



# **EU-GCC Dialogue on Economic Diversification**

**A Project funded by the European Union**

## **GCC Country Economic Profile**

### **Sultanate of Oman**



**July 2020**

---

A project implemented by  
GFA Consulting Group GmbH  
Centre for European Policy studies  
DMI Associates



# Contents

- Sultanate of Oman Key Facts
- Oman economic policies and EU – Oman economic relations
- GCC Merchandise Trade with EU27 and the World
- Oman Merchandise Trade with EU27 and the World
- EU – Oman Trade by product and sub-product
- Economic competitiveness indicators
- Population Structure and Availability of Human Capital
- Investment opportunities by Sector
- Important Contacts
- References

# Oman Key Facts

## Government

Following the death of His Majesty Sultan Qaboos bin Said in January 2020 he was succeeded by Sultan Haitham bin Tariq bin Taimur Al-Said. His Majesty Sultan Haitham also serves as prime minister, defence minister, finance minister, foreign affairs minister, and chair of the central bank. Under Sultan Qaboos, in 1996 Oman passed the Basic Law of the State, containing more than 80 articles to clarify every aspect of the state apparatus and to address the fundamental rights and duties of the Omani citizen. The Basic Law guarantees the equality of all citizens before the law, freedom of religion and of speech, a free press, the right to a fair trial and the right to create national associations. It lays down a legal framework for all future legislation and clarifies the rules of succession. The Council of Oman (Majlis Oman) is made up of member of the State Council (MajlisA'Dawla) and Consultation /Shura Council (MajlisA'Shura) as stipulated in Article 58 of the Basic Law of the State. It assists the government in drawing up the general policies of the state. The ministers and their portfolio are officially announced by a Royal Decree from His majesty Sultan Haitham bin Tariq bin Taimur Al-Said.

## Membership in international organisations

ABEDA, AFESD, AMF, CAEU, FAO, G-77, GCC, IAEA, IBRD, ICAO, ICC (NGOs), IDA, IDB, IFAD, IFC, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IPU, ISO, ITSO, ITU, LAS, MIGA, NAM, OIC, OPCW, UN, UNCTAD, UNESCO, UNIDO, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

## Languages

Arabic (official), English, Baluchi, Swahili, Urdu, Indian dialects

## Economic agreements

Regional Trade Agreements in force: GCC, GCC – Singapore, Pan-Arab Free Trade Area (PAFTA), United States - Oman

Announced: EFTA – GCC, Australia – GCC, Japan - GCC

Oman - Key figures (2019)	
Population (millions)	4
GDP (Billions of Euros)	68
GDP per capita (Euros)	15,892
Real GDP growth	0.0
Inflation rate	0.8

Merchandise Trade (2019, Billions of Euros)	
Imports	20.7
Exports	43.5

Trade in Services (2018, Billions of Euros)	
Imports	9.6
Exports	3.5

Source DG Trade, WEF

# Oman economic policies and EU – Oman economic relations

## Economic development objectives

- Oman Vision 2040 focuses on reshaping the roles of and relation between the public, private and civil sectors to ensure effective economic management, achieve a developed, diversified and sustainable national economy, ensure fair distribution of development gains among governorates, and protect the nation's natural resources and unique environment.
- Economic national priorities:
  - Economic Leadership and Management - solid and effective economic legislative framework, Effective economic leadership with binding powers and a clear mandate to swiftly respond to development needs
  - Economic Diversification and Fiscal Sustainability - diversified, sustainable and competitive economy based on knowledge and innovation, adapts with the industrial revolutions, and achieves fiscal sustainability
  - The Private Sector, Investment and International Cooperation - private sector driving a competitive economy that is integrated with the world economy

## Current economic status

- COVID-19 and oil price related policies: measures aiming to maintain the employment of Omani nationals and support private sector firms, Incentives offered to affected private sector firms include postponement of electricity and water fees for three months, waiving of fines and penalties for late disclosures, allowing the paying of taxes in instalments; Central Bank of Oman (CBO) announced a set of policy measures effective immediately to support the financial sector.
- Oil prices: are forecasted to remain low for the next several years. It is critical for Oman to diversify the economy from hydrocarbon to be less affected by energy price shocks.
- Ease of Doing Business: 68<sup>th</sup> of 190 countries. Several business regulatory changes have been implemented, leading to higher rankings in the areas of getting electricity, registering property, protecting minority investors, and trading across borders.
- In 2019, Oman ranked 53<sup>rd</sup> in global competitiveness out of 141 countries. The Oman infrastructure ranked 28<sup>th</sup>. In Information and Communication Technology adoption, Oman ranked 66<sup>th</sup>.

