



## EU-GCC Dialogue on Economic Diversification

A project funded by the European Union

# GCC Country Economic Profile - Sultanate of Oman



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



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## Sultanate of Oman Key Facts

### Government

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

### Membership in International Organisations

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

### Languages

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

### Economic Agreements

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

Oman - Key figures (2022)	
Population (millions)	5
GDP (Billions of Euros)	109
GDP per capita (Euros)	23,526
Real GDP growth (%)	4.3
Inflation rate (%)	2.8

Trade in Goods (2022, Billions of Euros)	
Imports	38.5
Exports	21.2

Trade in Services (2020, Billions of Euros)	
Imports	7.3
Exports	1.9

# Sultanate of Oman Economic Policies

## Economic Development Objectives

Oman Vision 2040 focuses on reshaping the roles of and relations between the public, private and civil sectors to ensure effective economic management, achieve a developed, diversified and sustainable national economy, ensure fair distribution of development gains among governorates, and protect the nation's natural resources and unique environment.

Economic national priorities:

- Economic Leadership and Management - solid and effective economic legislative framework, Effective economic leadership with binding powers and a clear mandate to swiftly respond to development needs
- Economic Diversification and Fiscal Sustainability - diversified, sustainable and competitive economy based on knowledge and innovation, adapts to the industrial revolutions and achieves fiscal sustainability
- The Private Sector, Investment and International Cooperation - The private sector drives a competitive economy that is integrated with the world economy.

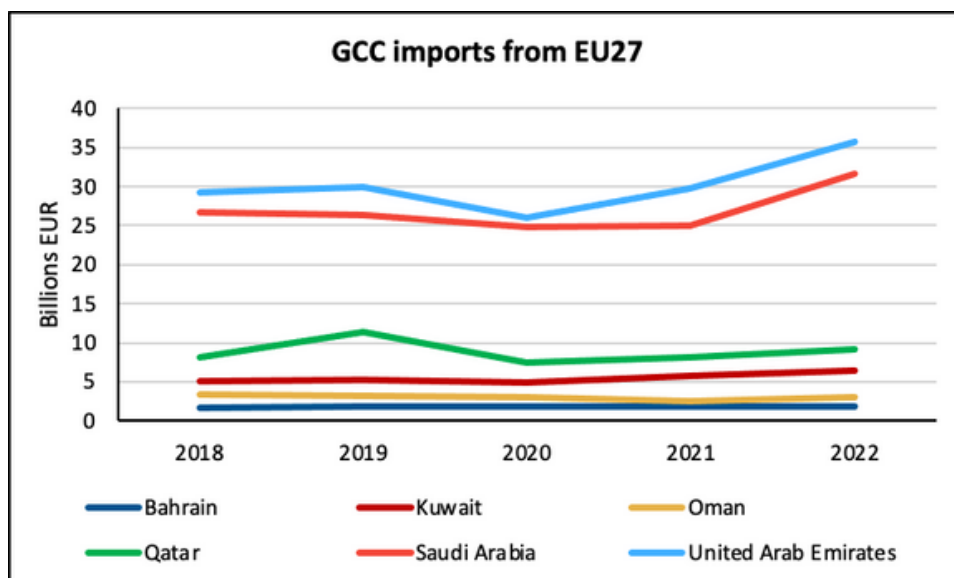
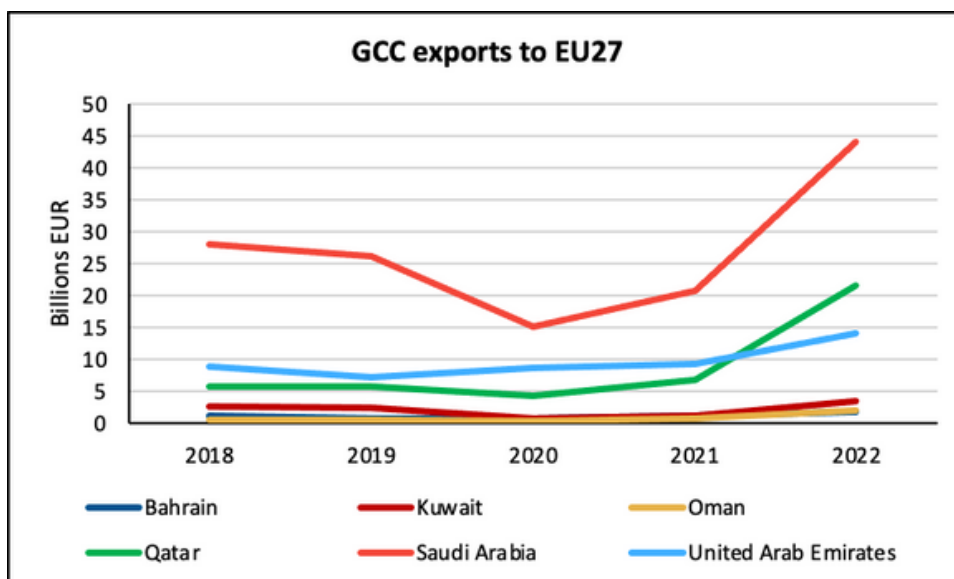
## Current Economic Status (June 2023)

