

# WORLD TRADE ORGANIZATION

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## Working Party on the Accession of Oman

### DRAFT REPORT OF THE WORKING PARTY ON THE ACCESSION OF OMAN TO THE WORLD TRADE ORGANIZATION

1. The Government of the Sultanate of Oman applied for accession to the World Trade Organization in April 1996. At its meeting on 26 June 1996, the General Council established a Working Party to examine the application of the Government of the Sultanate of Oman to accede to the World Trade Organization under Article XII of the Marrakesh Agreement Establishing the WTO. The terms of reference and the membership of the Working Party are reproduced in document WT/ACC/OMN/4/Rev.5.
2. The Working Party met on 30 April and 28 November 1997; 2 October 1998; 7 May 1999 and ..... under the Chairmanship of H.E. Mr. Munir Akram (Pakistan).

#### DOCUMENTATION PROVIDED

3. The Working Party had before it, to serve as a basis for its discussions, a Memorandum on the Foreign Trade Regime of Oman (WT/ACC/OMN/2), the questions submitted by Members on the foreign trade regime of Oman, together with the replies thereto, and other information provided by the authorities of Oman (WT/ACC/OMN/5 and Addenda 1 and 2; WT/ACC/OMN/6 and Addendum 1; WT/ACC/OMN/9; WT/ACC/OMN/11; WT/ACC/OMN/12; WT/ACC/OMN/13; WT/ACC/OMN/14; WT/ACC/OMN/16; WT/ACC/OMN/18 .....), including the legislative texts and other documentation listed in Annex I.

#### INTRODUCTORY STATEMENTS

4. The representative of Oman recalled that Oman was an old trading nation, having been at the crossroads of international trade for centuries. Aware of the importance of world trade and the importance of rules for the conduct of world trade, Oman was seeking Membership in the WTO convinced that the universal rule-based system enshrined in the WTO provided the best recipe for a healthy and strong world economy. His Government was looking forward to joining the WTO and

adding its voice to strengthening the multilateral trading system. The Sultanate of Oman had embarked upon its economic development in 1970 under the dynamic leadership and guidance of His Majesty Sultan Qaboos bin Said. Remarkable progress had transformed Oman from a subsistence economy into a modern one with a sophisticated infrastructure. Oman's road to development was backed by sound economic policies based on free-market principles. However, despite the progress made, Oman remained a developing country, dependent on a single exhaustible resource. The share of manufactures in total GDP was still very small and manufactures accounted for a tiny part of Oman's total exports.

5. Oman was taking further steps to open the economy; the privatization programme was proceeding smoothly, some laws and regulations were under revision, and institutional changes were taking place. His Government would be ready to offer meaningful commitments in goods and services and accept obligations under WTO rules, keeping in view Oman's position as a developing country, and based on the principle of mutual advantage. Oman was committed to pursuing its accession to the WTO, knowing that its trade regime for the most part conformed with the provisions of the WTO Agreements. Customs valuation and intellectual property were two notable areas where existing laws and regulations were not in full conformity with the provisions of the WTO Agreements. Oman would be prepared to accept all obligations under WTO rules, but acknowledged that it would take some time to bring laws into line with WTO requirements.

6. In their opening remarks, members of the Working Party welcomed and supported the request from Oman to accede to the WTO. Adherence to the multilateral rule-based system would consolidate Oman's open and outward-looking economy, enhance the universality of the WTO, and bring mutual benefits to Oman and Members of the WTO. Members expected Oman's accession to proceed expeditiously.

7. The Working Party reviewed the economic policies and foreign trade regime of Oman and the possible terms of a draft Protocol of Accession to the WTO. The views expressed by members of the Working Party on the various aspects of Oman's foreign trade regime and on the terms and conditions of Oman's accession to the WTO are summarized below in paragraphs 8 to [139].

## ECONOMIC POLICIES

### Monetary and Fiscal Policy

8. The representative of Oman said that monetary policy was implemented with two key objectives in mind: to steer the financial system towards medium- and long-term targets aimed at eliminating internal and external imbalances and to smooth fluctuations in bank liquidity. The Central Bank of Oman did not target any specific monetary variables at present, but conducted monetary policy in consultation with the Government in order to contribute to the objectives envisaged in the Five-Year Plans. The Central Bank had the legal authority to use a broad range of monetary policy instruments, including reserve requirements, lending ratios, rediscount policies, currency swaps, treasury bills and development bond operations, and the issuance of certificates of deposit. Commercial bank interest rates had been deregulated, and all lending rates, except those for consumer loans not exceeding RO 9,000, were also freely determined by market forces.

9. The Government's fiscal policy was very important to the national economy as government spending was a driving force for economic activity. The main source of government revenue came from the petroleum sector, and the Government's resource base was accordingly sensitive to fluctuations in oil prices. Among the objectives of the Fifth Five-Year Plan (1996-2000), Oman aimed at achieving a balance between government revenue and expenditure. Cuts were foreseen in current expenditure by civil ministries. The Government would discontinue net borrowing from abroad while encouraging domestic savings by issuing government development bonds. The Government also sought to minimize dependence on withdrawal from State funds, and would transfer all proceeds from oil sales above US\$17 per barrel to a State Emergency Fund. The Government also intended to increase the share of non-oil income in total revenue.

10. Income tax was the only tax levied in the Sultanate of Oman and it applied only to businesses. The tax code had been revised recently. Taxable income below RO 30,000 was exempt, and amounts exceeding RO 30,000 were taxed at 12 per cent for wholly-owned Omani companies, Omani Public Joint Stock Companies, and Mixed Omani-Foreign Companies in which Omanis owned 51 per cent or more of the capital. Income exceeding RO 30,000 in Mixed Omani-Foreign Companies in which the Omani share was less than 51 per cent was taxed at 15 per cent up to RO 100,000, 20 per cent for RO 100,000-150,000, and 25 per cent for amounts exceeding RO 150,000. The tax code was undergoing revision to reduce the discriminatory element further. Foreign enterprises without permanent establishment in Oman which received royalties or fees were subject to a 10 per cent tax on company turnover. Oil exploration and production companies were generally taxed under special rules set out in the relevant concession agreements. Income derived from the retail sale of petrol and petroleum products was taxed at 55 per cent. Foreign investment projects were exempt from income tax for a period of five years and the exemption could be renewed once for another five years.

Companies in the petrochemical sector had no special tax exemption beyond the five- (or ten) year tax holiday.

11. In response to a question raised, the representative of Oman stated that the preferential income tax rates for Omani businesses could not be considered a subsidy within the meaning of paragraph (e) of the Illustrative List of Export Subsidies in the Agreement on Subsidies and Countervailing Measures as the treatment was not related to exports.

#### Foreign Exchange and Payments

12. The representative of Oman said that exchange control authority was vested in the Central Bank, but Oman had no exchange control legislation. Foreign exchange for payments abroad could be obtained freely and no requirements were attached to receipts, or the disposal of foreign exchange earnings, from exports or re-exports. Payments for proceeds from invisibles were not restricted. Travellers could bring in or take out any amount in domestic or foreign currencies. Oman had formally accepted the obligations of Article VIII, sections 2, 3 and 4 of the Articles of Agreement of the IMF on 19 June 1974. There were no restrictions on the movement of capital.

13. The currency of Oman - the Omani Riyal - was pegged to the United States' Dollar at a rate of US\$2.6008 per Rial. The Central Bank maintained fixed buying and selling rates with a narrow margin around the peg. Commercial bank rates for other currencies were based on market rates in London. Oman maintained no taxes or subsidies on purchase or sale of foreign exchange.

#### Investment Regime

14. The representative of Oman said that his Government promoted private sector investment, foreign and domestic, with a view to achieving diversification by gradually reducing dependence on oil as the dominant source of income by promoting the development of manufacturing, services, agriculture, fisheries and tourism. Other investment objectives included job creation for the expanding, well-educated local workforce; the development of Omani management skills and technical expertise; gaining access to foreign markets through foreign private-sector marketing channels; and foreign equity participation in large, capital-intensive projects. Omani legislation stipulated that projects with foreign investment were not to be expropriated or confiscated except in the case of public interest, e.g. State or national emergency, and against compensation. Repatriation of capital and profits was allowed freely.

15. The Commercial Companies Law allowed incorporation in Oman in the form of general partnership, limited partnership, joint-venture, joint stock company, limited liability company, or holding company. Each form was available to foreign investors subject to the Foreign Capital Investment Law. According to the Foreign Capital Investment Law, non-Omanis could conduct business through companies licensed and registered in Oman, or by virtue of special contracts issued by Royal Decree.

16. The representative of Oman said that Omani investors should participate adequately in the development of the national economy. All foreign investment required approval under the Foreign Capital Investment Law. The Law allowed foreign investors to own up to 49 per cent of companies with capital of minimum RO 150,000 (US\$390,000) and the share could increase to 65 per cent if approved by the Minister of Commerce and Industry upon recommendation of the Foreign Capital Investment Committee. Foreign ownership of 100 per cent could be accepted in projects with total capital exceeding RO 500,000 (US\$1.3 million), provided the project contributed to the national economy. However, this level of ownership had to be approved by the Cabinet of Ministers upon recommendation from the Minister of Commerce and Industry. Projects were evaluated case-by-case. As a general rule, investment in a strategic industry contributing to the economic development of Oman outside the Capital area, transfer of technology and application of new technology improving existing infrastructure, would be considered a contribution to the national economy. Foreign accounting and auditing companies were required to have a local Omani partner owning not less than 35 per cent of the total capital. Foreign companies and individuals were generally not permitted to own free hold land, except by Royal Decree, but land was available on 50-year extendable leases. Foreigners could also be granted special permission to build temporary work camps. Foreign investment in companies with capital of RO 150,000 or less was effectively banned.

17. A member believed conditions for foreign investment were often decided on a case-by-case basis. The representative of Oman did not agree with this statement. Another member encouraged Oman to maintain a high level of transparency in its investment regime, for example, by due publication of new or amended laws and regulations, allowing a reasonable interval between the introduction and the enactment of the laws and regulations on the investment regime, and the establishment of an inquiry point providing relevant information on investment. Furthermore, the Omani authorities should set down conditions in a manner as explicit as possible whether investment was permitted or banned. The representative of Oman replied that the Oman Centre for Investment Promotion and Export Development (OCIPED) served as an inquiry point for investors.

18. A member noted that Oman had revised its investment law to permit higher levels of equity ownership in direct foreign investment in some sectors without Ministerial approval, and encouraged Oman to expand the equity level permitted to foreign investment even further, to permit full equity ownership of foreign investments. In reply, the representative of Oman said that the Foreign Capital Investment Law would be revised by December 2000.

#### State Ownership and Privatization

19. The representative of Oman said that privatization was part of a government programme aimed at achieving sustainable development. Priority was given to privatization of production services operated on a commercial basis such as waste water, electricity, water, telecommunications, highways and postal services. Private enterprises managed electricity and desalination plants under operation and management contracts. His Government was considering to privatize 30 per cent of the General Telecommunications Organization (GTO), and postal services would be privatized after the year 2000. Rather than a rapid transfer of government assets, privatization would proceed in a gradual manner. Oman had no intention of privatizing television or radio at present. Foreign participation (up to 49 per cent) in privatization projects, in accordance with the 1994 Foreign Capital Investment Law, was encouraged. Proceeds from the sale of government assets would accrue to the State General Reserve Fund. Some privatization projects – the Muscat and Salalah Sewage Systems, GTO restructuring, electricity projects in Salalah, Sharqiya, Manah and Ghubra, and water projects in Dhahira, Sharqiya and the Najd Area – were approaching their final stages.