## EU – Oman Economic relations

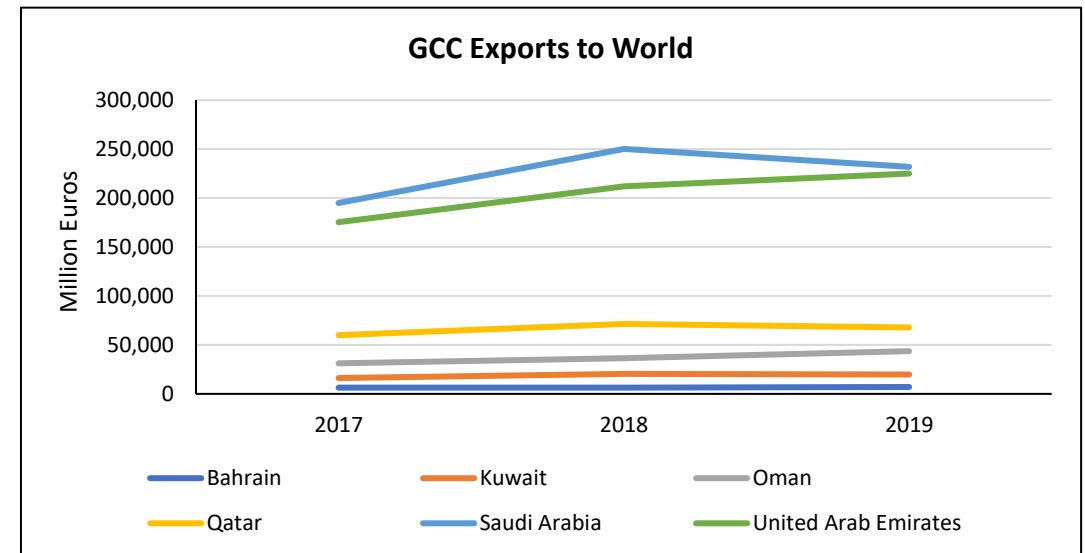
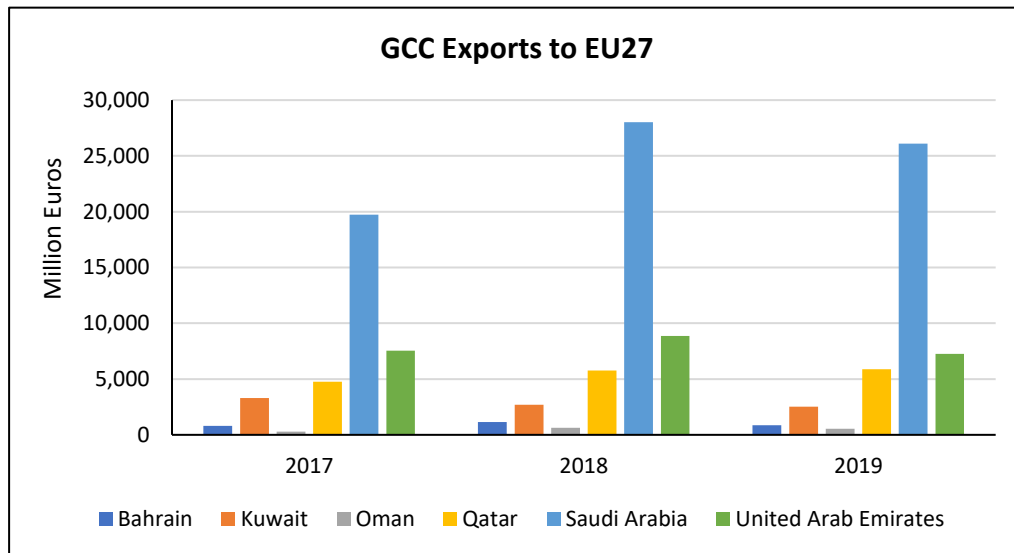
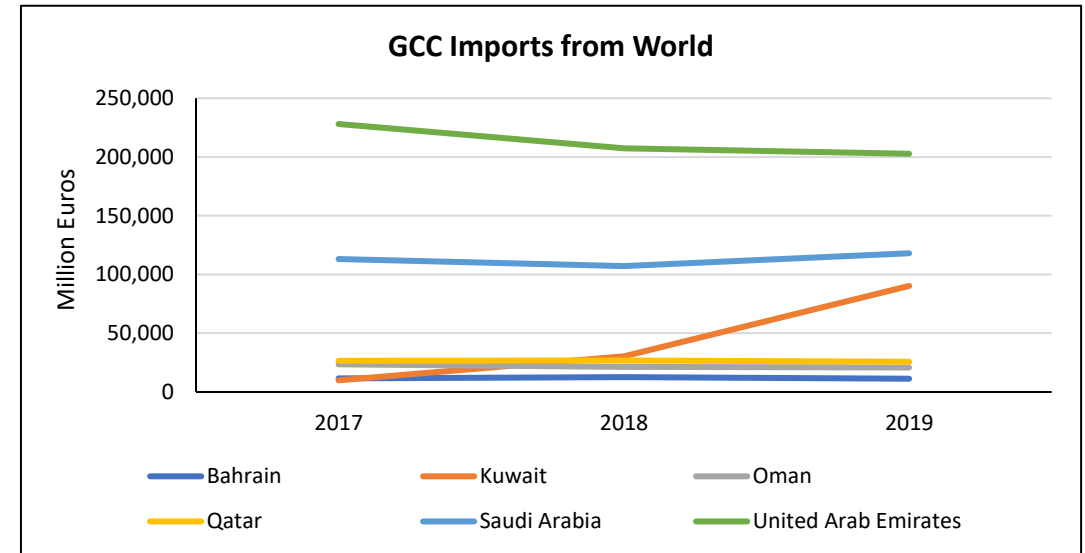
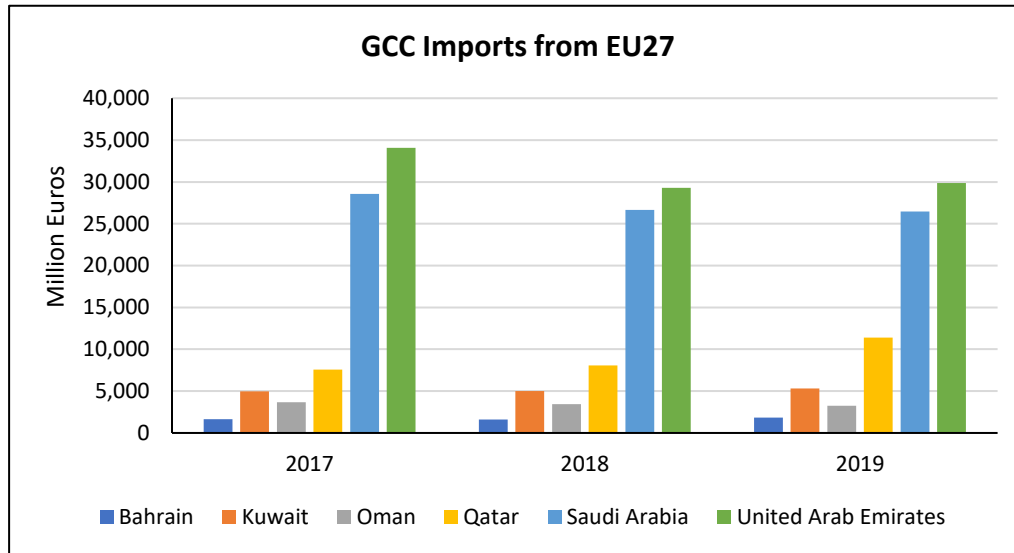
**Economic and political cooperation between the EU and the GCC countries:** the framework is provided by the 1988 EU-GCC cooperation agreement that seeks to improve trade relations and stability in a strategic part of Europe's neighbourhood. The agreement created a Joint Council and a Joint Co-operation Committee which meet annually. The two sides meet on an annual basis to discuss trade, amongst other topics, within the EU-GCC Joint Co-operation Committee held in Riyadh or Brussels.

