



Ministerie van Buitenlandse Zaken

Doing Business in Oman

The Gulf region (Oman, Saudi Arabia, United Arab Emirates, Qatar, Bahrain and Kuwait) has experienced high economic growth in recent decades, due largely to its vast oil and gas reserves. Trade between the Netherlands and the Gulf countries has increased remarkably and Dutch businesses have built an excellent reputation. In 2016, the export of goods from the Netherlands to the Gulf reached €6.4 billion. Economic diversification efforts in the Gulf countries – aimed at reducing dependence on oil and gas and increasing the share of the private sector in the economy – have resulted in new opportunities for Dutch business. In Oman, they can be found primarily in (renewable) energy, water, logistics and agrifood.

1970, when His Majesty Sultan Qaboos bin Said assumed power, was a turning point in the history and development of Oman. Ever since this 'renaissance', the Sultan and his government have endeavoured to promote economic development and stability for the country's rapidly growing population, undertaking a wide range of political reforms and wide-ranging modernisation programmes, funded largely by oil revenues and supported by international partners.

Over recent decades Oman's economy has been characterised by stable growth and modest inflation, mostly driven by revenues from the oil and gas sector. Recent oil price volatility has undermined its efforts towards economic development and resulted in fiscal imbalances and a growing debt rate. Nonetheless, several opportunities for economic development have surfaced due to economic diversification, captured in the

government's strategic five-year plans. Recently, under the so-called 'Tanfeeth process,' greater focus has been put on enhancing economic diversification centred on logistics, tourism and manufacturing, as well as on improving enablers such as the labour law and financing models.

The business landscape can be summarized as mainly government-centred and largely oligopolistic in nature. Private sector development efforts, which include further industrialization, privatization, promotion of entrepreneurship and facilitating foreign direct investments, are gradually taking effect. 'Omanization', which is aimed at securing employment for Omani nationals by setting a quota for each sector, is likely to remain part of this business environment for the near future.

Taking into account its population growth and economic path towards economic diversification, there are ample business opportunities, particularly in the following economic sectors.

Priority sectors

Oil, gas and renewable energy

Oman is expected to remain highly dependent on its hydrocarbons sector for some time to come. Upstream in the value chain, demand remains for expertise, innovative and cost-effective solutions in some niche areas of oil and gas reserves exploration and production. This is also true of its downstream value chain. As part of its economic diversification process, efforts are focused on adding value to the oil produced, for example in the chemical and plastics industries. Another of the Sultanate's focal areas is stepping up the commercialization of its substantial gas reserves, in particular by investing in the country's liquid natural gas production capacity.

As the Sultanate continues to develop its ambitious national programme for enhancing economic diversification, as tariffs on conventional power options rise, and subsidies on fossil energy sources are gradually lowered, a deeper and more deliberate consideration of alternative sources of energy are being studied and translated into policy, e.g. in the fields of solar and wind energy.

Oman's level of solar energy density is amongst the highest in the world. It has been assessed that a solar energy field with the size of 0.1% of the total land area could, in theory, power the Sultanate at current energy consumption levels. Moreover, there are plans to provide incentives to homeowners to install small-scale solar PV systems to generate their own electricity and feed the surplus into the grid.

Endowed with over 2000 km of coastline, Oman is also exploring harnessing wind power in certain areas. The result of numerous pilot programmes shows that wind power has the potential to supply a significant amount of power to the southern energy grid (Dhofar region).

Within this energy transition, the expertise and innovative technologies and solutions that Dutch companies and knowledge and research institutes have to offer, could contribute further to the solid reputation that the Netherlands already enjoys in the energy sector in Oman. Business opportunities not only arise on a national, larger scale (in cooperation with the state oil and gas company PDO, as well as other government-related entities), but also on a more local scale, for example in and around the ports of Sohar and Duqm.

Logistics

Oman is geo-strategically well located for the logistics sector to flourish and sets out its ambition to become an important logistics hub in its 'Logistics Strategy 2040'. Oman has invested heavily in the development of its ports (using the natural depths of its shores) and airports. In addition, the country is expected to play a major part in the region's forthcoming new railway system, connecting the Sultanate to Saudi Arabia and the United Arab Emirates. Despite already having one of the world's best road networks, the Omani authorities have approved more than 40 additional road projects for the coming years.



Its geostrategic location makes Oman an ideal route for global supply chains, with the potential to alter the flow of goods through the Arabian Peninsula. Given the solid reputation of the Netherlands and existing bilateral networks in this field, it is expected that Oman's growing investments in transport and logistics will continue to provide business opportunities for Dutch expertise, services and technologies beyond existing joint ventures, such as between the Ports of Rotterdam and Sohar.

Water

Like all other countries in the Gulf, Oman ranks amongst the top 10 most water stressed countries by 2040 (source: Water Resources Institute). Oman consists of arid and semi-arid regions, with an average annual rainfall of 125mm (Netherlands: 800mm) and total renewable water resources of 1.4 km³/year. These internal renewable water resources come from precipitation and groundwater flows, Oman not receiving any fresh water from other countries through rivers or other flows. Oman has 43 aquifer recharge dams (14 of which were built after 2006), with a total storage capacity of 93.5 million m³. As the peninsula is surrounded by seas/ocean, desalination plays another important role in supplying the Sultanate with potable water.

Oman's commitment to private sector participation in the water sector, as part of its restructuring of the management of the

sector as a whole, should open up ample opportunities for companies, knowledge and research institutes to offer their expertise, innovative and integrated solutions for the country's water resources management projects and desalination.



Agrifood

Despite its discovery of oil in commercial quantities some decades ago, over half of Oman's population is currently engaged in the agriculture and fisheries sectors.