20. The Government had also taken steps to privatize public assets in agriculture. Two government-owned date factories had been transferred to private ownership. In the future, all agricultural inputs and services were to be provided by the private sector.

21. A member requested that Oman provide some indication of the relative size of the output of State-owned firms relative to Oman's GNP and trade, both including and excluding the petroleum sector. The representative of Oman replied that the relative size of State-owned enterprises was negligible, but precise data was not available at present.

#### Pricing Policies

22. The representative of Oman said that the Government set (maximum) prices for petroleum, electricity, water and telecommunications, keeping in view the needs and welfare of citizens. The price controls applied regardless of whether a project was operated by the Government or by the

private sector. The tariff could not be amended without government approval. Prices for petroleum and telecommunications services were uniform for all users. Telecommunications charges were determined by the GTO under monopoly conditions, taking into account ITU recommendations incorporating cost trends. Telecommunications tariffs had been lowered four times since 1980. Electricity and water was subsidized, and tariffs were lower for households than for industrial and commercial users. Households paid Baisa 2 per gallon of water, while commercial and industrial users were charged Baisa 3 per gallon. Households paid Baisa 10 to 30 per kWh for electricity, depending on the level of monthly consumption. The price of electricity for industrial and commercial users was fixed at Baisa 24 per kWh in the Summer months (May-August), and Baisa 12 per kWh in the Winter months (September-April).

23. A member requested further clarification as to why prices for petroleum and telecommunications charges were set above world market levels, and why water and electricity were subsidized. In reply, the representative of Oman said that his Government was evaluating an option to privatize 30 per cent of the GTO as part of a comprehensive plan to restructure the GTO. Making the GTO a private entity in a free competitive market would lead to an overall review of the tariffs at a later stage. Telecom prices in Oman were presently comparable to any developing and developed country. The Government had increased local petroleum prices for fiscal reasons and to encourage more rational use of petroleum products. Electricity tariffs were differentiated for social reasons and to encourage the development of infant industries. His authorities were studying a reform of electricity and water charges with a view to reviewing and harmonizing the rates, as well as privatization options.

24. In response to a question raised, the representative of Oman stated that no goods or services other than those mentioned in paragraphs [22 and 23] were subject to price controls. There were no plans to liberalize price controls at this stage.

25. [The representative of Oman stated that in the application of price controls or State guidance now or in the future, Oman would apply such measures in a WTO-consistent fashion, and take account of the interests of exporting WTO members as provided for in Article III:9 of the GATT 1994. Oman would publish the list of goods and services subject to State controls any that are introduced or re-introduced in the future in its Official Journal, including any changes in the list provided of current requirements in place. The Working Party took note of this commitment.]

#### Competition Policy

26. The representative of Oman said that economic policy was based on free-market principles, and that no specific competition law existed. Asked whether Oman intended to introduce legislation on competition, the representative of Oman said that Oman had not experienced any particular problems ascribed to restrictive business practices so far, but Oman was considering the option of eventually having regulations on competition.

#### FRAMEWORK FOR MAKING AND ENFORCING POLICIES

27. The representative of Oman said that His Majesty the Sultan of Oman was the Head of State and Head of Government and was the highest and final authority. The Cabinet, deriving its authority from His Majesty the Sultan, was the highest executive authority. The Cabinet considered matters related to administrative functions of the State, internal policies and relations with other countries, including the consideration of international treaties, conventions and charters. The Cabinet submitted its recommendations to His Majesty the Sultan for approval. The functions and jurisdiction of ministries were determined, or adjusted, by Royal Decree. Each Minister, assisted by one or more Under-Secretaries, was responsible for implementing matters within the jurisdiction of the ministry. His Majesty had established various specialized councils, such as the Financial Energy Resources Council, to assist in planning, study and formulation of proposals and plans in specific areas of development. None of these councils addressed trade issues. The Sultanate of Oman had no sub-central governments.

28. The legal system was based on laws and Royal Decrees issued by His Majesty. Oman had no legislative body empowered to make or review laws. International treaties, conventions and charters were signed by His Majesty, or by a person designated by His Majesty, in which case such treaty, convention or charter was submitted to His Majesty for ratification. After signature or ratification, treaties and conventions or charters became part of Oman's legal system as of the date of publication in the Official Gazette, unless His Majesty had decided on a different date. Laws and Royal Decrees were also valid from the date of publication in the Official Gazette or from any other determined date. All laws, by-laws, implementing regulations and important Ministerial Decisions were published in the Official Gazette. Routine administrative decisions were not published.

29. Oman's hierarchy of laws had been established in the following order: (i) the Basic Law of Oman (Constitution); (ii) Royal Decrees; (iii) By-laws and Implementing Regulations; and (iv) Ministerial and Administrative Decisions. The documents constituting Oman's accession package to the WTO would be forwarded by the Minister of Commerce and Industry to the Cabinet, which would pass its recommendations together with the package to His Majesty the Sultan for



ratification. A Royal Decree would be issued following ratification. He confirmed that ratification of Oman's accession to the WTO Agreement would be accomplished by His Majesty, the Sultan's signature or his ratification of the signature of a person designated by him. The Majlis Ash-Shura and the Majlis ad-Dawla would have no rôle in the approval or ratification of Oman's accession package.

30. The representative of Oman said that the juridical system of the Sultanate comprised of (i) Sharia (religious) Courts; (ii) Criminal (Magistrate) Courts; and (iii) the Authority for Settlement of Commercial Disputes, a juridical-commercial body, which had recently been replaced by the Commercial Court. The newly established Commercial Court had jurisdiction over commercial disputes between private sector parties, government departments or authorities and general establishments. The Court consisted of a President and judges appointed by Royal Decree, and included primary circuits as well as an Appellate Circuit. Taxation decisions and labour disputes could be appealed to the Court, which provided a mechanism for independent review of administrative decisions. All decisions of government departments or authorities affecting international trade could be appealed to the Commercial Court.

31. A member requested a definitive statement from Oman as to how importers and exporters could exercise the right to appeal governmental decisions as provided for in WTO Agreements, including the provision for independent rulings contained in Article X:3 of the GATT 1994. In reply, the representative of Oman said that the Basic Law (Constitution) of Oman provided for a right of appeal of all administrative rulings and decisions to judicial bodies. Oman had reviewed the functions of the Commercial Court in relation to the right of appeal provided for in WTO Agreements, and concluded that the Commercial Court probably did not meet fully the requirements of appeal under the GATT and WTO. Precise laws dealing with the right of appeal against governmental decisions provided for in WTO Agreements, including in particular Article X of the GATT 1994, would be promulgated shortly. He expected amendments to the Law on Commercial Court to be promulgated by December 1999.

## POLICIES AFFECTING TRADE IN GOODS

### Trading Rights

32. The representative of Oman said that no specific requirements existed for engaging in importation; it could be undertaken by any company or individual registered with the Ministry of Commerce and Industry under the relevant laws, i.e. the Oman Commercial Law, the Commercial Companies Law and the Foreign Capital Investment Law. An enterprise seeking registration to

engage in commercial activities submitted an application form together with its Memorandum and Articles of Association, and documents identifying the partners or company directors, to the Ministry of Commerce and Industry. Joint-stock companies and enterprises subject to the Foreign Capital Investment Law should complete the necessary procedures under the Commercial Companies Law and the Foreign Capital Investment Law, respectively, before applying for registration in the Commercial Register. Once registered, an enterprise could engage in importation or distribution of imports provided these activities were mentioned in its Memorandum and Articles of Association. Registered companies could amend their registration, and acquire the right to trade, by amending their Memorandum and Articles of Association prior to applying for an amendment in their commercial registration.

33. The relationship between a principal/supplier and his commercial agent in Oman was governed by provisions in the Law on Commercial Agencies. A commercial agent was defined as an individual or company selling, promoting the sale and distribution of goods, or providing services whether in the capacity of agent, representative or intermediary of the manufacturer or supplier of goods. Only Omani nationals or companies with no less than 51 per cent Omani ownership could be appointed as commercial agents. Foreign individuals were not eligible for commercial registration and could therefore not engage in importation or distribution of imports in Oman. Omani nationals could obtain commercial registration provided they had a place of business in Oman, no criminal record or involvement in past bankruptcy proceedings, and were minimum 18 years of age. Citizens of other Gulf Cooperation Council countries were treated as Omani citizens in accordance with Article 8 of the Unified Economic Agreement. This Article, which was implemented in a progressive manner, did not guarantee GCC nationals the right to act as commercial agents in Oman. He confirmed that commercial agents were not subject to laws or regulations influencing the decision to import based on purely commercial considerations.

34. A member stated that the Law on Commercial Agencies would need to be amended to bring it into conformity with the national treatment provisions of GATT Article III prior to WTO accession. In his view, legal provisions analogous to Oman's Law on Commercial Agencies had been found inconsistent with Article III:4 in GATT Panel Reports. The representative of Oman saw no conflict between the Law on Commercial Agencies and the provisions of GATT Article III. Foreign firms not based in Oman could export goods to Oman through any importer/distributor registered in Oman without using a commercial agent. Importers in Oman were not required to import through a commercial agent. Individuals and firms could import goods for their own use without restriction, subject to payment of customs duty, if any. Omani domestic goods could be distributed only through individuals or companies registered in the Commercial Register as distributors of goods.

35. Some members noted that alcohol and beer could be imported only by registered importers pursuant to permission by the Royal Oman Police (Table 1), and this would appear to be a form of activity licensing. In reply, the representative of Oman said that only firms having included importation of alcoholic beverages in their commercial registration were eligible to apply for a permit. The permit, valid for one year, had to be obtained from the Royal Omani Police prior to importation. Oman maintained no other activity licensing requirements.

36. The representative of Oman confirmed that no special or unique registration requirements existed for foreign or domestic persons or firms engaging in importing or exporting goods except for the activity licence specifically listed in Table 1 and except as provided in WTO Agreements. The activity licence listed in Table 1 did not restrict foreign participation as it applied equally to foreign and domestic businesses. He confirmed that individuals and firms were not restricted in their ability to import or export goods based on the scope of business or their registration and that they could easily change their registration to allow for trade. He further confirmed that there were no restrictions, such as capital or nationality requirements, on firms wishing to engage in foreign trade, and that the criteria for registration were published in the official journal and generally applicable to all.

37. [The representative of Oman confirmed that from the date of accession Oman would maintain the right of foreign and domestic firms and individuals to engage in international trade on a non-discriminatory basis and would ensure that its laws and regulations relating to the right to trade in goods and all fees, charges or taxes levied on such rights would be in full conformity with its WTO obligations, including Articles VIII:1(a), XI:1 and III:2 and 4 of the GATT 1994 and that it would also implement such laws and regulations in full conformity with these obligations. The Working Party took note of this commitment.]

## IMPORT REGULATION

### Customs code

38. The representative of Oman said that Oman followed the 1988 version of the Harmonized System for statistical purposes. Oman expected to implement the Harmonized System (1996) at the six-digit level for the classification of goods for customs purposes [by June 1999].

Ordinary customs duties

39. The representative of Oman said that existing applied rates had generally been in force since 1986. The weighted average MFN tariff amounted to 2.7 per cent in 1994. Zero tariff was applied on seeds, fertilizer and live plants (including flower plants); fresh fruit and vegetables; rice, wheat, wheat flour, barley, corn and sugar; milk, condensed and sweetened, evaporated, powdered or sterilized, but not flavoured; cooking oils and fats other than butter or margarine; meat, fresh or frozen; tea; cement; printed books; agricultural equipment; insecticides (for agricultural use); gold and silver bullion; and currency, including gold sovereign. These zero tariffs were applied on an MFN basis. Other products were subject to import duty of 5 per cent, with the exception of dates (20 per cent), bananas (25 per cent), tobacco and tobacco products (50 per cent), and alcoholic beverages, pork meat and pork products (100 per cent). All customs duties were *ad valorem* rates. There were no seasonal duties.