**EU and Oman:** In 2018, the European External Action Service (EEAS) and the Ministry of Foreign Affairs of the Sultanate of Oman signed a cooperation arrangement to enhance their dialogue in order to achieve common goals and objectives in areas of mutual interest.

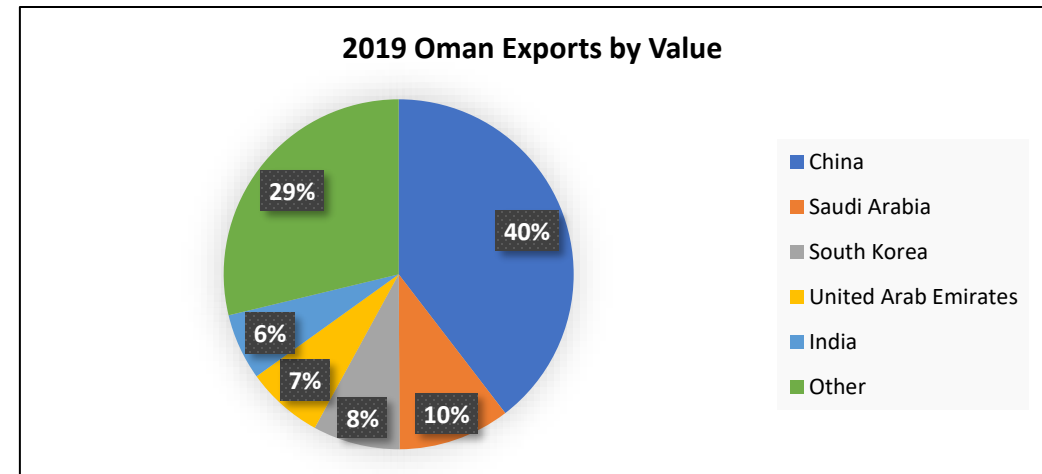
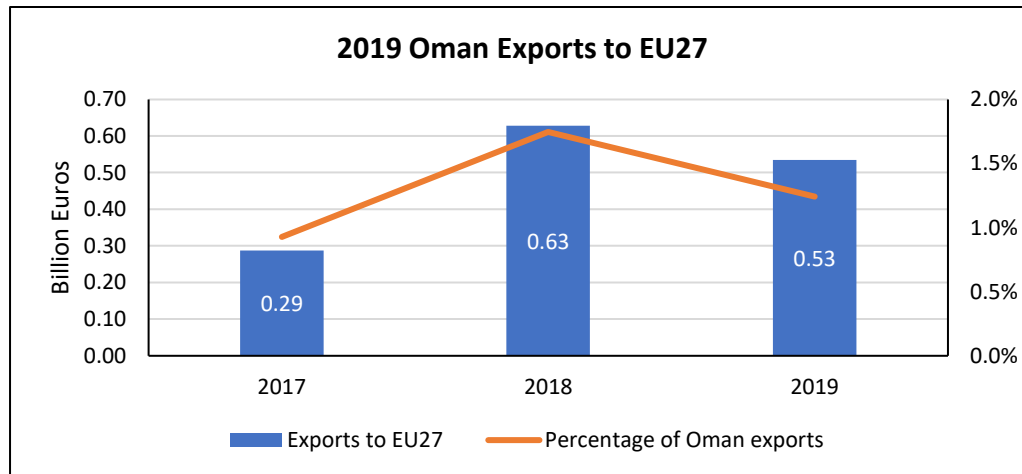
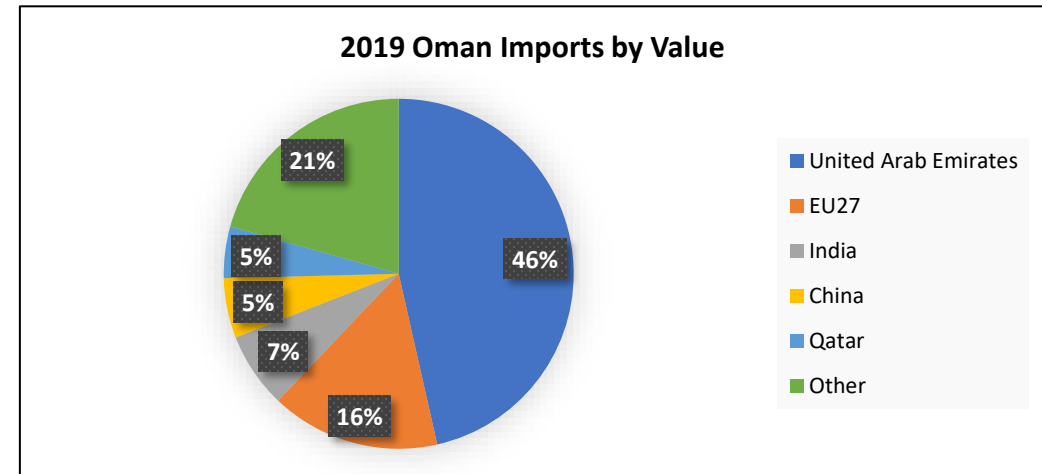
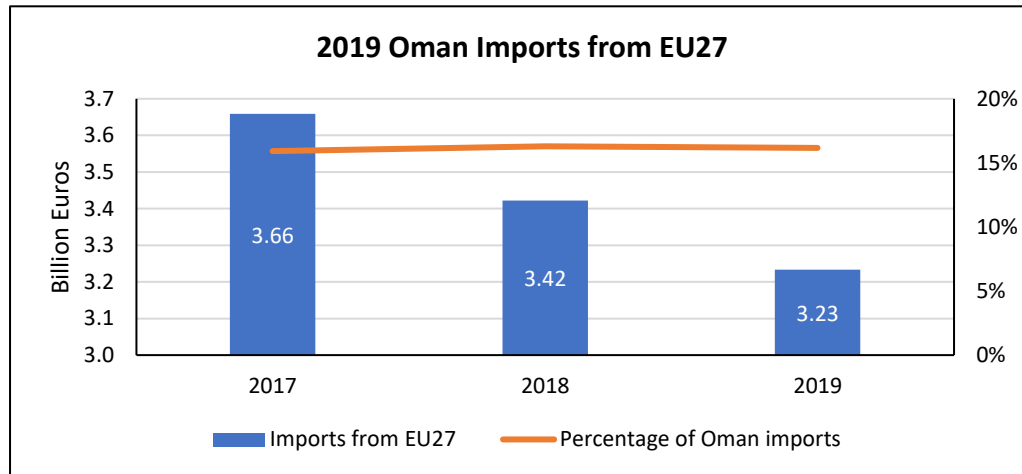
**Trade negotiations:** The EU and Gulf Cooperation Council launched negotiations for a Free Trade Agreement (FTA) in 1990. The FTA is foreseen to provide for a progressive and reciprocal liberalisation of trade in goods and services. The negotiations have faced several challenges and were effectively halted in 2008, when the GCC countries suspended all ongoing negotiations in which they were involved. While periodic informal contacts have taken place since then to test whether a basis might be found to resume and conclude negotiations, these have not been successful. In parallel with the negotiations, the prospective EU-GCC FTA was subject to a sustainability impact assessment.