In agriculture, food security initiatives have been undertaken to e.g. reduce the cultivation of large crops, introduce water-efficient techniques, and to add more value to locally produced fruits, vegetables and fodder. Extensive government programmes also aim to promote modern farming technologies; establish infrastructure and irrigation networks and storage and export facilities; and to support agricultural research and training institutions. In summary: excellent business and investment opportunities for Dutch companies, knowledge and research institutes.

Another part of the Sultanate's efforts to enhance food security and economic diversification focuses on the fisheries sector. With its vast coastal areas and direct access to the Arabian Sea, the fisheries sector is strategically well positioned. Furthermore, the prohibition of trawling in Oman's Exclusive Economic Zone and minimal pollution have helped the country's fish stocks to flourish. Using these comparative advantages, fisheries is one of the five prioritized economic sectors under the current five-year economic diversification plan. Efforts focus on various aspects of fishing, aquaculture, fish processing and international marketing, making Oman an attractive location for Dutch companies, knowledge and research institutes involved in commercial and sustainable fisheries.

Do's and don'ts for doing business in Oman

Know your challenges

Oman successfully combines the strong traditions of the Middle East with 21st century modernity. The rich history and culture of Oman and the hospitality and tolerance of the Omani people attracts visitors and foreign investors alike. However, without a thorough understanding and awareness of Oman's unique history and culture, these traditions and etiquette can be a challenge.

Build relationships

Building and maintaining personal relationships is essential for doing business in Oman. It is worth investing time: trust, once gained, is likely to serve you well in the long-run. Having a reliable local partner, in addition to close contact with the Embassy, can speed up the preparatory work considerably, as it can provide market knowledge and valuable access to established networks.

Understand (business) etiquette

- It goes without saying that speaking and understanding some Arabic is recommended and appreciated. However, English is the language of business and is widely spoken, particularly in the main cities.
- Conservative business dress for both men (preferably jackets and ties or uniform) and women (covering shoulders and knees at least – no headscarf needed) is advised for business meetings and functions. It is not a common practice for men and women to shake hands.
- The Omani attitude towards time is relatively flexible and relaxed. It is not uncommon for Omani counterparts to arrive late, but foreigners are expected to arrive on time.
- Omanis are keen to show their hospitality, e.g. by offering their guest coffee (often flavoured with cardamom), *haluwa* (sweet delicacy made of dates), and/or raw or processed dates. Burning *luban* (a type of incense) and offering some rose water could also be part of their hospitality.
- Respect is a key character feature one should show at all times. This goes for e.g. religious holidays, customs and bans (like alcohol). Do not show your temper and avoid conflict. And patience is a virtue: very often things do not move at the same pace as in e.g. the Netherlands, while the Omani bureaucracy is extensive.

We support your business

Embassy of the Kingdom of the Netherlands

The Embassy of the Kingdom of the Netherlands in Muscat can support you in your Omani business endeavours through the following services:

- Signalling and monitoring business opportunities.
- Providing information on sectors, laws and legislation.
- Providing general advice on your specific business plans.
- Introductions to relevant government authorities, potential business partners and other stakeholders.
- Supporting trade missions.
- Promoting Dutch business.
- Trouble-shooting and assistance in conflict situations.

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- www.netherlandsandyou.nl/your-country-and-the-netherlands/oman
- Facebook: <https://nl-nl.facebook.com/DutchEmbassyOman/>
- Business hours: Sunday-Thursday, 08:00-15:30

Dutch economic network in the Gulf region (Holland+You)

This platform for economic service delivery by the diplomatic network in the Gulf region aims to provide information on doing business in the Gulf region, share best practices and to strengthen business relations.

Website: www.netherlandsworldwide.nl/doing-business-in-the-gulf-region

Twitter: <https://twitter.com/hollandplusyou>

Netherlands Enterprise Agency

The Netherlands government has developed multiple instruments to support Dutch companies doing business in Oman. For more information, please visit the country page for Oman on the website of the Netherlands Enterprise Agency at

www.rvo.nl/onderwerpen/internationaal-ondernemen/landenoverzicht/oman

'NL exporteert' App

A free export app, designed for entrepreneurs with international ambitions. It provides information on events, the do's and don'ts of doing business, economic data and financing possibilities. Download the app in the [App Store](#) (iOS) or in [Google Play](#).

Official name	Sultanate of Oman
Government type	Absolute monarchy Head of State: H.M. Sultan Qaboos bin Said Al Said
Population	3.8 million (July, 2017)
Area	309,500 sq km (7.4 times bigger than the Netherlands), coastline 2092 km
Time difference	+2 hours (NL summer time), +3 hours (NL winter time)
Currency	Omani Rial (OMR) 1 EUR = 0.4611 OMR (13/09/2017)
GDP growth rate	3.1 % (2016), 4.2% (2015), 2.5% (2014)
GDP per capita	USD 15,000 (2016)
Trade volume	Exports: USD 30.4 billion (2016) Imports: USD 25.8 billion (2016)
Inflation	1.1% (2016 est.), 0.1% (2015 est.)
Global Competitiveness Index	Rank 66 th / 138 (2016)
Ease of Doing Business	Rank 66 th / 190 (2016)
Global Corruption Index	Rank 64 th / 176 (2016)
Main trading partners	China, UAE, India, U.S, France, Japan & Saudi Arabia; Netherlands is the largest of the EU
Major exports	Petroleum, re-exports, fish, metals, and textile goods
Major imports	Machinery and transport equipment, refined petroleum, food & livestock, lubricants
Netherlands FDI in Oman	USD 598 million (2016)

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