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Accession of the Sultanate of Oman**

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Additional Questions and Replies

The Ministry of Commerce and Industry of the Sultanate of Oman has submitted additional replies to questions raised after the second meeting of the Working Party held on 28 November 1997, with the request that they be circulated to Working Party members. The replies refer to document WT/ACC/OMN/6/Add.1 unless otherwise indicated. The questions and replies are reproduced hereunder.

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II. ECONOMY, ECONOMIC POLICIES AND FOREIGN TRADE

2. Economic Policies

(a) Main directions

Question 1.

We would be grateful for some further clarification as to why oil and telecoms prices are set above world prices and why water and electricity are subsidized.

Reply:

Please refer to the replies to Questions 82, 83 and 84 in document WT/ACC/OMN/6/Add.1.

Question 2.

Please provide more details of the privatization process. Will foreign nationals be able to participate on the same basis as Omani nationals?

Reply:

Policies

1. Privatization represents a part of the government programme aimed at achieving sustainable development, increasing growth rates and distributing the benefits of development across all regions and segments of the society.
2. Priority of privatization shall be given to production services that operate on a commercial basis, such as waste water, electricity, water, telecommunications, highway and postal services. When privatizing these services, consideration shall be given to the financial and administrative capacities of the private sector.
3. Privatization shall be applied gradually as opposed to a successive quick transfer of all governmental production and services establishments to the private sector. This is in order to enable the adjustment to any changes in the economic and social conditions in a measured and gradual manner.
4. Transparent and explicit criteria shall be set for the selection and evaluation of investment proposals, coupled with clear identification of the responsibilities of the concerned government authorities and of the approach of monitoring the privatization programme.
5. More than one company shall be established to render the required services, whenever possible, in order to increase competition and enable the government to compare performance and efficiency.
6. The government shall determine the unified maximum tariff to be paid by all consumers, regardless whether the project is operated by the government or by the private sector. The tariff shall not be amended without government approval.
7. Foreign participation in the privatization projects shall be encouraged so as to benefit from foreign capital, technical and administrative expertise. This participation should be in accordance with the Foreign Capital Investment Law.

8. The Government shall set the basis and criteria for protecting the environment from any negative impacts that may arise as a result of the efforts to reduce cost by the privatized enterprise.

9. Preparing society, through the use of various means of mass media, to accept the changes in the economic and industrial structure of the State. Such preparation shall be achieved by elaborating to citizens the advantages of privatization, its importance to their prosperity, particularly to the fixed-income group, and its contribution to the comprehensive development process.

10. The sale proceeds of government assets in the privatized production and services, shall accrue to the State General Reserve Fund.

Regulations

1. The selection of the suitable company to finance, implement and operate the project shall be determined through open tender, to which the maximum number of Omani companies shall be invited.

2. The selected company shall take the form of a joint stock company. Not less than 40 per cent of the equity shall be floated for public subscription. Omani shareholders shall own at least 51 per cent of the shares.

3. The companies established for privatization projects shall be treated as Omani companies with regard to tax.

(d) Foreign and domestic investment policies

Question 3.

Re. Questions 85 and 86. Must all foreign investments be approved under the Foreign Capital Investment Law? Does the development of the national economy criterion apply to all investments? What factors are taken into account when this criterion is applied?

Reply:

Yes, all foreign investment must be approved under the Foreign Capital Investment Law. Development of the national economy criterion applies only when a foreign investor wants 100 per cent equity. If he agrees to take the normal 49 per cent share then this criterion is not applicable. As for last part of the question, please refer to the reply to Question 60 in document WT/ACC/OMN/6.

Question 4.

The answer to Question 90 suggests that foreign investment is effectively banned in companies with capital of US\$390,000 or less on the grounds that "smaller projects can be taken care of by Omani investors". Is this the case?

Reply:

Yes.

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 5.

Can all decisions of government departments or authorities which affect international trade be appealed to the Commercial Court?

Reply:

Yes.

IV. POLICIES AFFECTING TRADE IN GOODS

1. Import Regulation

(a) Registration requirements for engaging in importing

Question 6.

We understood that all who wished to import in Oman would be unable to do so unless they secured an Omani citizen or majority Oman-owned company to act as an agent for them. Under these circumstances, we believed that legal provisions analogous to Oman's Commercial Agency laws were found inconsistent with Article III.4 in the GATT Panel Reports on "United States - Measures Affecting Alcoholic and Malt Beverages" (DS23/R, adopted 19 June 1992, 39S/206, 279-280) and "Canada - Administration of the Foreign Investment Review Act" (L/5504, adopted 7 February 1984, 30S/166-167).

- **Could Oman indicate the precise nature of the need for the Commercial Agency requirements and why they are applied only in the case of international trade?**
- **Please provide examples.**

Reply:

Please refer to the reply to Question 59 in document WT/ACC/OMN/5 which describes the provisions, the rationale and the need for the Law on Commercial Agencies.

Please also refer to the reply to Question 96 in document WT/ACC/OMN/6/Add.1. We strongly feel that the Commercial Agencies Law, as amended, is in no way violative of GATT provisions.

Question 7.

We seek further clarification of Oman's responses to Question 96 and Question 123 in WT/ACC/OMN/6/Add.1

- **Do these responses mean that all individuals and firms in Oman are free to import, but that only if one chooses to appoint an agent, that agent must be either an Omani national or an Oman-owned company (i.e. at least 51 per cent Oman equity)?**

- **Can a foreign supplier of goods bring imports into Oman without using an Omani agent or company?**
- **What are the legal requirements in Oman for individuals and firms that want to import directly, without an agent, for their own use or for resale?**
- **If a foreign supplier is required to appoint an Oman agent or company, please provide the legal documentation requiring such action and the rationale behind it.**

Reply:

It is confirmed that if a foreign supplier chooses to appoint a commercial agent, the agent must be an Omani national or a company in which the Omani share is not less than 51 per cent. As for the right of individuals and firms to import, they can import goods from abroad subject to the requirements of commercial registration which is explained in detail in the reply to Question 53 in document WT/ACC/OMN/5.

A foreign supplier can export goods to Oman without using a commercial agent. An importer can import goods even when he is not a commercial agent, and he is not obliged to import through a commercial agent.