Source: <https://ec.europa.eu/trade/policy/countries-and-regions/regions/gulf-region/>

# GCC Merchandise Trade with EU27 and the World



# Oman Merchandise Trade with EU27 and the World



Source Eurostat Comext

# EU – Oman Major Trade flows by HS section

EU Imports from Oman					
2018			2019		
Goods	Value (millions of Euros)	% EU Imports from Oman	Goods	Value (millions of Euros)	% EU Imports from Oman
V Mineral products	201	32%	V Mineral products	264	49%
XV Base metals and articles thereof	167	27%	XV Base metals and articles thereof	95	18%
VI Products of the chemical or allied industries	111	18%	VI Products of the chemical or allied industries	40	7%
VII Plastics, rubber and articles thereof	34	5%	VII Plastics, rubber and articles thereof	38	7%
XVI Machinery and appliances	34	5%	XVII Transport equipment	27	5%

EU Exports to Oman					
2018			2019		
Goods	Value (millions of Euros)	% EU Exports to Oman	Goods	Value (millions of Euros)	% EU Exports to Oman
XVI Machinery and appliances	1316	38%	XVI Machinery and appliances	1131	35%
XVII Transport equipment	408	12%	XVII Transport equipment	546	17%
VI Products of the chemical or allied industries	327	10%	VI Products of the chemical or allied industries	359	11%
V Mineral products	227	7%	IV Foodstuffs, beverages, tobacco	189	6%
XV Base metals and articles thereof	187	5%	XV Base metals and articles thereof	182	6%

# EU – Oman major trade flows by HS heading

2019 EU Imports from Oman		2019 EU Exports to Oman	
V Mineral products (HS 25-27)	2710 - Petroleum oils and oils obtained from bituminous minerals (excl. crude) 2707 - Oils and other products of the distillation of high temperature coal tar; 2620 - Slag, ash and residues containing metals, arsenic or their compounds (excl. those from the manufacture of iron or steel)	XVI Machinery and appliances (HS 84-85)	8411 - Turbojets, turbopropellers and other gas turbines 8481 - Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, incl. pressure-reducing valves and thermostatically controlled valves; 8414 - Air or vacuum pumps (excl. gas compound elevators and pneumatic elevators and conveyors); air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters;
XV Base metals and articles thereof (HS 72-83)	7601 - Unwrought aluminium 7207 - Semi-finished products of iron or non-alloy steel 72SS - Confidential trade of chapter 72 (Iron and Steel)	XVII Transport equipment (HS 86-89)	8802 - Powered aircraft "e.g. helicopters and aeroplanes"; spacecraft, incl. satellites, and suborbital and spacecraft launch vehicles 8703 - Motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars 8701 - Tractors
VI Products of the chemical or allied industries (HS 28-38)	2905 - Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives 2902 - Cyclic hydrocarbons 3006 - Pharmaceutical preparations and products	VI Products of the chemical or allied industries (HS 28-38)	3004 - Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses "incl. those for transdermal administration" or in forms or packings for retail sale 3815 - Reaction initiators, reaction accelerators and catalytic preparations 3002 - Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera and other blood fractions and immunological products, whether or not modified or obtained by means of biotechnological processes; vaccines, toxins, cultures of micro-organisms (excl. yeasts) and similar products

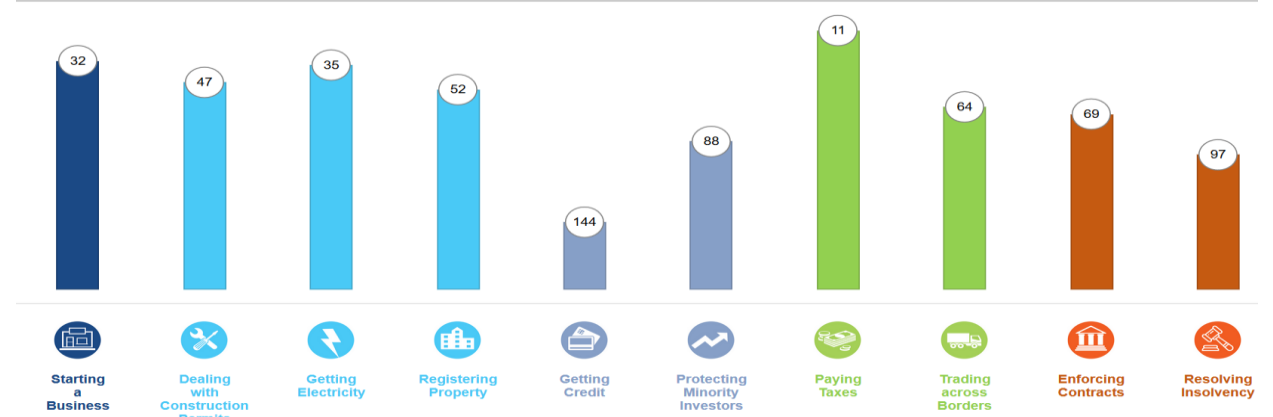
Note: Products ordered by value



# Economic competitiveness indicators

Indicator	Ranking	Out of # Countries
World Bank Ease of Doing Business	68	190
WEF Global Competitiveness Index 4.0	53	141
Fraser Institute – Economic Freedom	89	162
Global Foreign Direct Investment Attractiveness Index	57	109
United Nations e-Government Survey	63	193
Global Innovation Index	80	129