40. In response to a specific question, he confirmed that the rate of duty applicable to cement was zero and that the tariff on polyurethane products, paints and pipes was 5 per cent. Interested parties seeking a review of tariff rates could approach the Ministry of Finance, which would make a recommendation to the Cabinet, which had the final say.

41. Some members noted that Oman had raised import duties on many items (mainly luxury goods) in early 1999 to compensate for reduced State revenue following a drop in the price of crude oil. Oman was requested to provide an updated list of its applied tariffs and the estimated trade weighted applied MFN tariff resulting from the recent tariff increases. The representative of Oman replied that the tariff increases in early 1999 were under review, and were being revised downwards for many items. The current weighted average tariff was not yet available.

Other duties and charges levied on imports but not on domestic production

42. The representative of Oman said that other than ordinary customs duties, Oman imposed no duties and charges of any kind within the meaning of Article II.1(b) of the GATT 1994 on or in connection with importation.

43. The representative of Oman stated that Oman levied no duties and charges on imports other than ordinary customs duties and charges for services rendered. Any such charges applied to imports after accession would be in accordance with WTO provisions. He further confirmed that Oman

would not list any other charges in its Goods Market Access Schedule under Article II:1(b) of GATT 1994, binding such charges at "zero".

#### Tariff rate quotas, tariff exemptions

44. The representative of Oman said that there were no tariff quotas in force in Oman. All goods imported for government use, i.e. not for commercial resale, were exempt from import duties. Purchases by the Public Authority for Stores and Food Reserves were subject to zero tariff. Investment projects were exempt from customs duties on imports of machinery, equipment and raw materials required for production. Also exempt were goods imported by diplomatic missions. Goods imported as humanitarian aid were exempted case-by-case, depending upon the need for aid and the credentials of the aid organization. All imports from Gulf Cooperation Council countries were exempt from duty within the framework of the GCC free trade area.

#### Fees and charges for services rendered

45. The representative of Oman said that the Port Services Corporation, a commercial company with 35 per cent government ownership and part of the Ministry of Communications, provided quay handling, storage and demurrage services for all imported products under a contract concluded with the Port Authority. The Port Services Corporation was the only supplier of these services, but other enterprises would also be eligible to enter into a contract with the Port Authority. At present, the Port Authority did not encourage other companies to enter the market due to the small size of the port. The Port Services Corporation levied certain fees and charges for the services rendered. These fees and charges are enumerated in Table 2 (see Annex).

46. The representative of Oman confirmed that charges levied by the Port Services Corporation and any other fees levied on imports would be applied in conformity with WTO obligations, in particular Articles VIII and X of the GATT 1994. Information regarding the application and level of these fees, revenues collected and their use, would be provided to WTO Members upon request. The Working Party took note of these commitments.

#### Application of internal taxes to imports

47. The representative of Oman said that Oman levied no internal taxes such as value-added tax, sales tax or excise duty on imported or domestically-produced goods.

Quantitative import restrictions, including prohibitions, quotas and licensing systems

48. The representative of Oman provided a list of prohibited imports, reproduced in Table 1 (see Annex). None of the prohibited items were produced domestically. Petroleum products which could be supplied by the Oman Oil Refinery in quantities sufficient to satisfy domestic requirements were prohibited to import. Import quotas were established for fresh and long-validity milk (annual) and eggs (June-September) by the Ministry of Agriculture and Fisheries. In recent years, the Summer quota for eggs had amounted to 840 tons, and the milk quota to 204,250 tons per month. The Public Authority for Marketing Agricultural Produce determined annual import quotas for fruit and vegetables. Quota levels were based on forecasts of domestic production and demand. Daisy plants were considered a narcotic plant and prohibited to import for health reasons.

49. Imports of radio sets and wireless telegraphs required authorization from the Ministry of Posts, Telegraphs and Telephones (PTT). Type approval pending, the PTT would issue a provisional import licence. The PTT cleared the frequency used by such radio equipment. PTT authorization was granted on the basis of internationally recognized standards such as those established by the ITU and CEPT. Telecommunications equipment interfacing with the GTO network required type approval and authorization by the GTO, and clearance by PTT for equipment involving radio frequency. In cases where GTO and PTT rulings might conflict, the PTT decision would prevail. Type approval for telecommunications equipment was based on standards relating to frequency, radiation, signalling (where applicable), and interface conditions (for equipment to be interconnected).

50. The representative of Oman provided detailed information on the import licensing system in document WT/ACC/OMN/5/Add.2. The system was used to administer the quantitative restrictions on imports of fresh milk and eggs. The quantity permitted to import under these global quotas was published in the local press, but individual quota allocations were not published. Quotas were allocated to importers on the basis of their share of actual imports in the preceding year, with no arrangements for new entrants. Unused quota entitlements were not added to a succeeding period, and licences were not transferable. Licences were issued within one or two days at a fee of RO 2,000 per licence. The period of validity for each licence ranged from one to four months.

51. The representative of Oman confirmed that, from the date of accession, Oman would not introduce, re-introduce or apply quantitative restrictions on imports, or other non-tariff measures such as licensing, quotas, bans and other restrictions having equivalent effect that could not be justified under WTO provisions. The representative of Oman stated that, upon accession, the prohibition on importation of petroleum products would be eliminated and quantitative restrictions would no longer

apply to fruit and vegetables, fresh and long validity milk, and eggs. Oman would not restrict the import of fruit and vegetables except in conformity with the provisions of the WTO Agreements. Oman would not introduce any other import quotas in the future. The Working Party took note of these commitments.

#### Customs valuation

52. The representative of Oman said that the existing system of valuation in Oman was in simple form with no written laws or regulations, or detailed rules. The customs valuation system was based on transaction value, including cost, insurance and freight (c.i.f.). If the transaction value was not accepted, the value of imported goods was determined on the basis of the invoice price of identical or similar goods imported earlier. Minimum prices were not used in the calculation of import value. Oman had no written rules or regulations concerning the appeal of decisions relating to customs classification, valuation or assessment of duty. An aggrieved party would first approach the customs officer in charge of the port, airport or land border station in question and, if he remained dissatisfied, he could appeal to the Director General of Customs.

53. The representative of Oman said that Oman needed to draft new laws and regulations on customs valuation in accordance with the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (the Customs Valuation Agreement). Oman had approached international organizations and WTO Members for technical assistance. In addition, administrative instructions, guidelines and manuals for the application of the rules would need to be prepared and Oman would be seeking technical assistance for this purpose. All those involved in customs operations would need to undergo thorough training in the law, procedures and techniques. He therefore proposed to initiate and execute a comprehensive training programme for customs officials, importers and customs brokers with assistance from the WTO Secretariat, the World Customs Organization and WTO Members.

54. A member was concerned by indications that Oman did not expect to implement the WTO Customs Valuation Agreement as of the date of accession as it considered full implementation of the Customs Valuation Agreement an integral part of the WTO accession package.

55. In reply, the representative of Oman submitted an action plan for implementation of the Agreement on Customs Valuation, circulated in document WT/ACC/OMN/13. Oman had taken steps to join the World Customs Organization, and would promulgate a new customs valuation law by Royal Decree by December 1999. The Customs Department had set up a Task Force in early 1998 to

carry out an in-depth study of the Agreement on Customs Valuation. The members of the Task Force met monthly to study the provisions of the Agreement and to discuss implementation, including a programme to train customs officials.

56. Having reviewed an early draft of Oman's new customs valuation legislation, a member noted that (i) Oman had not yet implemented paragraph 8, Note to Article 5 in the Interpretative Note in Annex I of the Agreement (deduction for local taxes); (ii) a provision concerning the calculation of the amount of a royalty or license fee was inconsistent with the Agreement. In making an adjustment for a royalty or license fee, the conditions of Article 8.1(c) and the Note to Article 8 in the Interpretative Notes in Annex I of the WTO Valuation Agreement would need to be met; (iii) Section 15 of the Management Decree concerning an adjustment for a royalty or license fee was also inconsistent with the Agreement, and this provision should be removed; (iv) Oman did not appear to have implemented Article 12 of the Agreement concerning transparency; (v) the dispute settlement provision regarding the right of appeal to a judicial body as set forth in Article 11 of the Agreement needed clarification; (vi) the draft legislation contained no reference to the Committee on Customs Valuation Decision 4.1 concerning the "Valuation of Carrier Media Bearing Software for Data Processing Equipment" and the Committee on Customs Valuation "Decision on the Treatment of Interest Charges in the Customs Value of Imported Goods"; and (vii) Oman had established procedures for the use of a value declaration form.

57. The representative of Oman assured members of the Working Party that its new Law on Customs Valuation would be applied in full conformity with the WTO Agreement on the Implementation of Article VII of the GATT 1994. Oman would not have any measures regarding customs valuation in place at the time of accession which would be inconsistent with WTO rules, nor would Oman introduce such measures in the future. Oman did not use measures such as minimum prices, reference prices or lists of prices in order to calculate customs value or to verify invoices.

58. The representative of Oman confirmed that, from the date of accession, Oman would apply fully the WTO provisions concerning customs valuation, including in addition to the Agreement on the Implementation of Article VII of the GATT 1994, the provisions on the Treatment of Interest Charges in Customs Value of Imported Goods and for the Valuation of Carrier Media Bearing Software for Data Processing Equipment. In accordance with these latter provisions, only the cost of the carrier medium itself would be accounted for in the customs value. He stated that Oman would not use any form of reference price or fixed valuation schedule for the valuation of imports or to apply duties and taxes, and that all methods of valuation used were in strict conformity with those provided



for in the WTO Agreement on the Implementation of Article VII of the GATT 1994. The Working Party took note of these commitments.

Other customs formalities

59. The representative of Oman said that Oman had no rules of origin for non-preferential trade. Proof of origin was required only for imports from GCC countries, under which origin was conferred on goods containing at least 40 per cent value added in GCC countries. A certificate of origin was considered proof of origin.

60. A member sought implementation of WTO provisions on rules of origin in the trade regime of Oman. The representative of Oman replied that Oman would abide by its obligations under the Agreement on Rules of Origin upon accession, implementing regulations to address the procedural requirements of the Agreement. Regarding both non-preferential and preferential rules of origin, when legislation was enacted, it would address the requirements of Article 2(h) and Annex II, paragraph 3(d), which require provision upon request of an assessment of the origin of the import and outline the terms under which it will be provided.

61. The representative of Oman stated that the Government Regulation establishing Oman's rules of origin would be adopted no later than by the date of accession. He confirmed that from the date of accession Oman's rules of origin would comply fully with the WTO Agreement on Rules of Origin. The Working Party took note of this commitment.

62. Regarding customs clearance, the representative of Oman said that goods could be cleared for home consumption upon completion of documentation, examination and payment of import duty, if applicable. Goods could also be warehoused, in which case duty would be collected when goods were released from the warehouse for home consumption. An importer could have goods cleared by customs even without the necessary documents, provided the importer paid the estimated duty and a provisional deposit to be adjusted when documentation was presented to customs. Customs formalities could be completed prior to the arrival of goods at the port or airport. Disputes relating to decisions by customs could be appealed or taken to court.

