement is managed by a high-level Tender Board which is an independent authority not attached to any Ministry or Department. It has its own Chairman, its own Secretariat and its own separate staff. The Tender Board is assisted by various tender committees established within the Ministries.

Contracts for government purchases of less than Rial Omani 250,000 are processed and finalized by the tender committees within the Ministries. All tenders of Rial Omani 250,000 or more are announced, processed and awarded by the high-level Tender Board.

Question 228.

There is a central agency that purchases on behalf of all central government agencies (Tender Board). However, how is purchasing managed for local government agencies and for other publicly-controlled bodies such as State-trading enterprises?

Similarly, how is procurement managed by utilities (entities operating in the oil and gas, electricity, transportation and water sectors)?

Reply

Local government agencies fall within the jurisdiction of the Tender Board, and have to follow the procedures of the Tender Board.

State enterprises and utilities, except for electricity, water and transport sectors, do not fall within the jurisdiction of the Tender Board. They have their own procedures and their own tender committees.

Monitoring authority

Question 229.

Is there a central agency which controls the application of the legal system or monitors infringements of procurement law?

Reply

Yes, it is the Tender Board.

Legal remedies

Question 230.

Can suppliers who dispute the award of a contract seek redress through national courts or a tribunal system?

What remedies (for example damages or re-tendering of contract) are available?

Reply

No

Advertising

Question 231.

Do detailed rules exist on the requirement to publish tender and contract award notices?

If so, what information must these notices contain, and where are they published?

Reply

Tender notices are required to be published, under the rules, in local newspapers and in the Official Gazette. They are also announced on television and radio. However, contract award notices are not published.

Procurement procedures

Question 232.

What are the requirements for pre-selection of candidate suppliers in limited tenders?

Reply

The requirements for pre-selection of suppliers in limited tenders are the qualifications of the candidate suppliers, i.e. the requisite experience of the suppliers, track record of past performance, their financial standing and the availability of professionals with the suppliers.

Criteria for awarding contracts

Question 233.

Please describe the procedures for tendering bids and awarding government contracts.

Reply

There are different evaluation methods, depending on the type of tender and the evaluating body (which includes representatives of the Ministry or Agency concerned). Some tenders are evaluated by the Ministry concerned together with their consultants and the Tender Board. Others could be evaluated without the help of the consultants. Price is not the only criterion in evaluating bids.

Question 234.

How are bids evaluated? Is price the only criterion in evaluating bids, or are contracts also evaluated by reference to an "economically most advantageous offer" approach?

If so, under what conditions are the different evaluation methods used?

Reply

There are different methods for evaluating bids depending upon the type of tender and the nature of goods. Price is not the only criterion in evaluating bids.

Question 235.

Please describe in detail the system of price preferences given to Omani companies and to GCC companies in evaluating bids.

Reply

If the quality and specifications of foreign and Omani or GCC goods are comparable, then the bid of an Omani company/supplier would be accepted if it is higher by at the most 10 per cent. If Omani company is not in the run then price of a GCC company or supplier would be accepted if it is higher by no more than 5 per cent.

Offsets

Question 236.

Does Omani procurement law make provision for any offset requirements, such as technology transfer or buy-back arrangements?

Reply

The law is not specific on this subject.

Discrimination of foreigners

Question 237.

Are there any provisions in Omani law which discriminate against the participation of foreigners in public procurement contracts?

Reply

Please refer to paragraph 132 of the Memorandum and reply to question 235.

Information technology

Question 238.

Are there any plans to set up a system of electronic tendering for public procurement been set up in Oman.

Reply

No

International involvement

Question 239.

Does Oman have any existing purchasing agreements with third countries?

If so, with which countries?

Could Oman also provide the Working Party with copies of those agreements?

Reply

No

Legislation

Question 240.