Rankings on Doing Business topics (1-190) - Oman



Source World Bank, Doing Business 2020

## Infrastructure – key figures

### Airports: 13 (2013)

Annual passenger traffic on registered air carriers: 6,365,784 (2015)

Annual freight traffic on registered air carriers: 412,234,008 mt-km (2015)

**Major seaports:** Mina' Qaboos, Salalah, Sohar; Container port: Salalah  
LNG export terminal: Qalhat

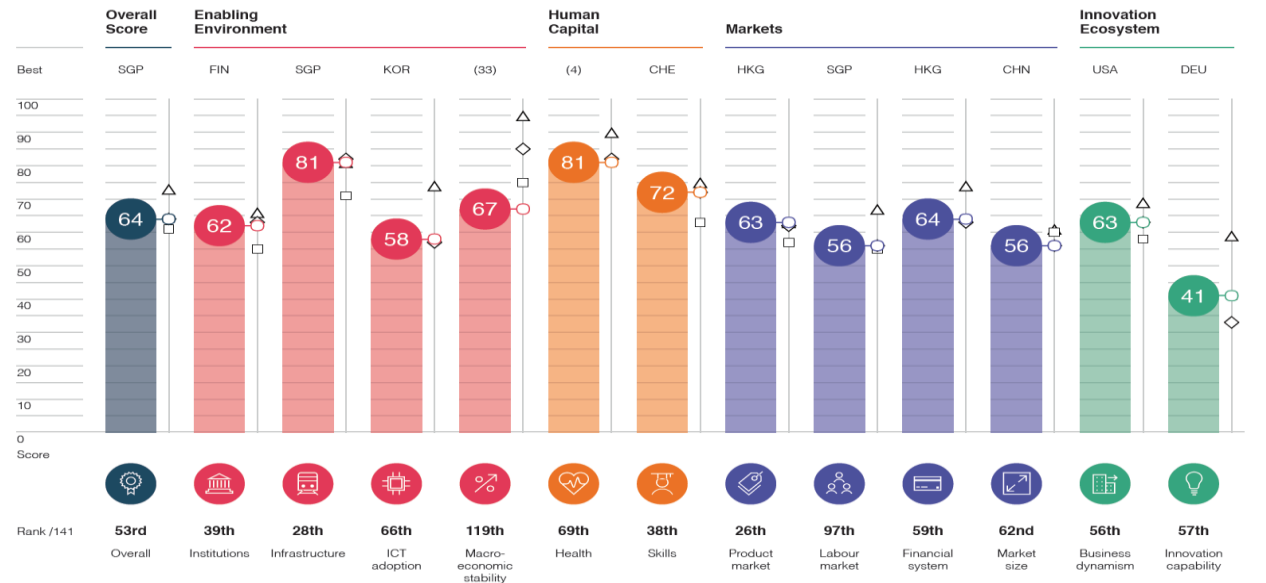
### ICT

Broadband - fixed subscriptions: 422,035  
subscriptions per 100 inhabitants: 12 (2018 est.)

Telephones - fixed lines: 560,326  
subscriptions per 100 inhabitants: 16 (2018 est.)

Telephones - mobile cellular: 6,440,889  
subscriptions per 100 inhabitants: 184 (2018 est.)