- Favorable oil prices and continued fiscal reforms are expected to maintain fiscal and external balances in comfortable positions over the medium term.
- The authorities have made decisive strides in the structural agenda under Oman's Vision 2040 and continued implementation will help diversify the Omani economy and boost prospects for strong, inclusive, and green non-hydrocarbon growth.
- The banking sector remains sound, with ample capital and liquidity buffers and strong asset quality.
- Oman's economy continues to grow, and inflation is contained at low levels. Real GDP grew by 4.3 percent in 2022, primarily driven by a strong expansion of the hydrocarbon sector.
- Economic growth is, however, projected to slow down to 1.3 percent in 2023 and then rebound to 2.7 percent in 2024, reflecting oil production cuts by OPEC+ and moderate growth in the non-hydrocarbon sector due to recovering but still subdued construction activity, a slowdown in global economic activity, and tighter financial conditions. Non-hydrocarbon growth is projected to rise to 2 percent in 2023 and 2.5 percent in 2024, from 1.2 percent in 2022.
- The near- to medium-term outlook is favorable and risks to the outlook are balanced.
- Key risks to the outlook: a sharp decline in oil prices—due to a severe and protracted global economic slowdown—, lower demand for hydrocarbons—due to a faster-than-expected global energy transition—, and pressures to spend the oil windfall.
- Investment environment: conducive to attracting FDI. The advantages for foreign investors include competitive services' prices, tax exemption for five years or longer under certain conditions, no income tax for individuals, freedom of transferring capital and profits and freedom of exchanging foreign currency with a fixed exchange rate. Investors can form more than one legal entity to organize their business (e.g., public joint stock companies, public closed cooperation, limited liabilities companies, and holding companies).