Preshipment inspection

63. The representative of Oman said that Oman had no pre-shipment inspection requirements for valuation or certification purposes. He confirmed that the operation of any future preshipment

inspection system would be consistent with the provisions and requirements of the WTO, in particular the Agreements on Preshipment Inspection and Customs Valuation.

Anti-dumping, countervailing duties, safeguard regimes

64. The representative of Oman said that at present Oman had no legislation on anti-dumping, countervailing duties or safeguard measures. The Law on the Organization and Encouragement of Industry contained a provision authorizing the Government to increase customs tariffs, or prohibit or restrict importation of goods similar to domestically produced goods, but this provision was dormant and would not be used as a safeguard measure.

65. He confirmed that Oman had no official or ministerial discretion to impose anti-dumping, countervailing duties or safeguard measures. Oman would not introduce laws in these areas prior accession to the WTO. At the appropriate time and prior to enactment, Oman would submit the proposed legislation, to be drafted in strict conformity with the provisions of the relevant WTO Agreements, to the WTO. The Law on the Organization and Encouragement of Industry would be amended to bring it into conformity with WTO rules by October 1999. According to a preliminary determination, Clause 4 of Article 19 of the Law would be deleted, and other aspects of the Law were being examined.

66. A member sought a commitment from Oman not to apply anti-dumping, countervailing duties and safeguard measures until existing legislation had been amended to the extent necessary to bring it into conformity with WTO requirements, new legislation in full conformity with these requirements had been introduced, and, with such legislation in place, Oman should apply these measures in full conformity with WTO requirements.

67. The representative of Oman said that Oman would not apply any anti-dumping, countervailing or safeguard measure until it had notified and implemented appropriate laws in conformity with the provisions of the WTO Agreements on the Implementation of Article VI, on Subsidies and Countervailing Measures and on Safeguards. [In the elaboration of any legislation concerning anti-dumping duties, countervailing duties and safeguards, Oman would ensure their full conformity with the relevant WTO provisions, including Article VI and XIX of the GATT 1994 and the Agreement on the Implementation of Article VI, the Agreement on Subsidies and Countervailing Measures and the Agreement on Safeguards.] After such legislation was implemented, Oman would only apply any antidumping duties, countervailing duties and safeguard measures in full conformity with the relevant WTO provisions. The Working Party took note of these commitments.

## EXPORT REGULATIONS

### Customs tariffs, fees and charges for services rendered, application of internal taxes to exports

68. The representative of Oman said that Oman applied no export duties, including on petroleum. The quay handling and other charges levied by the Port Services Corporation for services rendered are enumerated in Table 2 (see Annex).

### Export restrictions

69. The representative of Oman said that exports of antiques, ancient manuscripts, Marie Teresa Riyals, and date seedlings were prohibited. Export restrictions applied to three species of fish - lobster, abalone and shark - during the breeding and reproduction season, at which time no fishing was allowed. Scientific studies and research had indicated a considerable decline in the stocks of lobster and abalone in recent years. Lobster, abalone and shark were thus rare species in danger of over-exploitation in Omani waters, and the fishing season was accordingly restricted. Permission to export these species during the restricted period could be obtained from the Ministry of Agriculture and Fisheries provided the exporter was a registered Omani company performing fish trade and export activity, holding a licence from the competent authority; exportable fish had been caught before the end of the stipulated fishing season; and the exported fish would comply with specifications and conditions determined by the Ministry. The same rule applied to domestic sales of lobster and abalone. No limit was set on the exported quantity. The prohibition on exports of date seedlings had been established to preserve rare local species and varieties.

70. He added that certain textile and clothing items were subject to voluntary export restraints under bilateral agreements with the United States and Canada. There were no export licensing requirements and procedures.

71. A member sought elimination of Oman's current export restrictions on date seedlings and fish species. Any measures necessary to regulate trade in these items should be consistent with WTO provisions. The representative of Oman replied that Oman would not use any export prohibitions or export quotas inconsistent with WTO rules.

72. The representative of Oman confirmed that any export control requirements remaining in place on the date of accession would be fully consistent with WTO provisions, including those

contained in Articles XI, XVII, XX and XXI of the GATT 1994. The Working Party took note of this commitment.

#### Export subsidies

73. [The representative of Oman said that the Export Guarantee and Financing Unit (EGFU) of the Oman Development Bank insured exporters against commercial and political risks. EGFU also provided export finance and assisted manufacturers through an interest subsidy scheme in accordance with a Memorandum of Understanding with commercial banks. At the end of each month the financing bank made a claim for the appropriate subsidy which was credited to the customer's account. Major Omani commercial banks granted all credit-insured exporters post-shipment advance at a concessional rate of 7 per cent per annum by discounting their export bills (for a period not exceeding 180 days). The main criterion for obtaining export financing support from EGFU was a 25 per cent value-added requirement by way of labour costs, interest, depreciation, taxes and net profit in relation to the total sale value. In addition, the credit would need to be insured with EGFU. Credit insurance was provided at market rates.

74. A member said that the advances to exporters at concessional rates by commercial banks would seem to be an export subsidy within the meaning of Article 3.1(a) of the Agreement on Subsidies and Countervailing Measures. The representative of Oman did not share this view, nor did he consider the operation of EGFU to constitute any export subsidy within the meaning of points (j) and (k) of the Illustrative List of Export Subsidies in Annex I of the Agreement. He confirmed that Oman did not maintain subsidies which met the definition of a prohibited subsidy within the meaning of Article 3 of the Agreement on Subsidies and Countervailing Measures. Oman maintained no subsidies or incentives relating to export performance.

75. The representative of Oman said that paid import duties were refunded in full on imported goods re-exported in the same form. Duty drawback was not available for imported goods incorporated in other goods or transformed in some other way. Regarding the pricing of feedstock for export projects, he said that deliveries were based on the principle that feedstock should not be subsidized. Thus, the full development and delivery costs were recovered, with a margin to reflect the cost of capital, etc.

76. The representative of Oman stated that from the date of accession Oman would not maintain any export subsidies which met a definition of a prohibited subsidy within the meaning of Article 3 of

the Agreement on Subsidies and Countervailing Measures, and would not introduce such prohibited subsidies from the day of accession. The Working Party took note of this commitment.]

## INTERNAL POLICIES AFFECTING FOREIGN TRADE IN GOODS

### Industrial policy, including subsidies

77. The representative of Oman said that Oman's industrial policy envisaged the share of manufacturing in GDP to rise from approximately 5 per cent at present to 15 per cent of GDP by the year 2020. The Fifth Five Year Development Plan (1996-2000) represented the first in a series of plans formulated and launched with a view to achieving the objectives of the Vision for Oman's Economy 2020. The plan emphasized the development of human resources, economic diversification and an expanded role for the private sector. The economic policy package comprised general macro-economic policy measures as well as sector-specific policies at the micro-economic level. Focus was directed towards capital, technology and knowledge intensive industries with emphasis on internationally competitive export-oriented industries. Investment incentives provided by the Government included free industrial investment surveys and soft loans and grants for pre-feasibility studies; soft loans; and duty exemptions on imported machinery, equipment, spare parts and raw materials. Plots in fully-serviced industrial estates could be rented at nominal rates, and reliable supplies of power, water, natural gas and sewage treatment were available at reduced rates.

78. Ministerial Decision No. 49/91, under which support had been provided to industry and tourism, had been replaced by Royal Decree No. 17/97. The Government provided soft loans to projects in industry, tourism, agriculture, fisheries, health, education and handicrafts. Loans exceeding RO 250,000 were granted on the condition that the workforce be minimum 25 per cent Omani, and the share of foreign ownership could not exceed 49 per cent in projects with investment costs exceeding RO 250,000. Loans could equal up to 150 per cent of the equity for projects located in the Muscat Governorate, and 250 per cent elsewhere; the maximum loan amounted to RO 500,000, or RO 5 million for public joint-stock companies having offered at least 40 per cent of their equity to the public. Interest-free government loans were no longer available. In response to a specific question, the representative of Oman said that his Government was not providing any support to proposed large projects, including the Sohar Aluminium Smelter, a petrochemical joint venture, a fertilizer plant, and a possible new sugar factory.

79. The Oman Development Bank (51 per cent government-owned) provided soft loans to agricultural, industrial and services projects in accordance with Royal Decree No.17/97. The soft

loans were made available to all industries and enterprises on the basis of objective, published criteria, and were not sector- or enterprise-specific.

80. A special fund (Venture Capital Fund) would be established to provide capital and soft loans to small and medium sized enterprises. There were no export performance or domestic content conditions attached to this financing. The Government also intended to establish a Business Centre providing services to small and medium sized enterprises.

81. The representative of Oman stated that Oman maintained no subsidies within the meaning of Article 1 of the Agreement on Subsidies and Countervailing Measures for natural gas projects, petroleum and petrochemical sectors, or for the development of sectors dependent on gas as a major input. Similarly, there were no subsidies for export-oriented or import substitution industries. He did not consider the preferential rates of income tax for certain businesses a specific subsidy within the meaning of Article 2.1(a) of the Agreement.

82. The representative of Oman confirmed that Oman would not implement the Fifth Five Year Development Plan (1996-2000) using export subsidies prohibited by the Agreement on Subsidies and Countervailing Measures. He further confirmed that prohibited export subsidies would not be granted under the long-term finance plan or the venture capital fund.

83. The representative of Oman confirmed that any subsidy programmes would be administered in line with the Agreement on Subsidies and Countervailing Measures and that all necessary information on notifiable programmes would be notified to the Committee on Subsidies and Countervailing Measures in accordance with Article 25 of the Agreement upon entry into force of Oman's Protocol of Accession. The Working Party took note of this commitment.

#### Technical barriers to trade, sanitary and phytosanitary measures

##### Standards and certification

84. A member noted that Oman's present regulatory system was not consistent with WTO TBT requirements. In particular, Oman's legal and administrative provisions did not adequately address fundamental obligations such as transparency, non-discrimination and national treatment, and the prohibition against unnecessary barriers to trade. In the area of transparency, Oman did not formally publish a public notice that draft standards, technical regulations or conformity assessment procedures were being considered, Oman did not appear to provide proper opportunity for all parties to comment

on draft procedures, and final standards were not published promptly. Omani administrative decrees did not appear to address explicitly the fundamental obligations of non-discrimination and national treatment for imported products, and it was not clear how Oman ensured that its standards-related measures were no more trade-restrictive than necessary. Oman was requested to provide a list of imports subject to approval or mandatory certification on the basis of technical or sanitary/phytosanitary requirements. This member looked forward to working with Oman in developing the necessary implementation procedures for the Agreement.

85. The representative of Oman said that GCC countries developed joint standards which as such were considered Omani standards. In areas with no GCC standards, Oman would adopt national standards based on international standards, except where these were found unsuitable due to climatic or cultural conditions. The Directorate General for Specifications and Measurements (DGSM) within the Ministry of Commerce and Industry was responsible for the formulation, adoption, publication and dissemination of standards in Oman. DGSM was the only National Standards Body in Oman. DGSM, which was a correspondent member of the ISO, was also responsible for testing and certification of conformity with existing standards. More than 1,000 standards had been issued by September 1998. Omani standards covered foodstuffs, chemical products, building materials, textiles, electrical and electronic products, mechanical and metallic products, motor vehicles and industrial safety and health regulations. Draft standards were circulated to all concerned parties for comment prior to finalization. Normally, no less than one year elapsed between the publication of a draft standard and the issuance of a final standard and the corresponding Ministerial Decree. However, with regard to the Code of Good Practice, existing procedures for the preparation, adoption and application of standards were wholly or partly different from the procedures laid down in Annex 3, paragraphs J, K, L, M and O of the Agreement on Technical Barriers to Trade. Omani standards were not published promptly, the DGSM did not publish a work programme once every six months, and a notice inviting comments on draft standards was not published. However, these deficiencies would be removed with Oman's implementation of the Agreement on Technical Barriers to Trade.