Individuals and firms can import goods for personal use without any restrictions subject to payment of customs duties, if any. However, imports for resale are governed by the procedure described in the reply to Question 53 in document WT/ACC/OMN/5.

A foreign supplier is not required or obliged to appoint a commercial agent, as stated in the reply to Question 59 in document WT/ACC/OMN/5.

Question 8.

Re. the response to Question 59 of WT/ACC/OMN/5, please indicate how the restrictions on foreign individuals relates to the trade activities of persons from other member countries of the Gulf Cooperation Council (GCC). Are GCC citizens subject to the same rules as persons from other foreign countries in this regard? In our view, it is not a full-fledged free trade area in services.

Reply:

In accordance with Article 8 of the Unified Economic Agreement of GCC countries, GCC citizens are treated as Omani citizens, as they have freedom of movement, work and residence and freedom of undertaking economic activities. However, this Article is being implemented in a progressive manner.

Question 9.

Re. the response to Question 67 of WT/ACC/OMN/5, please indicate how the GCC is not a full-fledged free trade area in services, e.g. which sector or other aspects are not covered.

Reply:

A reply will be furnished after consulting the GCC General Secretariat.

Question 10.

This member understands that the Oman Commercial Agency Law prohibits foreign companies and foreigners from being appointed as agents. In other words, it limits importation through only an Omani national or a joint-venture with an Omani company. Our Government has received complaints from domestic capital-affiliated companies in Oman that this Law imposes an economically unreasonable burden.

- **Will Oman continue such an Omanization Policy, even after accession to the WTO? Does Oman intend to reduce the share of ownership by Omani nationals?**

Reply:

Please see the replies to Questions 6 and 7 above. As explained, importation is not governed by the Omanization Policy.

There is no intention to reduce the share of Omani partners for the purposes of the Law on Commercial Agencies.

(b) Characteristics of national tariff system

Question 11.

In response to Question 98 of WT/ACC/OMN/5, Oman states that it hopes to implement the HS96 in 1998.

Does Oman intend to implement the HS system at the 4-digit level or higher?

Reply:

Oman intends to implement the HS System at the 6-digit level.

Question 12.

The response to question 66 of WT/ACC/OMN/5 indicates that imports consumed by the Government of Oman for its own use are not subject to normal tariffs.

Please indicate any other exemptions from normal taxes, or non-tariff measures associated with importation by the Government. Approximately what portion of imports is granted this special treatment.

Reply:

There are no other exemptions. Figures relating to portion of imports are not available as statistics on this basis are not maintained.

Question 13.

Re. Question 100. Please indicate how the Law on Organization and Encouragement of Industry will be modified to specify that tariffs are not increased above the level bound in the WTO and no restrictions on imports introduced or maintained except in conformity with WTO provisions.

Reply:

A decision on how to modify the Law has not yet been taken. However, even if the Law is not modified by the time of accession, Oman undertakes not to apply its provisions which are not in conformity with the WTO rules.

(d) Other duties and charges**Question 14.**

According to the response to Question 103 of WT/ACC/OMN/6/Add.1, the Port Services Corporation, which assesses quay handling and storage fees, demurrage and overtime fees, is not a monopoly supplier of these services to the Port Authority, who can give the contract to another company.

- **How would some other Corporation go about getting a contract? What is the corporate structure and ownership of the Port Authority?**
- **Please indicate why the fees charged by Port Services Corporation vary depending on the product. Please discuss how these fees are related to the cost of services rendered by the PSC.**

Reply:

Some other corporation could enter into negotiations with the Port Authority. However, as stated in the reply to Question 103 in document WT/ACC/OMN/6/Add.1, because of the small size of the port no other Corporation has so far approached the Port Authority for a contract.

The Port Authority is a governmental body and is part of the Ministry of Communications.

The charges for different products vary because of the varying effort involved in quay handling and the space occupied by different products in storage. For example, iron and steel bars, pipes, tubes, etc. involve more effort in quay handling and occupy a large space compared with general cargo. Thus, higher charges for iron and steel bars, pipes, tubes etc.

Question 15.

Please confirm that charges of Port Services Corporation would be in accordance with Article VIII (Question 105).

Reply:

It is so confirmed.

Question 16.

We appreciate Oman's undertaking in response to Question 107 to abide by WTO obligations with regard to the Law on the Organization and Encouragement of Industry. However, we would appreciate details of the action being taken to adjust the law.

Reply:

Please refer to the reply to question 13 above.

Question 17.

This member understands that the Port Services Corporation is a commercial company in which the Government of Oman has a 35 per cent share. Please explain in detail the procedures required by the Port Authority for a foreign company to participate in the activities of those services in which the Port Services Corporation is currently engaged.

Reply:

The interested company has to apply to the Port Authority and to enter into negotiations for a mutually acceptable contract.

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

Question 18.

In Oman's response to Question 87 in WT/ACC/OMN/5, an attachment listing items that are prohibited and restricted for importation and giving the WTO justification is supposed to be attached. We have Oman's list in Annex 7 of WT/ACC/OMN/2. We do not have the list referenced in WT/ACC/OMN/5.

- **Can Oman supply it now?**
- **Are any of the items in Annex 7 of WT/ACC/OMN/2 or the attachment of WT/ACC/OMN/5 produced domestically in Oman? If so, please explain the circumstances and why imports are prohibited when domestic production is not.**
- **Does Oman use import licences to administer the importation of restricted goods?**

Reply:

The list is available in the WTO Secretariat (Accessions Division, Room 1126) for consultation. Please refer to document WT/ACC/OMN/5/Add.1. None of the prohibited items are domestically produced in Oman. No import licences are used for those items.

Question 19.

Please complete import licensing questionnaire based upon the list of restricted import goods in WT/ACC/OMN/2, Annex 7.

Reply:

The import licensing questionnaire was already completed and submitted as an annex to document WT/ACC/OMN/5/Add.2.

Question 20.

In Oman's response to Question 105 in WT/ACC/OMN/6/Add.1, Oman stated that "There is no prohibition on imports of radio sets and wireless telegraphs. However, such imports do require authorization from the Ministry of Posts, Telegraphs and Telephones, so as to ensure that the type of equipment imported from abroad meets the standards and specifications of Oman's telecommunications system".