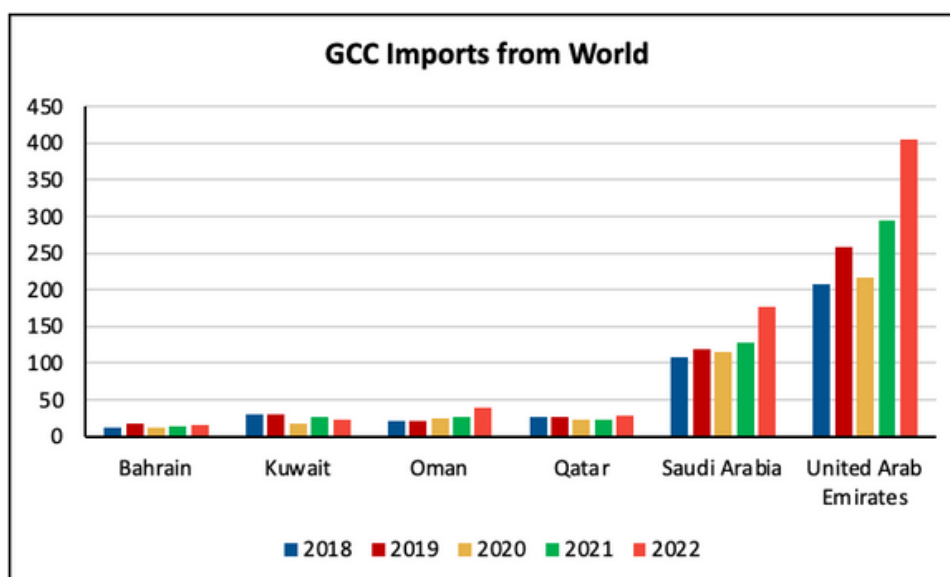
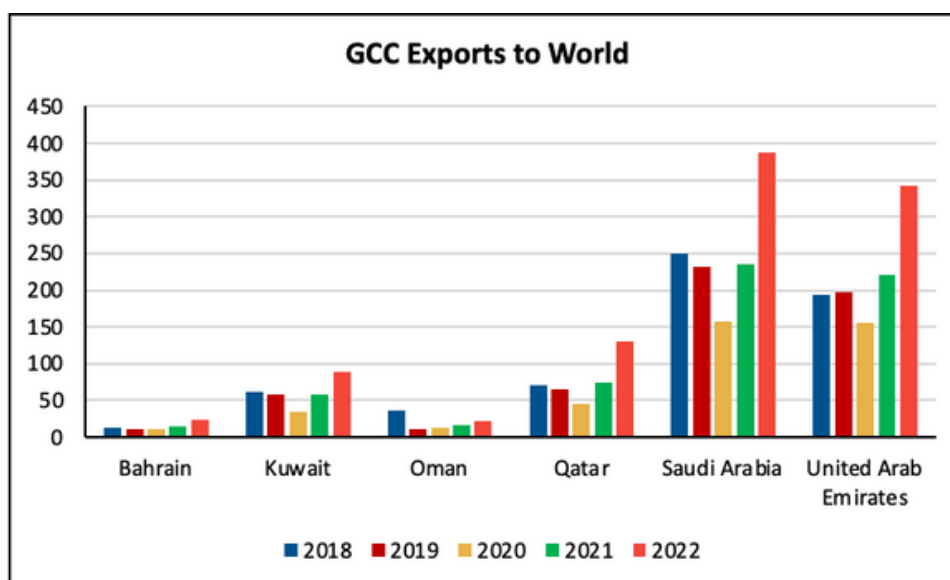
## EU – Oman Economic Relations

- **Economic and political cooperation between the EU and the GCC countries:** the framework is provided by the 1988 EU-GCC cooperation agreement that seeks to improve trade relations and stability in a strategic part of Europe's neighborhood. The agreement created a Joint Council and a Joint Co-operation Committee which meet annually. The two sides meet on an annual basis to discuss trade, amongst other topics, within the EU-GCC Joint Co-operation Committee held in Riyadh or Brussels.
- **EU and Oman:** In 2018, the European External Action Service (EEAS) and the Ministry of Foreign Affairs of the Sultanate of Oman signed a cooperation arrangement to enhance their dialogue to achieve common goals and objectives in areas of mutual interest.
- **Trade Negotiations:** The EU and Gulf Cooperation Council launched negotiations for a Free Trade Agreement (FTA) in 1990. The FTA is foreseen to provide for progressive and reciprocal liberalisation of trade in goods and services. The negotiations have faced several challenges and were effectively halted in 2008, when the GCC countries suspended all ongoing negotiations in which they were involved. While periodic informal contacts have taken place since then to test whether a basis might be found to resume and conclude negotiations, these have not been successful. In parallel with the negotiations, the prospective EU-GCC FTA was subject to a sustainability impact assessment.