Please submit, to the Working Party, copies of the Government Tender Regulations (Royal Decree No. 86/84 of 29 October 1984) and the Unified Rules Granting Preferences in Government Purchases to the National Products and Products of GCC Origin (Ministerial Decision No. 18/87).

Reply

Complete translation in English of the Tender Regulations and the Unified Rules is not currently available. Translation of the important provisions is attached.

Question 241.

Could Oman provide the Working Party with copies of Royal Decree No. 86/84 of 29 October 1984 and Ministerial Declaration No. 18/87 (page 17 of the Memorandum)?

Reply

Please see reply to question 240.

4. Policies Affecting Foreign Trade in Agricultural Products

(b) Exports

Question 242.

According to paragraph 138 of the Memorandum, Oman does not grant export subsidies on agricultural products. Export subsidies are the most trade distorting forms of agricultural support. We encourage Oman to maintain its export subsidy-free regime and bind its export subsidy commitment at zero. Please comment.

Reply

The Sultanate of Oman will continue with a trade regime free of export subsidies. It is prepared to make a commitment to that effect.

(c) Export prohibitions and restrictions

Question 243.

Please identify the species of fish, including HS tariff numbers, which are subject to export restrictions.

Reply

The restricted species are: lobster, abalone and sharks.

Question 244.

Could Oman explain the nature of and justification for its restrictions on the export of date seeding and certain species of fish? Please describe the procedures required to obtain approval to export these products.

Reply

- (a) Ban on the export of date seedling is to preserve rare Omani varieties.
- (b) Among the justifications for this restriction is the conservation of some rare fish species of high economic value which are facing threat of over exploitation in Omani waters. To achieve this goal, the fishing season for these species has been fixed to guarantee their breeding during the closed season. A licence issued by the competent authority in the Ministry is a prerequisite for the export of such species.

Question 245.

In the absence of WTO provisions addressing these restrictions, we seek Oman's agreement to eliminate these restrictions from the date of accession. If other measures are necessary for the regulation of trade in these items, such measures should be consistent with WTO provisions.

Reply

The Sultanate of Oman would accept and adhere to WTO obligations in this respect. If these obligations require Oman to eliminate/modify/replace these restrictions it would do so. Any replacement measures will be WTO consistent.

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

Question 246.

According to paragraph 140 of the Memorandum, Oman does not provide export credit or export credit guarantees or insurance programmes for agricultural products. However, paragraph 103 of the Memorandum states that the Export Guarantee and Financing Unit (EGFU) of the Oman Development Bank provides export insurance cover and export financing. Are agricultural products excluded from EGFU coverage?

Reply

Agricultural products are also covered by EGFU.

- (e) **Internal policies**

Question 247.

Please describe Oman's agricultural policies by completing a response to WT/ACC/4, Information to be Provided on Domestic Support and Export Subsidies in Agriculture, prior to the first meeting of the Working Party.

Reply

Completed WT/ACC/4 will be submitted later.

Question 248.

Please provide the information requested in WT/ACC/4 on domestic support and export subsidies. We reserve the right to come back to this issue once these have been provided.

Reply

Completed WT/ACC/4 will be submitted later.

Question 249.

We note that Oman provides a number of domestic support measures (WT/ACC/OMN/2, page 19, paragraph 142). Could Oman provide an extensive list of these measures and expenditure provided to each of these programmes?

Reply

There are no subsidies given to farmers. However, there is minor support for the introduction of the new innovations in all aspects of agricultural work. The scope includes any new innovations identified as necessary for the agricultural activity and recommended by the research and included in the extension programme. All farmers are eligible for selection however, in each area only a limited number of farmers will be selected for the introduction of the new innovation as demonstration to their peers. The ones to be selected are the first to approach the extension for help to introduce the new innovation and who accept that their farms will be used for demonstration for other farmers and who are ready to cooperate with extension.

Question 250.

Please provide detailed information on the nature and scope of the subsidies provided to small farmers, and for the subsidies for the purchase of agricultural machinery. What inputs are covered by the subsidies? What are the requirements for eligibility to receive the subsidies?