- **What kind of authorization is needed? Do imports require special import licences?**
- **Please provide the standards and specifications required on what are these standards based?**
- **If the importation of such goods were denied, what avenue of appeal for the importer or the foreign supplier is available?**

Reply:

A radio equipment type approval is required from the Frequency Management Department of the Ministry of Posts, Telegraphs and Telephones (PTT). A provisional import licence is given by PTT to import the equipment after type approval. Before making it operational, the frequency used by such radio equipment is to be cleared by PTT.

The standards and specifications are: ETSI, ITU-T and ITU-R standards. In case of denial of importation the importer can appeal to the Commercial Court.

Question 21.

Re. Question 105. Oman replies that the import of radio sets and wireless telegraphs requires an authorization from the Ministry of Posts, Telegraphs and Telephones. Please explain in detail the criteria and procedures to obtain the authorization.

Reply:

Please refer to the reply to Question 20 above.

Question 22.

Oman also replies that the requirement is to ensure that the type of equipment imported from abroad meets the standards and specifications of the Oman telecommunications system. Could Oman confirm that the criteria and procedures will be implemented in accordance with Article 5 (Conformity with Technical Regulations and Standards) of the Agreement on Technical Barriers to Trade?

Having said that, Schedule 1 of the Customs Law requires an authorization from the General Telecommunications Organization for the importation of those goods. Does the importation of those goods require an authorization from both institutions? If different authorizations are necessary, please explain about the General Telecommunications Organization, as well as the requirements and the procedures to receive an authorization in detail.

Reply:

Oman confirms that the requirements and procedures of Article 5 of the Agreement on Technical Barriers to Trade will be followed.

Anyone importing telecommunications equipment which will interface with the GTO Network needs type approval and authorization from GTO. However, if the equipment involves radio frequency, it has also to be cleared with the Ministry of Posts, Telegraphs and Telephones.

Question 23.

Re. Question 126. This member notes that Oman prohibits fishing of lobster, abalone and shark in the closed season, including that for export, in order to preserve these species. Please provide scientific justification and data to prove that the export prohibition is necessary for the preservation of these species.

Reply:

1. Lobster and abalone are considered among the high economic value species and due to this high value in local and world markets they are heavily exploited. Lobster and abalone are sedentary species and are found only in certain areas in Omani waters.

- Scientific studies and research in previous years indicated a considerable decline in the stocks of these two species from year to year (table 1). This fact is further established by fish landing statistics and this means there is a threat of extinction.

2. In the light of the above, the fishing season for lobster and abalone is closed during the reproduction period (February to November) for lobster and (January to October) for abalone.

In addition, the fishing gear and methods have also been defined.

3. Regarding the export of lobster and abalone during the closed season, there is no ban on export, but at the end of the fishing season, companies should register their stocks of lobster and abalone with the fishery competent authority and exports can be made from the registered stock. Any export shipments in excess are not allowed.

4. Fishing or exporting of sharks is not forbidden, but there are certain measures regarding its export. These measures were put in place for the purpose of protecting the marine environment and the prevention of pollution as fishermen used to take only shark fins and tails due to their high economic value and throw the remaining parts into the sea or on the shore.

Table 1: Total landing (mt) of Lobster and Abalone from 1988 to 1996

Year	Quantity in (mt)	
	Lobster	Abalone
1988	1936	105
1989	1892	103
1990	1499	53
1991	874	49
1992	546	42
1993	702	34
1994	623	36
1995	608	43
1996	397	43

Question 24.

Concerning the response to Question 109 in WT/ACC/OMN/6/Add.1, Oman states that it will use its authority to ban imported fruits and vegetables periodically to protect domestic production only in accordance with WTO provisions after accession.

Would Oman please indicate what provisions of the WTO it would think appropriate to invoke for this purpose?

Reply:

What Oman had indicated in reply to question 109 in document WT/ACC/OMN/6/Add.1, was that if it felt the need to restrict import of fruits and vegetables, it would study if any WTO provisions were available for that purpose. If no WTO provisions were available, Oman would not restrict import of fruits and vegetables.

Question 25.

In its responses to various questions in section IV.1(e) of WT/ACC/OMN/6/Add.1, on the application of quantitative import restrictions, Oman states that it intends to convert these restrictions to tariffs. We commend Oman for this approach.

Please list all existing restrictions that will be subject to tariffs rather than the current quantitative restrictions after Oman's WTO accession.

Reply:

The items are fruits and vegetables, fresh and long validity milk and eggs.

Question 26.

We appreciate Oman's undertaking in response to Question 114 to assume WTO obligations, but seek details of the action it will take to eliminate the prohibition on the importation of petroleum products.

Reply:

Oman has already given a commitment to eliminate the prohibition on importation of petroleum products. The elimination will be effected upon Oman's accession to the WTO. Details could be provided nearer Oman's date of accession to the WTO.

Question 27.

Re. Question 114. Will the prohibition on importation of petroleum products be eliminated?

Reply:

Yes.

(h) **Customs valuation**

Question 28.

We appreciate Oman's statement in response to Question 117 of WT/ACC/OMN/6/Add.1 that it intends to implement the Customs Valuation Agreement. This member considers full implementation of the WTO Customs Valuation Agreement to be an integral part of the WTO accession protocol package.

We would be interested in a report by Oman on the steps it has taken over the last year and a half to move towards that goal.

Reply:

Oman had requested technical assistance from the WTO and from the World Customs Organization in connection with implementation of the Customs Valuation Agreement. The WTO organized a technical assistance seminar for Omani customs officials which was held in Muscat in February 1998.

Oman did not get technical assistance from the WCO as it is not a member. Oman is taking steps to become a member of the WCO, whereafter it will get technical assistance for implementation of the Customs Valuation Agreement.

Question 29.

This member notes that Oman needs a minimum transition period of five years, as provided for in Article 20.1 of the WTO Customs Valuation Agreement, as it will be unable to implement the Agreement on the date of accession. In this regard, we hope that Oman will enact the necessary domestic laws and regulations as soon as possible so as to be able to implement the Customs Valuation Agreement through technical assistance, including that by the WTO Secretariat.