86. The representative of Oman submitted an action plan for implementing the TBT Agreement to the Working Party, circulated in document WT/ACC/OMN/12. According to the plan, a Ministerial Decree implementing the provisions of the TBT Agreement is to be issued by the end of September 1999. [The draft Decree has been prepared in Arabic and will be submitted to the Working Party in English when the translation is ready.] The Enquiry Point had been established within DGSM.

87. Accepting test results and conformity assessments managed by accredited laboratories, Oman followed ISO/IEC Guides 23, 28 and 38. The DGSM accepted third-party certification systems for products according to the principles and rules of ISO/IEC Guides Nos. 16-1978(E) and 28-1982(E), and manufactures' declaration of conformity according to ISO/IEC Guide 22-1982(E). The DGSM planned to introduce Omani Quality Marks, as an indication of product quality and safety and compliance with Omani standards. Regulations for Omani Quality Marks had not yet been issued. [Draft regulations have been prepared in Arabic, and will be submitted to the Working Party in English in the near future.] Omani Quality Marks could be awarded to manufacturers in foreign countries on the same terms and conditions as those applied to local producers, including payment for testing and inspection. In selecting the "competent body" in the manufacturer's country of origin, the DGSM would follow ISO/IEC Guide 39 – General requirements for the acceptance of inspection bodies. The activities of the competent body would be overseen by DGSM, and it would have to abide by the same standards and testing procedures as those followed by DGSM in Oman.

88. The representative of Oman confirmed that Oman would follow the requirements and procedures of Article 5 of the Agreement on Technical Barriers to Trade in authorizing imports of telecommunications equipment. Medicines and medical equipment were regulated by the Ministry of Health. A certificate from the Ministry was required to sell such products in the Sultanate of Oman.

89. The representative of Oman confirmed that Oman would apply all obligations under the WTO Agreement on Technical Barriers to Trade from the date of accession without recourse to any transition period. [The Working Party took note of this commitment.]

#### Sanitary and phytosanitary measures

90. The representative of Oman said that the Sultanate was an active member of the FAO, the WHO and Office International des Epizooties (OIE). Oman applied sanitary and phytosanitary measures based on scientific principles to plants, foodstuff, animals and animal products. All consignments of livestock, animal products, fish, veterinary drugs and animal feed were subject to veterinary inspection and quarantine. Imports were subject to examination by inspectors from the Ministry of Agriculture (crop protection department or quarantine section), while municipal officials were responsible for the inspection of domestic products. Where no specific standards existed, imported food products would be subject to safety tests with respect to veterinary drugs and pesticide residues, food additives, levels of radio-nuclide, micro-biological testing, and labelling. Labelling requirements for pre-packaged foods had been established in accordance with Omani Standard



No. 58/1984. All prepared, pre-packaged foodstuffs were subject to labelling requirements according to GCC Standard for Labelling of Pre-packaged Foods.

91. Some members were concerned about the implementation of GCC Standards for Labelling of Pre-Packaged Foods (GS-150/1993), in particular with regard to shelf-life requirements which did not appear to be based on scientific evidence. In their view, these requirements imposed unreasonable import barriers for table eggs, stained baby food, cookies, canned soup, peanut butter and certain fruit juices. The representative of Oman replied that the shelf-life standards were scientifically based, taking into account the conditions in Oman regarding climate, transportation, storage and handling methods. A detailed explanation of the basis for the shelf-life requirements was provided in document WT/ACC/OMN/14, pp.23-24. Inspections to verify compliance with the requirements were expeditious and at no cost.

92. Some members said that the information provided by Oman did not address the issue whether current regulations on shelf life were consistent with the provisions of the SPS and TBT Agreements stipulating the use of sound science to establish such requirements. In their view, shelf life requirements established a barrier to imports not consistent with WTO provisions. Oman was requested to indicate how it intended to revise the shelf life requirements program to meet the substantive requirements of the SPS Agreement.

93. The representative of Oman said that Oman would submit an action plan for implementation of the SPS Agreement to the Working Party. A draft Ministerial Decree on SPS was at an advanced stage [and will be submitted to the Working Party in the near future]. In reviewing its legislation, Oman was addressing specific aspects of the SPS Agreement, notably with respect to its disciplines in the areas of transparency, MFN treatment, national treatment and the appropriate use of international standards. The action plan is reproduced in document WT/ACC/OMN/16.

94. The representative of Oman said that Oman would apply the Agreement on the Application of Sanitary and Phytosanitary Measures from the date of accession without recourse to any transition period. [The Working Party took note of this commitment.]

#### Trade-related investment measures

95. The representative of Oman said that Oman applied no trade-related investment measures.

96. The representative of Oman said that Oman would not maintain any measures inconsistent with the TRIMs Agreement and would apply the TRIMs Agreement from the date of accession without recourse to any transition period. [The Working Party took note of this commitment.]

State-trading entities

97. The representative of Oman provided detailed information on the Public Authority for Stores and Food Reserves in document WT/ACC/OMN/5/Add.2 and on Petroleum Development Oman and the Oman Refinery Company in document WT/ACC/OMN/6/Add.1, Annex 6, without prejudice to Oman's position regarding the status of these enterprises. He stated that the Public Authority for Marketing Agricultural Produce (PAMAP) and the Public Authority for Stores and Food Reserves were State-owned enterprises engaging in importation and exportation. However, these two enterprises had not been granted any exclusive or special rights or privileges and therefore did not meet the definition of State-trading enterprises of GATT Article XVII and the Understanding on the Interpretation of Article XVII of the GATT 1994. The companies competed on equal terms with private importers and exporters and conducted their business in accordance with commercial considerations.

98. He added that his Government intended to privatize PAMAP in 1999, and as such it would no longer be a Public Authority with rights and privileges, but a normal commercial company. The Public Authority for Stores and Food Reserves conducted purchases and sales in connection with the stocking of strategic food reserves of rice, sugar, tea, milk powder and edible oils. The Authority imported only rice, on the basis of open tender and in competition with private importers. The Authority was self-financed, but received a modest grant from the Government for storage space, costs and establishment expenses. No firms other than the Authority purchased commodities for Oman's strategic reserves.

99. Crude oil and its derivatives were wholly-owned by the Government. As operator in the production of crude oil and natural gas, Petroleum Development Oman (PDO) exported crude oil on behalf of the Government. Processing into refined products was undertaken by Oman Refinery Company (ORC). The only product exported by ORC was long residue (fuel oil). ORC was a Government Commercial Limited Liability Company and the Government held a 60 per cent stake in PDO.

100. Notwithstanding Oman's contention otherwise, a member considered Oman's large State-owned firms engaging in trade in agricultural and petroleum commodities to be operating as

State trading enterprises within the meaning of Article XVII and the Understanding, and sought information to evaluate this issue and Oman's pledge to supply information on the trade operations of these agencies. This member also noted a reluctance to permit competition in the provision of port services, and therefore suggested that the Port Authority be considered a State-trading enterprise.

101. The representative of Oman replied that Oman would not notify the Port Authority as a State-trading enterprise in terms of Article XVII of the GATT 1994 as the Port Authority did not engage in importation or exportation of goods. However, Oman would agree to apply the provisions of Article VIII of the GATS to the Port Authority.

102. A member sought a statement from Oman regarding the status of PAMAP, and Oman's agreement that PAMAP be notified as a State-trading enterprise if PAMAP continued to operate at the time of conclusion of Oman's accession negotiations. In reply, the representative of Oman confirmed that his Government had identified the trading activities of PAMAP as subject to the provisions of Article XVII of the GATT 1994. PAMAP was slated for privatization, and in the event that PAMAP remain in operation when Oman joins the WTO, Oman will notify it as a State trading enterprise. He also confirmed that Oman will eliminate any trade restrictions or other measures inconsistent with the WTO managed by PAMAP[, the Port Authority and other State-owned trading companies].

103. The representative of Oman confirmed that it was the intent of his Government to eventually eliminate its State trading rôle. He further confirmed that after accession to the WTO, Oman would observe the provisions of Article XVII of the GATT 1994, the WTO Understanding on that Article, and Article VIII of the GATS regarding State trading, in particular abiding by the provisions for notification, non-discrimination, and the application of commercial considerations for trade transactions. The Working Party took note of these commitments.

#### Free zones, special economic areas

104. The representative of Oman said that the Sultanate had no free zones or free economic zones.

#### Government procurement

105. The representative of Oman said that the main legal instruments relating to government procurement were the Government Tender Regulations issued by Royal Decree No. 86/84 of 28 October 1984, and the Unified Rules Granting Preferences in Government Purchases to the National Products and the Products of GCC Origin (Ministerial Decision No. 18/87). Public

tendering was required for all purchases exceeding RO 10,000 by Ministries, Government Departments and Agencies, Public Corporations, and companies in which the Government held not less than 51 per cent of the shares (except by Ministry of Defence and Defence Forces). Government procurement was supervised by a high-level Tender Board, an independent authority not attached to any Ministry or Department. The Board announced, processed and awarded all contracts worth RO 250,000 or more. The Tender Board was assisted by various tender committees. Contracts for government purchases of less than RO 250,000 were announced, examined and awarded by internal tender committees within Ministries. Local government agencies fell within the jurisdiction of the Tender Board, while State enterprises and utilities - except for electricity, water and transportation enterprises - had their own procedures and tender committees. Oman did not collect statistics on government procurement.

106. He recalled that four categories of tender procedures had been established; limited tenders, local tenders, international tenders and general tenders. Limited tenders were applied for goods or works of highly specialized nature, and were open to participation by companies pre-qualified by the concerned Ministry or Department. Important pre-selection criteria were past performance and experience, competent staff, and the financial standing of the company. Local tenders were open to bidders and companies enrolled in the Commercial Register and listed by the Tender Board. International tenders were subject to world-wide bidding. Successful bidders were required to enrol in the Commercial Register within one month of the award of the contract. General tenders were announced with the objective of soliciting the best offer, and could be advertised nationally or internationally. Rules required tender notices to be published in local newspapers and in the Official Gazette, and they were also announced on radio and television. Tender opportunities were published in Arabic and English. Contract award notices were not published. Procedures for appeal were specified in the Tender Law and regulations.

107. The representative of Oman said that various methods were used in the evaluation of bids, and price was not the only criterion. Royal Decree No. 64/84 and the Unified Rules required preference to be given to products of Omani origin. The preference margin amounted to 10 per cent compared to the price of similar foreign products. If products of Omani origin were unavailable, or did not conform to technical specifications, products of GCC origin would be preferred to foreign products. In this case, the preference margin amounted to 5 per cent.

108. Referring to on-going work in the WTO to identify elements of discipline to ensure transparency in government procurement, some members asked Oman to explain how it ensured the transparency of procedures and government procurement practices such as the publication of

opportunities and procedures for participation in procurement, qualification of suppliers, conditions to gain contracts and the procedures enabling suppliers to challenge the Government's decision. A member sought Oman's accession to the Agreement on Government Procurement and encouraged Oman to present an initial offer for an entity list upon accession to the WTO. In reply, the representative of Oman said that Oman saw no advantage in joining the Agreement. Oman would become an observer to the Agreement on Government Procurement upon accession and participate in the working group on transparency in government procurement procedures, and would join any multilateral arrangement resulting therefrom.