Reply

There is no subsidy or support except for that mentioned in reply to question 249. Paragraph 142 of Oman's Memorandum may be treated as cancelled.

Question 251.

Please identify each agricultural product currently subsidized and describe fully the applicable subsidy programme and policy.

Reply

There is no subsidy or support for any agricultural product.

Question 252.

Does the Government of Oman support agricultural producers by subsidizing water and irrigation equipment? What other production subsidies does the government provide to its agricultural producers?

Reply

None. Paragraph 142 of the Memorandum may be treated as cancelled.

Question 253.

Please provide data detailing the quantities and types of agricultural assistance distributed by the government in recent years.

Reply

Information in WT/ACC/4 will be submitted later.

V. TRADE-RELATED INTELLECTUAL PROPERTY REGIME

1. General

Question 254.

Oman intends to become a Member of the World Intellectual Property Organisation. What steps has the Government of Oman taken in this respect?

Reply

The Sultanate of Oman has already become a member of the World Intellectual Property Organization.

Question 255.

Will Oman also join other international agreements in the area of intellectual property, such as the Berne, Paris or Rome Convention? If so, what is the time-frame?

Reply

It is our understanding that the TRIPS Agreement does not require a member country to join Berne, Paris or Rome Conventions. It only requires them to apply their provisions.

Question 256.

In WT/ACC/OMN/2 it is said that Oman extends national treatment and m.f.n. treatment to foreign nationals in respect of patents, trademarks and copyright and related rights. Does this mean that in other areas of intellectual property these principles are not applied?

Reply

The Sultanate of Oman does not have legislation at present in other areas.

Question 257.

Does Oman consider its current domestic legal framework to be sufficient for the adequate and effective protection of intellectual property rights?

Reply

The Sultanate of Oman at present has IPR legislation in the areas of trademarks and copyrights. It does not have legislation in other areas. Laws and regulations compatible with the TRIPs Agreement will be enacted in due course.

Question 258.

What steps will Oman take in regard to obligations under the TRIPS Agreement relating to enforcement of intellectual property rights?

Reply

It would put in place in due course laws, regulations and procedures compatible with Articles 42 to 61 of the TRIPS Agreement.

2. Substantive Standards of Protection

(a) Copyright and related rights

Question 259.

Please describe Oman's laws on copyright protection. What works are covered? What is the term of protection? Is copyright protection afforded on a national treatment basis, and, if not, what are the exceptions?

Reply

The Copyright Law of the Sultanate of Oman is of recent origin; it came into force in June 1996 and represents a step forward by Oman in preparation for its membership of the WTO.

The Law defines protectable matter; it contains the scope of protection, the authors' rights, the period of protection, means of protecting authors' rights and provisions on penalties for infringement.

The list of works covered is given in paragraph 150 of Oman's Memorandum. The term of protection is 50 years as described in paragraph 153 of Oman's Memorandum.

The copyright protection is afforded on a national treatment basis.

Question 260.

Does Oman plan to join the Berne Convention for the Protection of Literary and Artistic Works and the Geneva Phonograms Convention prior to WTO accession? What changes in the copyright law would have to be made to meet the requirements of the Berne Convention and Geneva Phonograms Convention?

Reply

We understand it is not obligatory to join the Berne Convention in order to become a Member of the WTO. We would have to follow the provisions of the Berne Convention, which we would do faithfully when we are members of the WTO. All necessary changes in the copyright law would be made in consultation with the WTO and the WIPO. For that purpose we would need technical assistance from both organizations.

Question 261.

What changes will be needed to bring Oman's copyright laws into conformity with the TRIPs agreement? What is the current status of these changes?

Reply

Please see reply to question 260.

Question 262.

Does the legislation of Oman provide for rental rights? Please explain.