Performance Overview Key ◊ Previous edition ▲ High-income group average □ Middle East and North Africa average 2019



Source WEF, The Global Competitiveness Report 2019

# Population Structure and Availability of Human Capital

Population (2020 est.)	
Population (millions)	4
Population growth rate	1.96%
Birth rate	23.1 births/1,000 population
Death rate	3.3 deaths/1,000 population

Age structure (2020 est.)	
0-14 years	30.15% (male 561,791/female 533,949)
15-24 years	17.35% (male 331,000/female 299,516)
25-54 years	44.81% (male 928,812/female 699,821)
55-64 years	4.02% (male 77,558/female 68,427)
65 years and over	3.68% (male 64,152/female 69,663)

Human Capital Availability
<ul style="list-style-type: none"> <li>➤ Literacy (age 15 and over can read and write) 2018:           <ul style="list-style-type: none"> <li>▪ total population: 95.7%</li> <li>▪ male: 97%</li> <li>▪ female: 92.7%</li> </ul> </li> <li>➤ School life duration (primary to tertiary education) 2016:           <ul style="list-style-type: none"> <li>▪ total: 15 years</li> <li>▪ male: 14 years</li> <li>▪ female: 15 years</li> </ul> </li> <li>➤ Labor force participation rate, total (% of total population ages 15-64): 74</li> <li>➤ Unemployment, total (% of total labor force): 2.67</li> </ul>

# Investment opportunities by Sector



# Important Contacts

Agency	Support Provided	Website	Contact Information
Ithraa (The Public Authority for Investment Promotion and Export Development)	Ithraa provides advice, guidance and support in the areas of exporting, property, business plan development and engagement with strategic business and governmental partners	<a href="https://ithraa.om/">https://ithraa.om/</a>	Al Kharijiya Street Muscat, Oman Tel: (+968) 24 62 33 00
Invest Easy	Online access to over a dozen government organisations to secure business licenses and permits	<a href="http://www.business.gov.om">www.business.gov.om</a>	112   Muscat Location: Al Wadi Al Kabeer - Commercial Area P.O.Box: 2955 Phone: 00968-2481 7210 Call Center: <a href="tel:+96824817210">+968 2481 7210</a> <a href="mailto:investeasyhelp@moci.gov.om">investeasyhelp@moci.gov.om</a>
Public Authority for Small and Medium Enterprises Development - Riyada	Riyada is the Sultanate of Oman's arm for the development of small and medium enterprises and the strengthening of their contribution to the local economy through a wide range of business advisory services and training programs.	<a href="https://riyada.om/en-us/Pages/home.aspx">https://riyada.om/en-us/Pages/home.aspx</a>	Riyada Public Authority for Small and Medium Enterprises Development P.O. Box - 1252 PC 111, Al Athaiba Sultanate of Oman
Oman Chamber of Commerce & Industry	Non-government institution representing business establishments in Oman	<a href="http://www.chamberoman.om">www.chamberoman.om</a>	Oman Chamber of Commerce & Industry – Muscat P.O. Box 1400 Postal Code 112, Ruwi Sultanate of Oman Tel: (00968) 24763700
Oman Embassy in Brussels, Belgium	Oman Embassy to the EU		Embassy of Oman, Belgium Avenue Franklin Roosevelt 236 1000 Brussels, Belgium Tel. (+32) 2 679 70 10 <a href="mailto:brussels@mofa.gov.om">brussels@mofa.gov.om</a>

# References

- Ben Jelili, Riadh 'Global Foreign Direct Investment Country Attractiveness Index 2020'
- Fraser Institute '2019 Annual Report – Economic Freedom of the World'
- IMF 'World Economic Outlook April 2020'
- United Nations 'E-Government Survey 2018 – Gearing E-Government to Support Transformation towards Sustainable and Resilient Societies'
- World Bank Group 'Doing Business 2020 – Comparing Business Regulation in 190 Economies'
- World Economic Forum 'The Global Competitiveness Report 2019'
- World Intellectual Property Organization, Insead, Cornell SC Johnson College of Business 'Global Innovation Index 2019 – Creating Healthy Lives – The Future of Medical Innovation'



## EU-GCC Dialogue on Economic Diversification

A Project funded by the European Union

Authors:

**Douglas Aitkenhead**

Team Leader

[daitkenhead@eugcc.eu](mailto:daitkenhead@eugcc.eu)

**Daniela Stratulativ**

Key Expert – Trade and Foreign Direct Investment

[dstratulativ@eugcc.eu](mailto:dstratulativ@eugcc.eu)

This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of the authors and do not necessarily reflect the views of the European Union.