Reply:

Yes, Oman would do that. As stated in the reply to the previous question, Oman has taken steps to seek technical assistance.

(k) **Application of internal taxes on imports**

Question 30.

Re. Question 118. Does Oman agree that preferential rates of income tax for certain businesses constitute a specific subsidy to goods produced by these businesses under Article II.1(a) of the Subsidies Agreement?

Reply:

No, we do not share that view.

Question 31.

In response to Question 125 in WT/ACC/OMN/5, Oman notes that "The only tax applied by the Sultanate of Oman (in addition to customs duties) is the income tax. Income tax is levied on the profits of business which are operating in Oman". Until recently, only importing companies

paid income taxes. While Oman companies now pay income taxes, those taxes are still lower than the taxes paid by foreign companies.

If a company operating in Oman is owned by a Company from a GCC country would they be considered an Oman company or a foreign company for income tax purposes?

Reply:

It will be considered an Omani company.

(m-o) Anti-dumping, countervailing duties and safeguard regimes

Question 32.

Will Oman agree to a commitment not to apply these measures until existing legislation is amended to the extent necessary to bring it into conformity with WTO requirements and new legislation fully in conformity with these requirements is introduced; and when such legislation is in place, that these measures would be applied in full conformity with WTO requirements.

Reply:

Yes, Oman agrees to a commitment, but only after it becomes a Member of the WTO.

Question 33.

Re. Question 101. Oman replies that Article 19, paragraph 4, of the Law on the Organization and Encouragement of Industry is not intended to be used as a safeguard measure and that upon accession to the WTO, Oman will take any safeguard measures in accordance with the Agreement on Safeguards. If so, what is the purpose of the provision of this Law?

Reply:

This is a provision in the existing law. Oman will not apply it after it joins the WTO.

Question 34.

Please explain under what circumstances Oman will apply the measures to increase customs tariffs on imported goods, which are similar to domestically-produced goods, and also to prohibit or restrict their importation.

Reply:

This is a hypothetical question. After Oman joins the WTO, it may increase customs tariffs only in accordance with the relevant provisions of GATT 1994.

Question 35.

This member notes that, upon accession to the WTO Oman will make substantial modifications to its domestic laws, and that in response to Questions 100 and 107, Oman assures that it will abide by its obligations in respect of tariff bindings and import restrictions. If so, we believe that the above-mentioned provisions should be eliminated. Please comment.

Reply:

We understand that after joining the WTO, Oman's obligations will be not to apply any laws or regulations inconsistently with the provisions of the WTO rules. We also understand that some WTO Members have legislation which are inconsistent with WTO rules, but they are not applying these.

Having said that, Oman will take a decision about the elimination of this provision upon joining the WTO.

2. Export Regulation

(f) Export financing, subsidy and promotion policies

Question 36.

In WT/ACC/OMN/2, Oman described 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. In the response to Question 133 in WT/ACC/OMN/6/Add.1, Oman says that this Ministerial Decree has been replaced by Royal Decree 17/1997, which removes the export conditionality of the loans.

Could we have a copy of the Royal Decree and a description of its provisions?

Reply:

A copy of Royal Decree 17/1997 is available in the Secretariat (Accessions Division, Room 1126) for consultation.

Question 37.

We seek further information on government assistance provided to export industries, in particular details concerning government-funded institutions that grant loans for industrial products which produce for export, and the conditions under which the loans are granted.

Reply:

No government funded institution provides loans for export industries.

Question 38.

We understand that there are a number of new industrial projects proposed, including the Sohar aluminium smelter, a petrochemical joint-venture that is likely to produce polyethylene for export, a fertilizer plant, and a possible new sugar refinery. Is government support to be provided for these projects? Are government subsidies or incentives provided? If so, could details be provided? Are there any subsidies or incentives that relate to export performance? Are there any subsidies or incentives that provide preferences to Oman products, services or individuals?

Reply:

The answer to the question is no.

Question 39.

With regard to Export Guarantee and Financing Unit (EGFG) of the Oman Development Bank referred to in the response to Question 130, is the operation of the Unit consistent with points (j) and (k) of the Illustrative List of Export Subsidies contained in Annex 1 of the Agreement on Subsidies and Countervailing Measures? Are the local content conditions a way of determining whether the product is Omani or not? Are the criteria applied uniformly?

Reply:

The operation of the Unit does not constitute export subsidies within the meaning of points (j) and (k) of the Illustrative List of Export Subsidies in Annex 1 of the Agreement on Subsidies.

No, the local contents as explained in the reply to Question 130 are not a way of determining whether the product is Omani or not. The criteria are applied uniformly.

Question 40.

Could Oman provide further details concerning the arrangement that the EGFU has with major commercial banks to provide advances at concessional interest rates?

Reply:

The Export Guarantee and Financing Unit (EGFU) of the Oman Development Bank had entered into a Memorandum of Understanding with commercial banks in Oman by which they agreed to provide post-shipment finance to Omani exporters for their exports which are credit insured with EGFU, at a concessional rate, against which the assignment of benefits under the Export Credit Policy are to the banks. This helps to reduce the risks of non-payment by the buyers which allows the commercial banks to provide additional post-shipment financing to the exporters.

Question 41.

Re. Question 130. The fact that the major Omani commercial banks grant all credit-insured exporters a post-shipment advance at a concessional rate by giving a discount to their exporter bills would seem to be an export subsidy within the meaning of Article 3.1(a) of the Agreement on Subsidies and Countervailing Measures. Please provide Oman's views on this.

Reply:

We do not think that this seems to be an export subsidy.

We feel that what Oman offers to Omani exporters is much less than what US eximbank, ECGD and Coface offer to their exporters.

Question 42.

A clarification of the answer to Question 127 is requested. Question 13 of WT/ACC/OMN/5 quotes 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. The answer states that these conditions are applicable to enterprises seeking loans from

government funded institutions. Please indicate which institutions are referred to and the conditions on which the loans are granted.