Reply

Yes, Omani law provides for rental rights. This is set forth in Article 11 of the Copyright Law. There should be detailed written contract for that purpose.

Question 263.

Please describe the copyright law provisions relating to rental rights for computer programs and cinematographic works. What works are subject to the requirement that authors and their successors in title may authorize or prohibit the commercial rental of originals or copies of their works?

Reply

There is no specific provision in the law on rental rights for computer programs and cinematographic works.

Question 264.

How are performers, producers of phonograms and broadcasting organisations protected?

Reply

These are protected under Article 2 of Oman's Copyright Law. The term of protection is 50 years except for movies for which the term of protection is 25 years.

Question 265.

How are sound recordings, data base compilations, and computer programs protected by the copyright law?

Reply

Sound recordings, computer programs and data base compilations are protected as literary works under Article 2 of Oman's Copyright Law. These are protected for fifty years.

Question 266.

Could Oman provide a copy of the Law for the Protection of Copyrights issued by Royal Decree No. 47/96 (WT/ACC/OMN/2, page 20, paragraph 150)?

Reply

A copy of the Law translated in English is enclosed.

Question 267.

In what circumstances would the Government of the Sultanate of Oman decide to publish or reproduce a compilation which was not published by the heirs or successors of the author, thereby triggering compensation mechanisms (WT/ACC/OMN/2, page 21, paragraph 159)?

Reply

Article 10 of Oman's Copyright Law provides that when public interest requires the publication or reproduction of a compilation which was not published by the heirs of the author or his successors, the Minister of Commerce and Industry may pass a decision to publish the compilation and to fairly compensate the author's heirs or successors. However, the Minister may make the decision only after making an official request to the successors for publication and waiting for six months for action on that request.

Question 268.

Do foreigners enjoy the same treatment as the Omani nationals in terms of the criminal procedures and penalties available against infringement of intellectual property rights?

Are these procedures in conformity with Article 61 of the TRIPS Agreement (WT/ACC/OMN/2, page 21, paragraphs 160-162)?

Reply

The Copyright Law of Oman has provision on penalties for infringement (Article 16 of the Law) but it does not have detailed provisions on enforcement. In this respect the Law may fall short of the requirements of the TRIPS Agreement. However, the Sultanate is committed to assuming all obligations under the WTO including under the TRIPS Agreement and it would implement the TRIPS Agreement and make the necessary changes in its laws.

Question 269.

What is the scope of compulsory licensing for copyrightable works? Under what conditions can compulsory licences be granted?

Reply

There is no provision on compulsory licensing in Oman's Copyright Law.

Question 270.

Please describe the copyright enforcement process and remedies available under both civil and criminal law. What is the average duration of time from the filing of a copyright infringement complaint until final resolution of the litigation?

Reply

The Copyright Law provides for criminal penalties for infringement of copyright. It does not contain provisions on enforcement under civil law. However, a person whose right has been infringed may approach the Authority for Settlement of Commercial Disputes.

Since the Copyright Law is of recent origin (June 1996) there is no track record of average time duration in litigation cases.

(b) Trademarks, including service marks

Question 271.

Please identify the changes that need to be made to the trademark law in order to satisfy TRIPs requirements. When will these changes be made?

Reply

We recognize that our Trademark Law may not be fully consistent with the provisions of the TRIPs Agreement. It is not possible for us to identify the changes that need to be made, without technical assistance from WTO and WIPO. The necessary changes will be made in due course. We may need transition period for that purpose.

Question 272.

It is stated that the term of protection of trademarks is ten years which can be renewed. Could the Government of Oman clarify whether this is a one time possibility or whether the registration can be renewed indefinitely?

Reply

The registration can be renewed indefinitely.

Question 273.

According to paragraph 154 of the Memorandum, the period of protection for trade marks is 10 years and the registration can be renewed. Can the registration be renewed indefinitely, as required by TRIPs Article 18?

Reply

Trademark registration can be renewed indefinitely.