#### Transit

109. The representative of Oman said that transit of goods through the territory of the Sultanate of Oman was allowed without any discrimination as to the origin of the goods. However, customs had the right to inspect goods to ensure that arms, ammunition and narcotics would not be transported through Oman. Goods in transit were not subject to any duty.

#### Agricultural policies

110. [The representative of Oman said that his Government did not maintain direct or indirect import substitution policies with respect to agricultural products. Oman encouraged the agricultural sector by providing infrastructure facilities such as irrigation and agricultural extension services. Extension services were only for experimental and demonstration purposes, and commodities produced under such programmes were not marketed commercially. The Government undertook pest and disease control measures, including aerial spraying and plant quarantine. The Ministry of Agriculture offered guidance and consultancy services to the private sector, and aimed at enhancing product quality and modernizing agricultural research and extension services. The Government provided technical and economic feasibility studies for agro-industry, poultry, date processing and other projects. No subsidies were granted to farmers, but the Government supported the introduction of innovations in all aspects of agricultural work. Selected farms, receiving inputs such as new seed varieties, fertilizers and chemicals free of charge, served as examples for other farmers to improve crop production. Oman did not provide specific export subsidies on agricultural products. As with other sectors, agriculture was eligible for export insurance and export financing through the Export Guarantee and Financing Unit (EGFU).

111. The representative of Oman confirmed that Oman would bind its domestic agricultural support at a *de minimis* level.

112. The representative of Oman confirmed that Oman will eliminate all import bans and quantitative restrictions on agricultural products (such as on eggs, milk, fruit and vegetables) upon accession, in accordance with the provisions of the Agricultural Agreement, and replace them, as necessary, only with WTO-consistent requirements.

113. Oman's commitments on agricultural tariffs, on domestic support and export subsidies for agricultural products are in the Schedule of Concessions and Commitments on Goods annexed to Oman's Protocol of Accession to the WTO.]

[to be completed]

#### Trade in civil aircraft

114. Asked by a member whether Oman would adhere to the WTO Agreement on Trade in Civil Aircraft and adopt the zero level tariffs on civil aircraft and parts of civil aircraft provided for in the Agreement from the date of accession, the representative of Oman said that the Sultanate of Oman saw no advantage in joining the Agreement.

#### TRADE-RELATED INTELLECTUAL PROPERTY REGIME

115. The representative of Oman said that his Government was determined to protect intellectual property rights within its jurisdiction and meet its international obligations. Oman had become member of the World Intellectual Property Organization in February 1997. Oman had ratified its accession to the Paris and Berne Conventions in September 1998 (by Royal Decree No. 63/98). The Ministry of Commerce and Industry was responsible for policy formulation and implementation in respect of trademarks, patents and copyrights and related rights. The Ministry cooperated with other relevant Ministries such as the Ministry of the National Heritage and Culture and the Ministry of Information in the implementation of copyright legislation. Oman extended national treatment and MFN treatment to foreign nationals in these areas. The Copyright Law would be suitably amended to provide national treatment to foreign works. Oman did not grant preferential treatment to any country in the area of intellectual property. Fees were charged equally for equal work.

116. The representative of Oman said that copyright and related rights were protected under the Law for the Protection of Copyrights, issued by Royal Decree No. 47/96. The Copyright Law provided the rights for financial utilisation of the material up to 50 years after the death of the author.

The period was also applicable to joint authorship material. For films, applied art works, photographs, publication under pseudonym and compilations by juristic persons the copyright protection period ended 25 years after the first date of publication. Article 8 of the Law would be revised to extend the term of protection for copyrighted works owned by legal entities to 50 years. Article 2 of the Law covered protection of the rights of performers, producers of phonograms and broadcasting organizations, but the Law would be suitably amended for this purpose. Sound recordings, data base compilations and computer programs were protected as literary works. The Law contained no provision on compulsory licensing. In the public interest and against fair compensation, the Government could decide or publish a compilation not published by the heirs or successors of the author within six months following an official request. The Law contained a general provision on rental rights, but no detailed provision on rental rights for computer programs and cinematographic works. A Copyright Office was under establishment in the Ministry of Commerce and Industry.

117. The representative of Oman added that Oman was amending its Copyright Law. [The amended Law will be provided to the Working Party in the near future.] Revisions included *inter alia* providing a period of protection of 50 years for films, and radio and television broadcasts.

118. The Trademarks Law of 1987 governed the registration and protection of trademarks. The owner of a trademark applied to the Ministry of Commerce and Industry for registration. The period of protection was ten years, and a registration could be renewed indefinitely. Registration was sufficient to notify potential infringers of the owner's exclusive right. The Law contained no provision protecting well-known marks, but its Article 2 would be amended to provide such protection. In the interim, a well-known mark was refused registration if another party wanted to register the same mark in its name, and the owner of a well-known mark could stop the use of such a mark by an infringing person pursuant to Articles 31 to 34 of the Trademarks Law. The owner of a well-known mark could prevent the entry into Oman of infringing goods provided the mark was registered in Oman. The Trademarks Law would be amended to provide for civil remedies against infringement and counterfeit use to owners of unregistered well-known marks. A registration could be cancelled for trademarks not used for five consecutive years, unless the trademark owner submitted a justification, such as reasons beyond his control, for not using it. The application for registration of a trademark cost RO 25. The owner of a registered trademark had the sole right to produce, import or distribute the trade-marked goods and the right to prevent any other person from using the trade mark without permission. The holder had the right to assign or licence a trademark; such assignment would need to be recorded. Amendments to the Trademarks Law to bring the Law into full conformity with the TRIPS Agreement would be promulgated by September 1999.

119. The representative of Oman said that Oman participated in the Unified Patent System of the Gulf Cooperation Council. The GCC Secretariat was examining the conformity of the GCC patent regulations with the provisions of the TRIPS Agreement in consultation with WIPO and WTO. The GCC Unified Patent System had been in force in Oman since May 1999. A joint Patent Office of the GCC countries would be located in Riyadh (Saudi Arabia). [Oman would consider the establishment of a patent confirmation system to assist the development of TRIPS-consistent patent protection in Oman.] Patentability would be extended to new inventions and innovative ideas that could be manufactured and were not contradictory to the provisions of Islamic Law or the rules of conduct. Excluded from patentability were discoveries, scientific theories, mathematical methods, and computer programs; schemes, rules and methods for doing business, performing purely mental acts, or playing games; 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; and methods of surgical or therapeutic treatment or diagnosis applied to human or animal body with the exception of products used in any of these methods. Patent protection to pharmaceutical products, agricultural chemicals and other inventions would be provided in accordance with Article 2 of the GCC Patent Regulations.

120. The terms of a patent would be valid for 15 years from the date of grant. The validity could be extended for an additional five years upon request within the last 90 days of the original term. The decision of the Patent Office could be appealed to the GCC Committee on Unified Patent System. Normally, a patent would need to be exploited on a sufficient industrial scale in the GCC States within two years from the date of grant. Importation could meet the working requirement for an interim period. After the lapse of two years, the Board of the GCC Bureau of Patents could grant a compulsory licence for an unworked patented invention provided the applicant could prove his ability to use the invention industrially, and against fair compensation to be paid for the patent. The Government could also authorize one of its agencies, in the public interest and against payment of fair compensation, to exploit a patent without the consent of the patent owner, subject to approval by the Board of the GCC Bureau of Patents. Such a decision could be appealed. The patent owner could only assign or transfer a patent right to a third party in conjunction with all the elements of the business. A licence to perform all or some of the acts of exploitation of a patent should be made in writing, signed by both parties, approved by the official authority in a GCC country and registered in the Patent Office against payment of the prescribed fee.

121. The representative of Oman said that Oman was preparing laws on the protection of trademarks, geographical indications, industrial designs and layout-designs of integrated circuits. [Draft laws were submitted to the Working Party in August 1999]. [Undisclosed information,



including trade secrets and test data, would be protected in accordance with a new law to be promulgated by September 1999. A new law would also be promulgated by September 1999 to control the abuse of anti-competitive practices.]

122. Regarding enforcement, the representative of Oman said that copyright violations were punishable by imprisonment up to two years and/or a fine not exceeding RO 2,000, but the Copyright Law and other Omani legislation contained no detailed provisions on enforcement. Intellectual property owners could initiate complaints of infringement directly with judicial authorities according to Articles 18 and 32 of the Trademarks Law and Article 15 of the Copyright Law. The courts could order confiscation of pirated copies and materials as well as closure of the premises of the offenders. Violation of a trademark was punishable by imprisonment up to three years or a fine not exceeding RO 500. The Registrar had no role in infringement actions. Goods in violation of a trade mark could be confiscated and destroyed, and preventive measures against importation and distribution of such goods were laid down in the Trademarks Law (Articles 32-34). Civil judicial procedures were not elaborated in detail in the intellectual property laws of Oman. Aggrieved parties in intellectual property right disputes had recourse to the Commercial Court. At present, judicial authorities did not have the authority to impose provisional measures. He confirmed that Customs had the legal authority to detain and/or seize suspect goods at ports of entry, suspend the release of imported counterfeit and pirated goods and confiscate and destroy infringing goods.

123. The representative of Oman said that amendments to the Customs Law and to the Civil and Criminal Codes in line with Articles 41 to 61 of the TRIPS Agreement would be promulgated by end 2001. The training of staff responsible for administration and enforcement of intellectual property legislation would take place in 1999 and 2000. Full implementation of Part III of the TRIPS Agreement would be ensured by end 2002.

124. An overview of Oman's intellectual property legislation, ongoing work and planned activities [was provided to the Working Party in document WT/ACC/OMN/11 and Rev.1, and] is reproduced in Table 3. Some members have expressed reservations against the timetable proposed by Oman for implementation of the TRIPS Agreement. In their view, compliance with TRIPS obligations from the date of accession, without a transition period, was both possible and desirable.

#### POLICIES AFFECTING TRADE IN SERVICES

125. The representative of Oman said that the Ministry of Commerce was responsible for matters related to most business services and professional services, insurance, tourism and travel and

engineering and had jurisdiction over matters relating to commercial presence and foreign investment in services enterprises. Other institutions with responsibilities related to services included the Central Bank of Oman and the Ministry of Finance (financial services), the Ministry of Posts, Telegraphs and Telephones (telecommunication services), the Ministry of Communications (civil aviation and land and sea transportation), the Ministry of Health (medical services), the Ministry of Education (educational services) and the Ministry of Social Affairs and Labour (movement of natural persons). Major legislation in the services area included the Banking Law, the Insurance Law, the Law on Organization of Engineering Consultancy Offices and the Commercial Agency Law.

126. Oman maintained no restrictions on international transfers and payments for current services-related transactions, or capital receipts or payments by residents and non-residents, and had not established any special aids, grants, subsidies, tax incentives or promotion schemes directly affecting trade in services. No specific safeguard measures applied to trade in services. There were no limitations on the number of foreign service suppliers, on the total value of service transactions or assets, or on the total number of service operations or total quantity of service output, except for services sectors reserved for the State. The Government was the exclusive supplier of air transport, television and radio, postal services, basic telecommunications and public utilities such as water and electricity.

127. Oman maintained no restrictions on cross-border supply and consumption abroad, but all business services were subject to limitations on commercial presence and movement of natural persons. MFN treatment applied to services providers from all countries, except for GCC companies, which were treated on par with Omani companies. Foreign workers obtained work permits from the Ministry of Social Affairs, Labour and Vocational Training. The Labour Law of 1973 stipulated that priority be given to Omani labour in employment. The Ministry had set targets for Omanization to be achieved in certain services sectors by the end of 1997, notably in banking (85 per cent); transportation, storage and communication (60 per cent); finance, insurance and real estate (45 per cent); hotels and restaurants (30 per cent); wholesale and retail trade (20 per cent); and construction services (15 per cent). Work permits for foreign nationals were issued to companies making satisfactory progress in achieving the required targets. A foreign worker also needed to obtain a residence permit from the Royal Oman Police.