Reply:

As stated in the reply to Question 133 in document WT/ACC/OMN/6/Add.1, Royal Decree 49/91 has been superseded by Royal Decree 17/1997 under which loans are not conditional on export performance or local content requirements.

Question 43.

Please provide a comparison of international prices and prices for petroleum products delivered to domestic industries (part of Question 129 not answered).

Reply:

A comparison of international and domestic prices of petroleum products is given below:

	Average International Price 1995/1997	Average Domestic Price 1995/1997
Jer A-1	23.95 US #/BBL	44.80 US #/BBL
Gas Oil	22.79 US #/BBL	41.70 US #/BBL

Question 44.

Re. Question 130 and Questions 150 and 151 of WT/ACC/OMN/5. Please provide more details of the export credit scheme, in particular the interest rates granted and the conditions that must be met (e.g. value added in Oman, insurance of the debt.)

Reply:

The replies to Questions 150 and 151 give the required information. There is nothing to add to that.

3. Internal Policies Affecting Foreign Trade in Goods

(a) Industrial policy, including subsidy policies

Question 45.

Re. Question 131. Please provide a description, suitable for inclusion in the Working Party's draft Report, of the measures taken to implement the Fifth Five-Year Development Plan.

Reply:

The Fifth Five Year Development Plan (1996-2000) represents the first plan in a series of plans, formulated and launched with a view to achieve the objectives of Vision for Oman's Economy - 2020. This plan places greater emphasis on development of human resources, economic diversification and an expanded role for the private sector. Some of the significant measures taken to implement the Fifth Plan are briefly explained below.

The economic policy package comprises fiscal and monetary policies, interest and exchange rate policy, policies on savings and investment trade policies at macro level and sectoral policies specific to each sector at the micro level.

A prudent fiscal policy in Oman aims at rationalisation of government expenditure, achieving a balance between revenues and expenditure over the plan period; avoiding recourse to the State General Reserve Fund (SGRF); reconsidering expenditure items in case of an oil price decline; a cost effective approach to the operation and management of State-owned enterprises (SOEs) and utilities; priority allocations of investment to human resources development and LNG projects; improving the efficiency of collecting government revenues; charging for basic services/utilities near to the cost of production and rationalising the fee structure for various services provided by the government. A cornerstone of the present fiscal policy in Oman is to consolidate government savings and the building up of financial reserves so that by the end of the Fifth Plan, these reserves are equal to the maximum ceiling of public debt, i.e., Rial Omani 1,500 million.

A sound and effective monetary policy during the fifth plan assumes a liberal interest rate regime; close coordination between monetary and fiscal policies; restricting excessive money supply expansion to finance the budget deficit; ensuring effective regulatory role of the Central Bank of Oman over the banking system; strengthening the financial position of banks and enhancing their lending capacities and finally promoting savings among individuals.

In prices and income policies, the Fifth Plan aims at maintaining the relative stability of prices and avoiding inflationary pressures; ensuring free flow of goods and services and stable purchasing power of the Omani Rial; raising overall productivity of the economic sectors and providing cost-effective support to the private sector especially small and medium enterprises; enhancing the efficiency of human resources by providing education, housing and health services.

The set of social policies adopted in the Fifth Plan is basically concerned with the development and upgrading of human capacities and social affluence involving: (i) provision of suitable employment for Omanis; (ii) provision of suitable housing for every family; and (iii) provision of safe drinking water.

The most important aspects of social policies include:

- (i) the provision of health services - primary health care for all people, reduction in the infant mortality rate, improvement of health services and levying user charges to meet a part of the cost of the treatment;
- (ii) provision of general, higher education and technical and vocational training to prepare a cadre of educated youth conforming to labour market requirements;
- (iii) policies for the housing sector including the provision of interest free soft term loans, introduction of advanced technology and modern equipment in building construction, reduction in the waiting period of the beneficiaries to seek the Oman housing bank loan facility and encouraging the setting up of private real estate enterprises.

Question 46.

Re. Questions 131-135. This member would like to request commitments from Oman that the Fifth Five-Year Development Plan to be implemented will not contain export subsidies which are prohibited by the Agreement on Subsidies and Countervailing Measures. Additionally, we would like to have Oman's commitments that the long-term finance plan, at a reduced-rate by

the Government for industrial policy as well as by Venture Capital Funds for medium- and small-scale industries, will not be granted as export subsidies prohibited by the Agreement on Subsidies and Countervailing Measures.

Reply:

It is confirmed that Oman will not implement the Fifth Five Year Plan so as to grant export subsidies, which are prohibited.

It is further confirmed that long-term finance plan or the venture capital fund will not be granted as export subsidies prohibited by the Agreement on Subsidies and Countervailing Measures.

Question 47.

The answer to Question 6 in WT/ACC/OMN/5 refers to the provisions of capital and soft loans to medium and small industries by the Venture Capital Fund. We would ask that a notification be provided to the Working Party.

Reply:

The venture capital fund has not been set up. As and when it is set up, a notification will be made.

Question 48.

Please provide a more detailed answer to Question 135. How does Oman promote the objective of import substitution?

Reply:

Import substitution is only an indicative objective of economic policy. The Government of Oman does not take any specific measures for import substitution industries.

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

Question 49.

In response to Question 139, Oman notes that its existing procedures for the preparation, adoption and application of standards are either wholly or partially different from the procedures in paragraphs J, K, L, M and O of Annex 3 of the Agreement on Technical Barriers to Trade. Could Oman provide details of the differences in procedures?

Reply:

It may be stated that since the existing procedures are not fully in conformity with the requirements of Annex-3 of the Standards Agreement, the Government of the Sultanate of Oman confirms its commitment that it will make the procedures fully conform to the requirements of the Agreement. However, Oman commits to implement the TBT Agreement as from the date of its accession to the WTO.

As for the differences, Omani standards are not promptly published, DGSM does not publish a work programme once every six months, and a notice inviting comments on draft standards is not published. These differences will be removed in implementation of the Agreement.

Question 50.