Question 274.

Is there a requirement to use trademarks in order to retain rights?

Reply

If the trademark has not been used for five consecutive years it can be deleted, unless its owner submits a justification for not using it.

Question 275.

In the context of the requirement to use a trademark, what would be a valid reason for not using a trademark? Please explain.

Reply

The justification for non-use has to be provided by the owner of the trademark. Any reasonable justification would be valid reason for not using the trademark. The acceptable reason for non-use of a trademark would be: reasons beyond the control of the trademark owner such as difficulty in obtaining the raw material for producing the product or any other reason beyond his control, or for example boycott of countries exporting such goods.

Question 276.

Is registration of a mark sufficient to notify potential infringers of the owner's exclusive right? Does the right holder need to provide actual notice to an infringer in order to establish liability?

Reply

According to Article 2 of Oman's Trademarks Law, a person who has a trademark registered shall be considered its exclusive owner. Registration is sufficient to notify potential infringers of the owner's exclusive right. According to the law the right holder is not required to provide actual notice to an infringer.

Question 277.

Could the Government of Oman explain how well-known trademarks are protected?

Reply

There is no provision in Oman's law to protect well-known trademarks.

Question 278.

Are well-known marks protected under the trademark law? How are well-known marks defined and what is the scope of protection for them? Does Omani law protect well-known marks that have not been registered in Oman? What specific rights are available to the owner of an unregistered mark?

Reply

Please see reply 277.

Question 279.

What are the rights conferred to a trademark owner? Please explain.

Reply

The owner of the registered trademark has the sole right to produce, import or distribute the trademarked goods and has the right to prevent any other person from using his trade mark without his permission. The owner also has the right to assign or transfer the trademark with or without the transfer of the project or enterprise producing the goods. The owner also has the right to licensing.

Question 280.

Does a rightholder in Oman have the right to assign or licence a trademark? What are the conditions?

Reply

Yes, a rightholder has the right to assign or licence a trademark. He can assign a trademark with or without the transfer of ownership of the enterprise or the project.

Question 281.

Does the assignment of a trademark need to be recorded? What rights are lost if an assignment is not recorded?

Reply

Assignment of a trademark is required to be recorded. If it is not recorded, it will not be an evidence against a third party.

Question 282.

On what grounds may be Trademark Registrar refuse to register a mark?

Reply

The Registrar may refuse to register a trademark if it falls within the provisions of Article 2 of the Trademarks Law. The Registrar may also refuse to register a trademark if it is already registered in someone else's name or the application is contested by another party. In that case, the registrar shall await the decision of the Authority for the Settlement of Commercial Disputes.

Question 283.

What is the role of the Registrar in infringement actions? Does the Registrar approve infringement actions or provide an opinion on them?

Reply

The Registrar has no role in infringement actions.

Question 284.

May adverse decisions by the Trademark Registrar be appealed in a court of law? What Registrar decisions may be appealed? Please describe the appellate process.

Reply

Article 12 of the Trademarks Law provides that any decision of the Registrar rejecting the registration or withholding it on a particular condition may be appealed against to the Authority for Settlement of Commercial Disputes, within 30 days of the decision of the Registrar.

Question 285.

Are there minimum limits on the size of penalties for trademark infringement?

Reply

There is a maximum limit on penalties: imprisonment not exceeding three years and/or a fine not exceeding Omani Rials 500. There is no minimum penalty.

(c) Geographical indications, including appellations of origin

Question 286.

Could the Government of Oman explain the existing system of protection of geographical indications?

Reply

The Sultanate of Oman at present does not have laws or regulations on the protection of geographical indications or appellations of origin.

Question 287.

The Memorandum does not appear to mention protection of geographic indications and appellation of origin. Please describe the Omani regime for protection of geographic indications and appellation of origin, and identify any provisions that are not compatible with WTO TRIPs requirements.

Reply

Please see reply to question 286.