128. The Central Bank of Oman had imposed conditions on the opening of bank branches in its Circular BM/748 of 8 January 1995. A bank could open up to four branches in the Governorate of Muscat without restriction. In towns outside the Muscat area, banks could open branches without restriction provided no more than two bank branches had already been approved or were functioning.

Further branches would be allowed on the condition that the bank also open a branch in a town with no bank or only one bank branch. The restriction applied to both Omani and foreign banks. All banks, foreign or Omani, were allowed complete freedom to establish branch offices in towns with no existing banks. New insurance companies should be established in the form of a joint-stock company with at least 51 per cent Omani ownership. Foreign firms could broker, deal and underwrite securities and manage assets provided they were licensed by the Muscat Securities Market. Licences were issued within two months upon receipt of a completed application. Applications would only be accepted from commercial companies confining their activity to securities business. In addition, conditions had been stipulated in relation to the capital of the company, competence and experience of the company's management, and its founders and the board of directors (criminal record/bankruptcy proceedings). No foreign securities firm had obtained a licence thus far. Foreign firms could obtain seats on the stock exchange in joint-venture with Omani partners.

129. Foreign lawyers could provide consultancy services and home country law and international law in Oman only by establishing a joint-venture company with an Omani partner. Foreign participation in the venture could not exceed 49 per cent. A foreign lawyer could provide all types of legal services relating to practice of home country law and international law, but he could not appear in an Omani court.

130. Asked whether the GCC could be considered a full-fledged free trade area in services, the representative of Oman said that GCC countries were working towards an Economic Integration Agreement on Services. In the interim, GCC countries were exchanging preferences in trade in services under Article 8 of the Unified Economic Agreement. In order to provide legal cover for these preferences, Oman had proposed to take an MFN exemption under Article II, paragraph 2 of the GATS. The MFN exemption would expire upon completion of the Economic Integration Agreement, which would then be covered by Article V of the GATS. Steps taken thus far included allowing GCC citizens freedom of movement and employment in Oman (Ministerial Resolution No. 33/97 of 5 July 1997 of the Ministry of National Economy) and freedom of undertaking economic activity in the provision of health services (Ministerial Resolution No. 18/95 of 5 May 1995 of the Ministry of Health), education (Ministerial Resolution No. 24-96 of 11 February 1996 of the Ministry of Education), the establishment of private vocational training institutes and centres (Authority Resolution No. 313/96 of 21 July 1996 of the Authority for Vocational Training), and the establishment of private nurseries for children (Ministerial Resolution No. 99/96 of 29 September 1996 of the Ministry of Social Affairs and Labour and Vocational Training). Services sectors not yet opened included insurance, transportation (road, maritime and air), and commercial agency services. Asked whether these sectors constituted the entire list of sectors not subject to

liberalization, the representative of Oman replied that in principle all sectors and sub-sectors were included for liberalization under the GCC Unified Economic Agreement. The sectors mentioned had not been liberalized yet.

131. [Oman's Schedule of Specific Commitments on Services is annexed to its draft Protocol of Accession reproduced in the Appendix to this Report (see paragraph ... below). This Schedule of Specific Commitments on Services contains the legally binding market access commitments of Oman in respect of services.]

[to be completed]

### Transparency

#### Publication of information on trade

132. A member requested that Oman describe Oman's legislative basis for meeting the transparency requirements of Article X of the GATT and other provisions of the WTO, including reference to legal requirements that all laws and other acts related to trade would be published in the Official Journal promptly and no law, rule, etc. related to international trade would become effective prior to such publication.

133. In reply, the representative of Oman confirmed that Oman would implement fully Article X of GATT 1994, Article III of the GATS and other transparency requirements in WTO Agreements requiring notification and publication.

#### Notifications

134. The representative of Oman said that, at the latest upon entry into force of the Protocol of Accession, Oman would submit all initial notifications required by any Agreement constituting part of the WTO Agreement. Any regulations subsequently enacted by Oman which gave effect to the laws enacted to implement any Agreement constituting part of the WTO Agreement would also conform to the requirements of that Agreement. The Working Party took note of this commitment.

## TRADE AGREEMENTS

135. The representative of Oman said that Oman maintained bilateral trade and economic agreements with many Arab and non-Arab countries. These agreements were of general goodwill nature, based on MFN treatment. Oman did not participate in the Convention for Facilitating and Developing Trade Exchanges Among Arab States, but Oman had joined the decision of the Arab League of 19 February 1997 to establish an Arab Free Trade Area within ten years starting from 1 January 1998. Oman was reducing its tariff *vis-à-vis* other members of the Arab Free Trade Area in accordance with the Decision, and had accordingly reduced its tariffs by an additional 10 per cent on 1 January 1999.

136. Together with Saudi-Arabia, Bahrain, Kuwait, Qatar and the United Arab Emirates, the Sultanate of Oman had formed the Gulf Cooperation Council. The GCC countries had signed a Unified Economic Agreement in November 1981 and established a free-trade area among themselves in 1983. The GCC Free Trade Area Agreement had been notified to the GATT by Kuwait in 1982.

137. Goods of GCC origin circulated free of tariffs and other restrictions among GCC members. The Unified Economic Agreement encouraged joint-venture projects, and aimed at harmonized development plans, a common investment policy, coordinated financial and monetary policies and labour market integration. Negotiations on the establishment of a common external tariff among GCC countries were well advanced, but he could not give an indication when the negotiations would be completed at this stage. Article 8 of the Agreement, which stipulated that member countries agree on rules ensuring national treatment for GCC nationals regarding freedom of movement, work and residence, right of ownership and freedom to exercise economic activity, also concerned services activities, but did not, in his view, constitute a full-fledged free trade area in services.

138. Referring to the Unified Economic Agreement between GCC countries, a member noted that GATT Article XXIV provided that customs unions or a free trade should be used to facilitate trade between constituent territories and not to raise barriers to the trade of the other contracting parties with such territories and that Article XXIV required customs unions and free trade areas to eliminate duties and other restrictive regulations of commerce on substantially all trade.

139. The representative of Oman stated that his Government would observe the provisions of Article XXIV of the GATT 1994 and Article V of the GATS in its trade agreements, and would ensure that the provisions of these WTO Agreements for notification, consultation and other

requirements concerning free trade areas and customs unions of which Oman was a member were met from the date of accession. [The Working Party took note of these commitments.]

## CONCLUSIONS

140. The Working Party took note of the explanations and statements of Oman concerning its foreign trade regime, as reflected in this Report. The Working Party took note of the commitments given by Oman in relation to certain specific matters which are reproduced in paragraphs [25, 37, 46, 51, 58, 61, 67, 72, 76, 83, 89, 94, 96, 103, 134 and 139] of this Report. The Working Party took note that these commitments had been incorporated in paragraph 2 of the Protocol of Accession of Oman to the WTO.

141. Having carried out the examination of the foreign trade regime of Oman and in the light of the explanations, commitments and concessions made by the representative of Oman, the Working Party reached the conclusion that Oman be invited to accede to the Marrakesh Agreement Establishing the WTO under the provisions of Article XII. For this purpose, the Working Party has prepared the draft Decision and Protocol of Accession reproduced in the Appendix to this Report, and takes note of Oman's Schedule of Specific Commitments on Services (document WT/ACC/OMN/..Add.2) and its Schedule of Concessions and Commitments on Goods (document WT/ACC/OMN/..Add.1) that are annexed to the Protocol. It is proposed that these texts be adopted by the General Council when it adopts the Report. When the Decision is adopted, the Protocol of Accession would be open for acceptance by Oman which would become a Member thirty days after it accepts the said Protocol. The Working Party agreed, therefore, that it had completed its work concerning the negotiations for the accession of Oman to the Marrakesh Agreement Establishing the WTO

[TO BE COMPLETED]

ANNEXES

[to be completed]

ANNEX 1

Laws, Regulations and Other Information Provided to the Working Party by the Sultanate of Oman

- Basic Components and Main Indicators of the Fifth Five-Year Plan (1996-2000);
- Commercial Business Laws of Oman (Ministry of Commerce and Industry);
- Royal Decree No. 55/90 of 18 Dhu al-Hijja 1410 A.H. (11 July 1990) Commercial Law;
- Royal Decree No. 102/94 of 11 Jumada 1, 1415 A.H. (16 October 1994) Foreign Capital Investment Law;
- Customs Management Decree of 1978 (Directorate General of Customs, Royal Oman Police);
- Draft Law on Customs Valuation;
- A guide to the Financial Support for the Private Sector in the Fields of Industry and Tourism by the Directorate General of Industry, Ministry of Commerce and Industry;
- Royal Decree No. 1/79 of 4 January 1979 Law for the Organization and Encouragement of Industry;
- Royal Decree No. 39/96 of 20 October 1976 incorporating the Directorate General for Specifications and Measurements (DGSM);
- Royal Decree No. 1/78 of 3 January 1978 On the Jurisdiction of the Directorate General for Specifications and Measurements (DGSM);
- Code of Good Practice for the Preparation, Adoption and Application of Standards;
- Royal Decree No. 74/90 of 29 September 1990 On the Calibration of Measuring Instruments;
- List of prohibited pesticides;
- Directory of Preferential Treatment to National Industries - Products in Government Purchases;
- Royal Decree No. 47/96 of 21 Moharram, 1417 A.H. (8 June 1996) promulgating the Copyright Law;
- Draft Law on Copyright and Related Rights;
- Royal Decree No. 86/87 of 12 Safar 1408 H. (5 October 1987) Law of Trademarks and Data;
- Draft Law on Trademarks and Registration Procedures;
- Patent Regulation of the Cooperation Council States (1993), Cooperation Council for the Arab States of the Gulf, Secretariat General;
- Draft Industrial Design and Model Law;
- Draft Law for the Protection of Topographic Rights for Integrated Circuits;
- Draft Law for the Protection of Geographical Indications;
- The Banking Law of 1974;
- Royal Decree No. 12/79 of 22 Rabi al-Thani 1399 A.H. (21 March 1979) Insurance Companies Law;
- Royal Decree No. 53/88 of 6 Zu Qaida 1408 H. (21 June 1988) Law of Muscat Securities Market; and
- Royal Decree No. 120/94 of 7 Rajab 1415 (1994) Law on Organization of Engineering Consultancy Offices.