We seek further clarification concerning the awarding of Omani Quality Marks. In the third paragraph of the response to Question 140, it is indicated that to be awarded the Omani Quality Mark, foreign manufacturers must pay for the cost of the pre-licence visits, testing and other costs incurred by the DGSM, in order to obtain the Quality Mark. The next paragraph states that Oman accepts test results and conformity assessments provided by accredited laboratories. Does this mean that provided the foreign manufacturer uses an accredited laboratory, it may obtain the Omani Quality Mark without the additional DGSM visits and associated costs?

Reply:

The DGSM is in the process of laying down the regulations for awarding conformity certificates and the Omani Quality Mark concerning compliance with national standards according to the rules of Omani regulations, where the use of the Omani Quality Mark is optional.

For awarding the Omani Quality Mark, the DGSM applies the same rules for imported or national products. In the case of awarding the Omani Quality Mark to an imported product, the DGSM will delegate a competent body in the manufacturers' country of origin to take full responsibility to do the work of pre-licence visits, testing samples and periodic surprise inspection during the licence period, which is one year, and the foreign manufacturer will have to pay the costs of all the aforementioned procedures to DGSM.

Question 51.

Re. Question 140. This member notes that the awarding of Omani Quality Mark is in progress. Please indicate when and how these "Marks" will be introduced. We understand that the Omani Quality Marks will be awarded to imported products on the same terms and conditions as for domestically-produced products. Please give details on the procedures, requirements and fees of receiving such Quality Marks.

Reply:

Please refer to the answer to Question 50.

The DGSM will, in the very near future, issue the regulations for the Omani Quality Mark, which will be made available very soon.

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

Question 52.

Re. Questions 141-142. Please explain about the scientific justification needed whereby a product must have half of its shelf life still remaining at the time of import, as some members are concerned that the shelf life requirement is not based on the scientific evidence provided for in the SPS Agreement.

Reply:

Preparation of GCC shelf-life standards for food products is based on scientific references, researches, special studies and expiration periods applied in countries such as the United States and the European Communities. It takes into consideration the transportation, storage and handling methods and the climatic conditions in the country.

Question 53.

Please submit a list of the products subject to the shelf life requirement, as well as details of what is investigated under the phytosanitary measures for imported agricultural products. Please also indicate the costs and time generally necessary for such inspection.

Reply:

The list of the products subject to the shelf life requirement is indicated in the Gulf Standard No. 150/1993 including the list of imported agricultural products like fruits, eggs, milk, etc., which is available in the Secretariat (Accessions Division, Room 1126) for consultation.

(e) **State-trading practices**

Question 54.

Without prejudice to the application of Article XVII, please respond to the questions concerning the operations and trade composition of the PAMAP contained in WT/ACC/OMN/5.

Reply:

PAMAP will be privatised before end of this year.

(l) **Government procurement practices**

Question 55.

Have there been any development in Oman's policies in this area?

Reply:

There have been no developments in Oman's policies in the area of government procurement other than those described in earlier documentation.

Question 56.

In the field of government procurement under the WTO, work is in progress to identify elements of discipline to ensure transparency and to make possible agreements covering all WTO Members. It is expected that Oman, upon accession to the WTO, will participate in the Agreement on Government Procurement and will also participate in and contribute to the work mentioned above. Please explain how Oman currently ensures the transparency of procedures and the practice of government procurement, such as the publication of an opportunity and the procedures to participate in procurement, qualification of suppliers, conditions gaining contracts and the procedures for suppliers to be able to challenge the government's decision.

Reply:

Oman will not join the Agreement on Government Procurement. However, upon accession, Oman will participate in the work of the working group on transparency in government procurement procedures and will join any multilateral arrangement that is agreed to by WTO Members.

As for the second part of the question, please refer to the replies to Questions 222 to 241 in document WT/ACC/OMN/5.

4. Policies Affecting Foreign Trade in Agricultural Products (Re. WT/ACC/SPEC/OMN/2)

Question 57.

Can Oman confirm that it does not, at this point, use amber policies in support of its agricultural regime? If so, does this mean that Oman is ready to bind its domestic support at a *de minimis* level of support?

Reply:

It is confirmed that Oman does not use amber policies in support of agriculture and that it will bind domestic agricultural support at a *de minimis* level.

Question 58.

Pest and disease control

National Project for Plant Protection:

- **Could Oman explain how a plant protection measure that “increase(s) agricultural production” as noted here, would meet Annex 2 criteria?**
- **We would appreciate more information and clarification on this policy, which could be viewed as an input subsidy for plant protectant chemicals based on its current description.**

Reply:

The Government undertakes pest and disease control measures such as aerial spraying and plant quarantine. These measures are available to all farmers that may be in need of them.

These measures strictly conform to the criteria in paragraph 1 and paragraph 2(b) of Annex 2 to the Agreement on Agriculture.

Question 59.

Extension

Measures 3 and 4 do not seem to fit in this category. Normally, the provisions of inputs and machinery to farmers is treated like an input subsidy.

Could Oman clarify that this programme is used for experimental and demonstration purposes only, and that the commodities produced under such programmes are not marketed commercially?

Reply:

It is confirmed that extension services are only for experimental and demonstration purposes, and commodities produced under such programmes are not marketed commercially.

Question 60.

Infrastructural services, including modern irrigation schemes

The first two measures, “Establishment of Development Support Communication Centre” and “Establishment of Training Centre for Extension Officers” do not appear to be infrastructural services related to irrigation. They would appear to fall under the extension and/or training categories under general services. The third measure “Improvement and Development of Extension Centre Facilities” also would appear to be an extension programme. However, the last point (page 13) under this category concerning the introduction of modern irrigation methods, does not appear to qualify. It would appear that the government subsidizes the provision of new irrigation systems, which could run counter to paragraph 2(g) criteria that “expenditures shall exclude the subsidized provision of on-farm facilities other than for the reticulation of generally available public utilities”.

Could Oman supply further information on this programme?

Reply:

We agree with the observations in the first part of the question. However, these programmes are green-box measures.

As for irrigation, it is confirmed that there is no subsidization of irrigation water to farmers. The programme is a green-box measure as the government builds a pipe irrigation network which is embedded below ground service.

Question 61.