(d) Industrial designs

Question 288.

The Memorandum does not appear to mention protection of industrial designs. Please describe the Omani regime for protection of industrial designs, and identify any provision that are not compatible with WTO TRIPs requirements.

Reply

The Sultanate of Oman does not at present have laws or regulations for the protection of industrial designs.

Question 289.

How are industrial designs, including textile designs, protected? Please explain.

Reply

Please see reply to question 288.

(e) Patents

Question 290.

Could the Government of Oman explain in more detail the envisaged system of patent protection (i.e. patentable subject matter, compulsory licensing, government use etc.)? What is the time frame for this new system to enter into force?

Reply

The details of the envisaged patent system are as follows:

- patents that may be registered are those involving new inventions or innovative ideas and may be manufactured and are not contradictory with the provisions of the Islamic Law or the rules of conduct;
- the compulsory licence: The Board of the GCC Bureau of Patents may grant a compulsory licence if the patented invention is not used in the GCC States according to an application submitted by any person after the lapse of two years from the date of granting the patent (or the expiry of the period following the two years in case of the extension of the patent by the Board) provided that the applicant proves in his application his ability to use the invention industrially, against a fair compensation to be paid for the patent;
- government usage: The Government of the Sultanate of Oman, if the public interest so requires, may decide that one of its bodies may utilize the invention if the patent owner refuses, subject to the approval of the said Board and subject to payment of a fair compensation to be provided for in the utilization decision. However, such decision may be complained against.

Since the GCC Patent System has to be implemented simultaneously by all GCC countries, they are considering and will soon take a decision on the time frame for its implementation.

Question 291.

How are patents currently protected? Please explain in more detail.

Reply

There is no patent protection system at present. The GCC Unified Patent System has been agreed and arrangements are being made to implement it.

Question 292.

In WT/ACC/OMN/2 it is said that the term of protection for patents is 15 years with the possibility of a further extension of 5 years. Are there any conditions that have to be fulfilled? If so, what are they? Please explain.

Reply

The condition is that the application for renewal should be submitted at least 90 days before the original term is due to expire.

Question 293.

According to paragraph 157 of the Memorandum, the term of protection for patents is 15 years from the date of its grant. However, TRIPs Article 33 requires a twenty-year term of protection, from date of filing. Does Oman intend to bring its term of protection for patents into conformity with TRIPS requirements prior to WTO accession?

Reply

Yes, it would do that when it implements the TRIPS Agreement.

Question 294.

Please provide a copy of the patent law currently in force and a copy of the legislation implementing the Unified Patent System of the Gulf Cooperation Council.

Reply

There is no patent law currently in force. By-laws to implement the GCC Unified Patent System have been prepared by the GCC and will be implemented by Oman.

Question 295.

Does the patent law currently conform with the TRIPs Agreement? What steps is Oman taking to bring its patent law into conformity with TRIPs requirements? When does Oman expect its patent law to conform fully with TRIPs?

Reply

There is no patent law at present. The Sultanate of Oman has agreed to adopt the GCC Unified Patent System which will be implemented shortly. The conformity of this with the TRIPS Agreement is under study.

Question 296.

Does Oman intend to become a member of the Paris Convention for the Protection of Industrial Property, prior to WTO accession? What changes in the patent law would have to be made to meet the requirements of the Paris Convention?

Reply

We understand it is not obligatory to join the Paris Convention as a necessary condition for becoming a Member of the WTO. The obligation is to apply the provisions of the Paris Convention under the TRIPS Agreement. We would study the changes in consultation with our GCC partners.

Question 297.

What subject matter is excluded from patentability under Omani law?

Reply

The following are excluded from patentability:

1. Discoveries, scientific theories, mathematical methods, and computer programs.
2. Schemes, rules and methods for doing business, performing purely mental acts, or playing games.
3. Varieties of plants, species of animals, or biological processes used to produce plants or animals with the exception of microbiological processes and the products thereof.
4. Methods of surgical or therapeutical treatment of the human or animal body, and methods of diagnosis applied to the human or animal body with the exception of products used in any of these methods.