Table 1: List of Prohibited and Restricted Imports According to Schedule (1) of the Customs Law

| HS Code      | Description  | WTO Justification                             |
|--------------|--|---|
| 9301         | Arms and Ammunitions: importation of arms and ammunitions shall be restricted to the Ministry of Defence and Royal Oman Police (ROP). No other party shall import the said items except after obtaining the prior permission of the ROP. | Article XX(b) of the GATT 1994 and XXI        |
| 9501         | Toy arms and other devices which the Inspector General of Customs deems easily transformable into fatal arms shall not be imported without a prior licence from the ROP and provided that they shall not be turned into fatal arms.      | Article XX(b) of the GATT 1994                |
| 3601         | Fireworks and Explosives containing quantities of explosive substances deemed dangerous by the Inspector General of Customs shall be imported only subject to the consent of the ROP.  | Article XX(b) and XXI(b)(i) of the GATT 1994  |
| 2208<br>2203 | Alcohol and Beer: may be imported by the registered importers pursuant to the permit of the ROP  | Article XX(a) of the GATT 1994                |
| 8526         | Radio transmitting and receiving sets and wireless telegraph devices: may be imported after obtaining the approval of the General Telecommunications Organization  | Article XX(b) of the GATT 1994 and XXI        |
| 4911         | Pornography: import is prohibited  | Article XX(a) of the GATT 1994                |
| 4902         | Any newspaper, pamphlet, notice, book or photography containing materials meant to arouse violence against the Government: import is prohibited  | Article XXI of the GATT 1994                  |
| 4911         | Receipts, counterfoils or any similar blank or incomplete documents: import is prohibited  | Article XX(d) of the GATT 1994                |
| 7118         | Paper money or forged currencies: import is prohibited   | Article XX(d) of the GATT 1994                |
| 5907         | Colour or silk fabrics or any other fabrics printed with imitations of paper money or promissory notes or securities of the Government of the Sultanate of Oman or any other country: import is prohibited                               | Article XX(d) of the GATT 1994                |
| 9307         | Weapons (cold steel) or other tools designed or made in a way that conceals their reality and the possibility of using them or transforming them into knives, swords or other injurious tools: their importation is prohibited           | Article XXI of the GATT 1994                  |
| 6602         | Sticks, guns (rifles) and any tool designed in a way that conceals its reality: their importation is prohibited  | Article XX(b), XX(d) and XXI of the GATT 1994 |
| 1302         | Any drugs or substances or articles or preparations declared harmful by the International Conference on Opium and Drugs: their importation is prohibited   | Article XX(b) of the GATT 1994                |
| 1302         | Hemp, its leaves, flowers, seeds, stems and any part thereof: their importation is prohibited  | Article XX(b) of the GATT 1994                |
| 1302         | Raw or processed opium: its importation is prohibited  | Article XX(b) of the GATT 1994                |
| 1302         | Daisy plant, its leaves, flowers, stems, seeds or any part thereof: its importation is prohibited  | Article XX(b) of the GATT 1994                |

Note:

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 RO 0.500 for the services of one person per hour (or part thereof) subject to a minimum of 2 hours.



Table 2: Fees and Charges for Services Rendered by the Port Services Corporation

|  |  |  |
|--|--|--|
| (a) Quay handling and storage charges:       |  |  |
| (i)  | General cargo including bagged cargo other than foodstuff, medicines and animal feed.  | RO 1.500 per Freight Ton (Freight Ton will be determined by weight or measurement which ever is higher). |
| (ii)   | Foodstuff, medicines and animal feed   | RO 1.000 per Freight Ton   |
| (iii)  | Iron and steel bars, pipes, tubes, channels, mesh, girders, sheets and angles  | RO 2.000 per Freight Ton   |
| (iv)   | Plywood, hardboard, chipboard, blockboard, laminated board and other similar laminated wood products in crates                               | RO 2.000 per Freight Ton   |
| (v)  | Loose plywood  | RO 3.000 per Freight Ton   |
| (vi)   | Packed timber  | RO 2.000 per Freight Ton   |
| (vii)  | Loose timber   | RO 3.000 per Freight Ton   |
| (viii)                                       | Unpacked vehicles, mechanical equipment, trailers and caravans   |  |
|  | - under 2.5 tons, per unit   | RO 10.000  |
|  | - 2.5 tons to under 5.0 tons, per unit   | RO 20.000  |
|  | - 5 tons and over, per unit  | RO 25.000  |
| (ix)   | Heavy lifts (5 tons and over, excluding vehicles and mechanical equipment)   | RO 2.000 per Freight Ton   |
| (x)  | Bagged cement and hydrated lime  | RO 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  | RO 0.300 per Freight Ton   |
|  | - Unpacked vehicles, mechanical equipment, trailers and caravans:  |  |
|  | - under 5 tons, per unit   | RO 4.900   |
|  | - 5 tons and over, per unit  | RO 9.900   |
|  | - Bagged cement and hydrated lime  | RO 0.200 per Freight Ton   |
| (iv)   | After 21 days of the free period:  |  |
|  | - General cargo, foodstuff, medicines iron and steel, timber and plywood   | RO 1.200 per Freight Ton   |
|  | - Unpacked vehicles, mechanical equipment, trailers and caravans:  |  |
|  | - under 5 tons, per unit   | RO 15.000  |
|  | - 5 tons and over, per unit  | RO 30.000  |
|  | - Bagged cement and hydrated lime  | RO 1.000 per Freight Ton   |

Table 3: Status of Legislation on Intellectual Property in Oman (August 1999)

|   | Area of TRIPS                | Present Position and On-going Programme  | Future Programme  |
|---|------------------------------|--|---|
| 1 | Trademarks                   | Trademark Law is in place since 1987 and is being implemented. Points of conformity and non-conformity of the existing law with the provisions of the TRIPS Agreement have been identified. Draft amended law has been prepared in consultation with WIPO. It has been examined and is being translated into English prior to submitting it to WTO and WIPO for comment. | Amendments to be Trade Marks Law will be promulgated by September 1999, to bring the Law into full conformity with the provisions of the TRIPS Agreement. |
| 2 | Copyright and related rights | Copyright Law of Oman is in force since 1996 and is being implemented. Points of conformity and non-conformity of the existing law with the provisions of the TRIPS Agreement have been identified. Draft amended law has been prepared in consultation with WIPO and is under examination and will be submitted to WTO and WIPO for comment in early September 1999.    | Amendments to the Copyright Law will be promulgated by November 1999, to bring the Law into full conformity with the provisions of the TRIPS Agreement.   |
| 3 | Patents                      | GCC Unified Patent System in force since May 1999. Oman subscribes to it with the issue of the Ministerial Decree in September 1993, which adopted the GCC Unified Patent System as the Patent Law of Oman.  |   |
| 4 | Geographical Indications     | Draft law on geographical indications of origin is being translated into English and will be submitted to WTO and WIPO for comment.  | A new law will be promulgated by September 1999.  |
| 5 | Industrial Designs.          | There is no law at present on industrial designs. A draft law prepared by WIPO has been examined and is being translated into English prior to submission to WTO and WIPO for comment.   | A law on industrial designs in conformity with the provisions of the TRIPS Agreement will be promulgated by September 1999.                               |
| 6 | Plant Varieties              | There is no law at present. A draft law will be prepared in consultation with the WIPO   | A new law on protection of plant varieties will be promulgated by September 1999.   |

|    | Area of TRIPS                        | Present Position and On-going Programme  | Future Programme   |
|----|--------------------------------------|--|--|
| 7  | Layout Design of Integrated Circuits | There is no law at present. WIPO has provided a draft law which has been examined. It is being translated into English and will be submitted to WTO and WIPO for comment.  | A new law will be promulgated by September 1999.   |
| 8  | Trade Secrets                        | No law at present. A draft addition to the Trademark Law has been prepared in consultation with WIPO.  | A law will be promulgated by September 1999.   |
| 9  | Abuse of Anti-Competitive Practices. | No law at present. A draft addition to the Trademark Law has been prepared in consultation with WIPO.  | A law will be promulgated by September 1999.   |
| 10 | Enforcement                          | The existing Trade Mark Law and the Copyright Law contain provisions on penalties for violation of the two Laws. Imprisonment up to three years and a fine not exceeding RO 500 for violations of Trade Marks Law. Also provisions to restrain the import and circulation of counterfeit goods, and for their confiscation and destruction. Imprisonment for two years and fine not exceeding RO 2000 for Copyright piracy. Enforcement action against video piracy stepped up by conducting raids and closing establishments. | [Amendments to the Civil and Criminal codes and to the Customs Law, in line with Articles 41 to 61 of the TRIPS Agreement will be promulgated by the end of year 2001. Training of staff responsible for administration and enforcement of IP laws will be undertaken in 1999 and 2000. Fuller implementation of Part III of the TRIPS Agreement will be ensured by the end of year 2002.] |

APPENDIX

ACCESSION OF THE SULTANATE OF OMAN

Draft Decision

The General Council,

Having regard to the results of the negotiations directed towards the establishment of the terms of accession of the Sultanate of Oman to the Marrakesh Agreement Establishing the World Trade Organization and having prepared a Protocol for the Accession of Oman,

Decides, in accordance with Article XII of the Marrakesh Agreement Establishing the World Trade Organization, that the Sultanate of Oman may accede to the Marrakesh Agreement Establishing the World Trade Organization on the terms set out in the said Protocol.

PROTOCOL OF ACCESSION OF THE SULTANATE OF OMAN  
TO THE MARRAKESH AGREEMENT ESTABLISHING THE  
WORLD TRADE ORGANIZATION

Draft

The World Trade Organization (hereinafter referred to as the "WTO"), pursuant to the approval of the General Council of the WTO accorded under Article XII of the Marrakesh Agreement Establishing the World Trade Organization (hereinafter referred to as "WTO Agreement"), and the Sultanate of Oman (hereinafter referred to as "Oman"),

Taking note of the Report of the Working Party on the Accession of Oman to the WTO in document WT/ACC/OMN/.. (hereinafter referred to as the "Working Party Report"),

Having regard to the results of the negotiations on the accession of Oman to the WTO,

Agree as follows:

Part I - General

1. Upon entry into force of this Protocol, Oman accedes to the WTO Agreement pursuant to Article XII of that Agreement and thereby becomes a Member of the WTO.
2. The WTO Agreement to which Oman accedes shall be the WTO Agreement as rectified, amended or otherwise modified by such legal instruments as may have entered into force before the date of entry into force of this Protocol. This Protocol, which shall include the commitments referred to in paragraph [140] of the Working Party Report, shall be an integral part of the WTO Agreement.
3. Except as otherwise provided for in the paragraphs referred to in paragraph [140] of the Working Party Report, those obligations in the Multilateral Trade Agreements annexed to the WTO Agreement that are to be implemented over a period of time starting with the entry into force of that Agreement shall be implemented by Oman as if it had accepted that Agreement on the date of its entry into force.
4. Oman may maintain a measure inconsistent with paragraph 1 of Article II of the GATS provided that such a measure is recorded in the list of Article II Exemptions annexed to this Protocol and meets the conditions of the Annex to the GATS on Article II Exemptions.

Part II - Schedules

5. The Schedules annexed to this Protocol shall become the schedule of Concessions and Commitments annexed to the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the "GATT 1994") and the Schedule of Specific Commitments annexed to the General Agreement on Trade in Services (hereinafter referred to as "GATS") relating to Oman. The staging of concessions and commitments listed in the Schedules shall be implemented as specified in the relevant parts of the respective Schedules.

6. For the purpose of the reference in paragraph 6(a) of Article II of the GATT 1994 to the date of that Agreement, the applicable date in respect of the Schedules of Concessions and Commitments annexed to this Protocol shall be the date of entry into force of this Protocol.

Part III - Final Provisions

7. This Protocol shall be open for acceptance, by signature or otherwise, by Oman until .....

8. This Protocol shall enter into force on the thirtieth day following the day of its acceptance.

9. This Protocol shall be deposited with the Director-General of the WTO. The Director-General of the WTO shall promptly furnish a certified copy of this Protocol and a notification of acceptance thereto pursuant to paragraph 7 to each member of the WTO and Oman.

10. This Protocol shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

Done at Geneva this ... day of .... one thousand nine hundred and ninety ....., in a single copy in the English, French and Spanish languages each text being authentic, except that a Schedule annexed hereto may specify that it is authentic in only one or more of these languages.

ANNEX

SCHEDULE .... - OMAN

Part I - Goods

[WT/ACC/OMN/..Add.1]

Part II - Services

[WT/ACC/OMN/..Add.2]

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