The initial offer submitted by Oman provides a 50 per cent ceiling binding for all but 8 agricultural products and a 50 per cent ceiling binding for all non-agricultural products. As is pointed out in paragraph 33 of the Factual Summary, the weighted average MFN tariff amounted to 2.7 per cent in 1994. The aim of promotion of free trade would be impeded if a 50 per cent ceiling binding is imposed uniformly and a 100 per cent or 200 per cent high ceiling is imposed on exceptional products, without taking into account the situation surrounding each domestic industry and imports. We would, therefore, like to request Oman make a further reduction in its tariff levels of ceiling bindings.

In addition, we would like to request Oman to list each product in its offer according to HS nomenclature, even if a uniform rate is offered so that negotiation for reduction of binding rates could be facilitated.

Reply:

The question relates to market access negotiations. Please await Oman’s revised offer.

Question 62.

We would like to know whether Oman can confirm that it does not grant domestic support, except those relating to “green box” and export subsidies, and that it does not intend to introduce them in the future.

Reply:

It is so confirmed.

V. TRADE-RELATED INTELLECTUAL PROPERTY REGIME

1. General

Question 63.

Has the Government of the Sultanate of Oman taken any concrete steps with regard to its intended accession to the Paris and Berne Conventions? Please explain.

Reply:

A decision to join the Paris and Berne Conventions has already been taken. Administrative steps in that direction are being taken.

2. Substantive Standards of Protection

Question 64.

What are the Government of Oman’s plans for implementing protection for trade secrets, industrial designs, geographic indications and test data?

Reply:

The Sultanate had sought technical assistance from WIPO regarding industrial designs. The legislation suggested by WIPO is being studied by the relevant officials of Oman.

The Trademark Law will be amended to incorporate provisions on geographical indications.

As for trade secrets and test data, no concrete steps have yet been taken. But the process will soon be initiated after getting technical assistance and advice from WIPO.

(a) Copyright and related rights

Question 65.

Please explain in detail how performers, producers of phonograms and broadcasting organizations are protected under the copyright legislation of Oman.

Reply:

The Copyright Law will be suitably amended for this purpose by 1 January 2000. We are in touch with WIPO to seek technical assistance for this purpose. WIPO's experts have since visited

Oman and submitted a report identifying deficiencies and inconsistencies in the existing laws. The report is under examination by the authorities.

Question 66.

How does Oman plan to provide national treatment to foreign works, as required by the WTO TRIPS Agreement?

Reply:

The Copyright Law will be suitably amended for this purpose.

Question 67.

We understand that Oman has reconsidered its decision to not accede to the Berne Convention. When will Oman accede to the Berne Convention?

Reply:

Oman has already taken a decision to join the Berne Convention. Administrative steps in that direction are being taken.

Question 68.

We understand that Oman's Copyright Office will eventually be located in the Ministry of Commerce and Industry. When is this move scheduled to occur and what level of staffing will be allocated for the office, including enforcement against piracy?

Reply:

The Copyright Office is being established in the Ministry of Commerce and Industry. The level of staffing is under consideration.

(b) Trademarks, including service marks

Question 69.

We understand that the Government of Oman is in the process of redrafting Oman's Trademark Law to protect well-known marks, including foreign ones. What is the status of this redrafting? Please describe in detail the changes that are being made.

Reply:

Proposals on changes in the Trademark Law have been prepared. These were discussed with WIPO experts who visited Oman recently. In the light of their comments, drafting changes are being made which include protection of well known marks in accordance with the provisions of the TRIPS Agreement.

Question 70.

How will Oman protect well-known marks in the interim until legislation to update Oman's Trademark Law is passed and implemented?

Reply:

At the moment, a well known mark is refused registration if another party wanted to register the same mark in its name.

Question 71.

Oman believes that it may need a transitional period to make the necessary changes to its Trademark Law. Please explain why such a transition period could be needed.

Reply:

A transitional period is needed as a number of changes have to be made to bring the Trademark Law into full conformity with the TRIPS Agreement. Whereas for the whole TRIPS Agreement, Oman will need a transitional period of five years, it will implement the trademarks-related part of TRIPS Agreement at the latest by 1 January 2000.

(e) Patents

Question 72.

According to a response to a question about Oman's lack of a patent law, by-laws to implement the GCC Unified Patent System have been prepared by the GCC and will be implemented shortly by Oman. Please explain.

Reply:

GCC countries have adopted a GCC Unified Patent System under which by-laws for its implementation are being issued by the GCC secretariat. These will automatically become the patent law of Oman.

Question 73.

Please explain how the Government of Oman will coordinate the development of patent protection in Oman with any improved GCC efforts in the future.

Reply:

Since GCC countries have a unified patent system, any improved efforts agreed to by GCC countries will automatically be applicable to Oman. The Sultanate of Oman will implement the patent-related part of the TRIPS Agreement from the same date as other GCC countries would do that.

Question 74.

Is the Government of Oman willing to consider the establishment of a patent confirmation system to assist with the development of TRIPS-consistent patent protection in Oman?

Reply:

Yes.

Question 75.

According to the response to Question 296 of WT/ACC/OMN/5, Oman intends to discuss the application of Paris Convention standards with its GCC partners. Please explain.

Reply:

Since this subject relates to all GCC countries, Oman will coordinate its programme with other GCC countries.

Question 76.

According to the response to Question 301 of WT/ACC/OMN/5, the Board of Directors of the GCC Patent Office must approve the grant of a compulsory licence. Please describe in detail the procedure followed in Oman and the conditions under which compulsory licences may be granted.

Reply:

There is no separate procedure in Oman for this purpose. The procedure and conditions will be determined by the GCC Patent Office.

Question 77.

We understand that Oman may have an agreement with the United Kingdom whereby the Sultanate confirms United Kingdom' patents. Is this correct? If so, please describe the mechanisms and protection in place as a result of this system and how it has been implemented. Since Oman has no patent law, how does such a confirmation effort work?

Reply:

There is no agreement with the United Kingdom

Question 78.

What are Oman's plans for drafting and passing a TRIPS-consistent patent law?

Reply:

Please refer to the reply to Questions 72 and 73 above. However, Oman is consulting with WIPO and seeking opinion on whether it needs to have a separate Omani Patent Law or whether the GCC Unified Patent System and its by-laws are enough.