Question 298.

Does Oman's patent law provide all the rights listed in Article 28 of TRIPs, with respect to product and process patents? If not, what rights are not available?

Reply

Yes.

Question 299.

Are there any restrictions on an owner's ability to assign, transfer or licence patent rights?

Reply

Assignment or transfer of a patent right to a third party can only be made in conjunction with all the elements of the business.

A right holder may licence others to perform all or some of the acts of exploitation of the patent. Such licence shall be made in writing signed by both parties and approved by an official authority in one of the GCC countries. The licensing contract should be registered in the Patent Office records and the prescribed fee should be paid.

Question 300.

Please describe the patent law provisions relating to working requirements. Does importation satisfy the working requirements?

Reply

Normally a patent should be exploited on a sufficient industrial scale in the GCC States within two years from the date of grant of patent. However, importation can meet the working requirement for an interim period until a sufficient industrial exploitation of that invention in the GCC States has been achieved.

Question 301.

Under what conditions may compulsory licences be granted, including licences for use by the government and third parties authorized by the government? Does the patent law satisfy the requirements of Article 31 of TRIPs?

Reply

The Government can authorise one of its agencies to exploit a patent should public interest so require. However, this is subject to the approval of the Board of Directors of the GCC Patent Office and subject to payment of fair compensation to the right holder.

The Board of Directors of the GCC Patent Office may grant a compulsory licence upon the request of any person if the patent has not been exploited by the right holder for a period of two years from the date of its grant. The applicant for licence has to prove in his request his ability to work the patented invention sufficiently in the GCC countries. A fair compensation has to be paid to the right holder.

We would like to hear the views of our trading partners on the compatibility of this provision with Article 31 of the TRIPs Agreement.

Question 302.

What is the size of Oman's Patent Office? How long has the Patent Office been in operation?

Reply

There will be a joint Patent Office of GCC countries located in Riyadh.

Question 303.

How many applications are submitted annually? What is the average pendency period for an application? How many patents have been issued to date? In what technological categories?

Reply

Please see reply to question 302. The Patent Office is in the process of being established.

Question 304.

Can patent revocation decisions be appealed, as required by Article 32 of TRIPs?

Reply

Yes, the decision of the Patent Office can be appealed; an appeal lies to the GCC Committee on Unified Patent System.

(f) Protection of plant varieties

Question 305.

According to paragraph 158 of the Memorandum, the Unified Patent System of the GCC does not provide protection for plant varieties. How does Oman intend to provide protection to plant varieties as required by Article 27 of the TRIPs Agreement?

Reply

The Sultanate of Oman would, at an appropriate time, have laws and regulations to provide protection for plant varieties.

Question 306.

The Government of Oman explains that plant varieties are not protected under the Unified Patent System. Does Oman intend to introduce a protection system?

If so, what would be the main elements and the time-frame?

Reply

Please see reply to question 305.

(g) Layout-designs of integrated circuits

Question 307.

The Memorandum does not appear to mention protection of layout designs of integrated circuits. Please describe the Omani regime for protection of layout designs of integrated circuits, and identify any provisions that are not compatible with TRIPs requirements.

Reply

There is no legislation at present on the protection of layout designs.

Question 308.

How are layout designs protected? Please explain.

Reply

Please see reply to question 307.

(h) Requirements on undisclosed information, including trade secrets and test data

Question 309.

The Memorandum does not appear to mention protection of undisclosed information, including trade secrets and test data. Please describe the Omani regime for protection of undisclosed information, including trade secrets and test data, and identify any provisions that are not compatible with TRIPs requirements.

Reply

There is no particular law on this subject.

Question 310.

How is undisclosed information protected? Please explain.

Reply

Please see reply to question 309.