VI. TRADE-RELATED SERVICES REGIME

1. General

Question 79.

It is important that Oman complete the information base on services to facilitate negotiations and in order to help delegations better understand the basis for Oman's services market access

offer. It would be helpful if Oman provided the information requested in WT/ACC/5 as soon as possible, as well as submitted its draft list of MFN exemptions.

Reply:

Information in the WT/ACC/5 format has already been furnished and circulated by the WTO Secretariat to Members (WT/ACC/OMN/8).

A draft list of MFN exemptions has also been circulated (WT/ACC/SPEC/OMN/4/Add.1).

Question 80.

In the horizontal commitments of the initial offer on trade in services (WT/ACC/OMN/4), a wide range of reservations are made with respect to Mode 3. We are concerned that such reservations might be excessive. Could Oman explain about the need for each reservation respectively and the necessity to cover all sectors.

Reply:

The horizontal limitations have since been revised and scaled down. Please refer to the second revision of the initial offer on services.

Question 81.

In response to the questions regarding consistency of the said reservations with the GATS, Oman indicated its understanding whereby "many WTO Member countries have done that". We are concerned that such an approach as making reservations because others "have done it" would contradict the principle of the GATS in achieving a progressive liberalization by encouraging each Member to liberalize its trade in services as much as possible. Please comment.

Reply:

What Oman had tried to explain was that the reservations, in horizontal limitations, were permissible under Articles XVI and XVII of GATS and there was nothing odd in exercising reservations. It was only by way of emphasizing that reservations were permissible that Oman had cited that many other countries had entered similar reservations.

Question 82.

The application of a higher tax rate to businesses with foreign participation than that applicable to Omani businesses with no foreign participation is a clear violation of the national treatment obligation and cannot be justified as "exceptions stipulated under Article 14(d) of the GATS". We would like to request Oman to make the necessary modification so that it will gain more support for its accession to the WTO.

Reply:

We understand that some WTO Members have made similar reservations which have been accepted and are already in force that shows that such reservations are not against GATS rules.

Legal services

Question 83.

When foreign lawyers provide legal services in Oman by establishing a joint-venture company with an Omani partner, are there any requirements, such as certain periods of business experience?

Reply:

No.

Question 84.

Are foreign lawyers allowed to provide legal services in Oman in different ways than the above joint-venture company, such as establishing an independent company or being employed directly by Omani lawyers?

Reply:

Foreign lawyers are not allowed to establish independent companies. However, foreign lawyers can be employed by Omani lawyers.

Question 85.

Is possible for a joint-venture company owned by both foreign and Omani lawyers to employ Omani lawyers?

Reply:

Yes.

Financial services

Question 86.

Re. Question 182. This member understands that foreign securities firms should be established in the form of a joint-stock company with at least 51 per cent of Omani participation, and should also be licensed by the Muscat Securities Market for conducting broker, deal and underwrite activities. Please explain about the Muscat Securities Market, as well as the criteria and procedures for foreign securities firms to obtain a licence. Please also submit the following data:

- the number of foreign securities firms which have actually obtained entrance into the country;
- the period of time between application for entrance and actual entrance itself of the individual firm; and
- the share by foreign securities firms of all current trade and its trends in recent years.

Reply:

The Muscat securities market is the regulatory authority for securities business. No foreign security firm has obtained licences to enter the country.

The Muscat securities market issues a licences within two months from the date a complete application is submitted. The applicant has to complete incorporation formalities with the Ministry of Commerce and Industry.

The answer to the last part of the question is none.

Question 87.

Re. Question 186. This member notes that foreign financial institutions are allowed to manage assets of public funds, including pension funds, if they are licensed by the Muscat-Securities Market. Please explain in detail the requirements and procedures to obtain a licence from the Muscat Securities Market for this purpose.

Reply:

The application giving the following information: name of the company; authorized, issued and paid-up capital; legal form or status of the applicant, planned activities, names of shareholders if the company is a private limited liability company or names of founders if it is a shareholding company; organizational structure; names of directors; qualifications and practical experience of chief officers; and a copy of the articles of association and internal regulation of the company.

The application should be accompanied by a cheque in payment of the application fee: Rial Omani 500 for each activity applied for, but the total application fee does not exceed Rial Omani 2,000.

The applicant has to give an undertaking to observe all laws, rules and regulations of the Muscat securities market.

Question 88.

Please indicate the data needed for the actual entrance of foreign financial institutions.

Reply:

A foreign financial institution is required to obtain incorporation under the Companies Law and to seek approval under the Foreign Capital Investment Law.

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

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

Question 89.

Does Oman participate in the Convention for Facilitating and Developing Trade Exchanges Among Arab States or in the Arab League Common Market? If so, could Oman indicate to what extent it extends tariff preferences to other countries under this agreement?

Reply:

Oman was not a participant in the Convention for Facilitating and Developing Trade Exchanges Among Arab States and does not grant any tariff preferences to imports from other Arab countries.

Oman has recently joined the Free Trade Area Agreement between Arab League members under which a free trade area will come into existence within 10 years starting from 1 January 1998. Each member country has agreed to reduce its existing duties by 10 per cent each year so that by the year 2007 the free trade area will be fully operational.

Question 90.

Does Oman participate in the decision of the Arab League of 19 February 1997 to establish an Arab League Free Trade Area? If so, could Oman please provide a copy of the decision and the timetable for implementation of the Arab League Free Trade Area?

Reply:

Yes, Oman is participating in the Arab League decision of 19 February 1997 to establish an Arab Free Trade Area.

A copy of the decision is already in the WTO Secretariat, provided to it by the Kingdom of Saudi Arabia in connection with its accession.

2. Economic Integration, Customs Unions and Free Trade Area Agreements

Question 91.

Please give an update of developments in the formation of a customs union between members of the GCC.

Reply:

Negotiations for the establishment of a common external tariff are well advance. However, it is not possible to give either the time frame for completion of these negotiations or the level of tariffs under the CET as negotiations are still under way.

Question 92.

Could Oman tell us why such a high proportion of its non-oil trade takes place with the United Arab Emirates?

Reply:

Because of the proximity of the two countries, because of easy communication facilities and because of long established commercial channels.