## GCC Trade in Goods with EU27 & the World



## GCC Trade in Goods with EU27 & the World

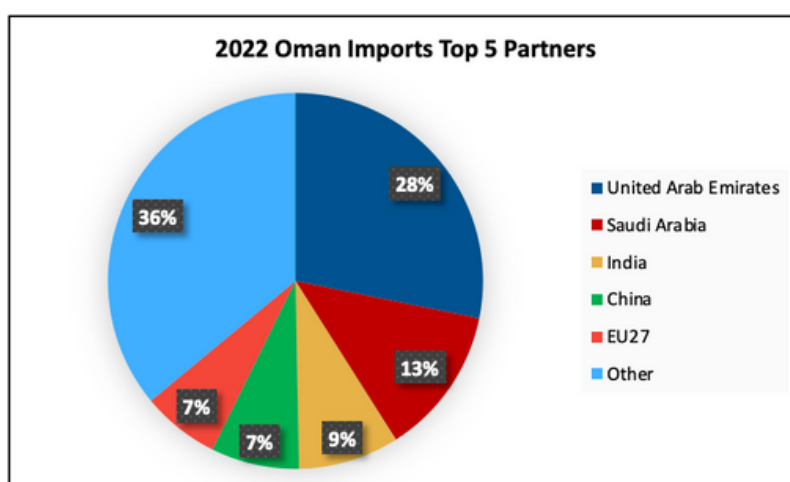
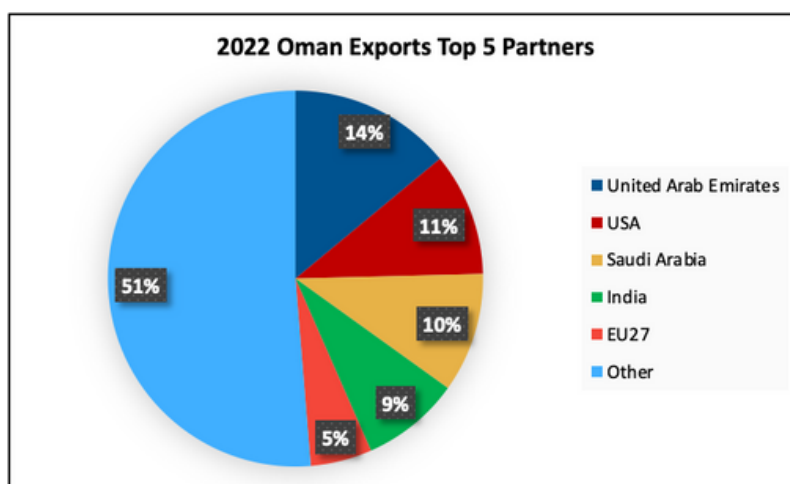
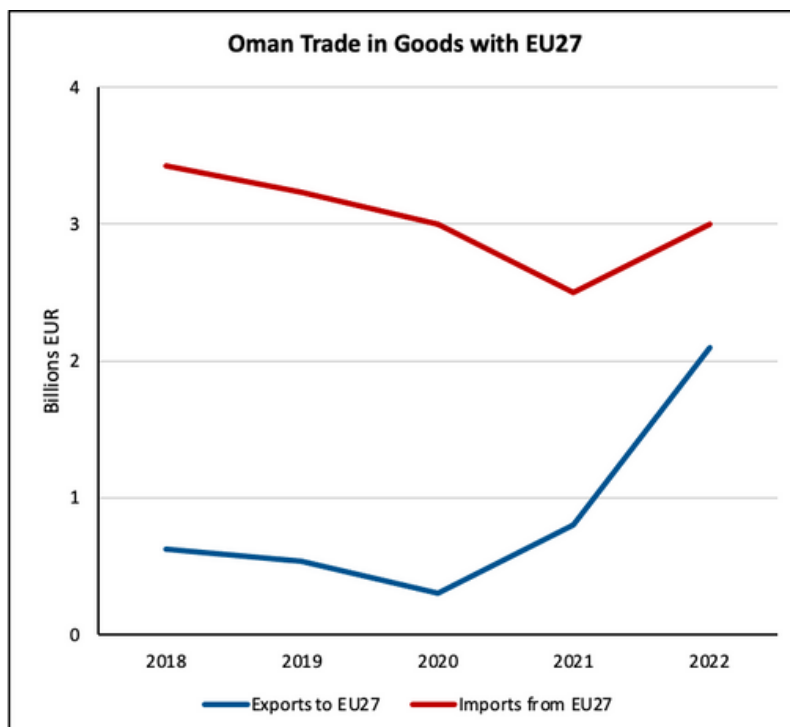


## EU27 Rankings as Trade Partner for GCC Countries, 2022

GCC country	EU27 rank as supplier	Imports value (Billion EUR)	Imports from EU27 as % of country's imports from all partners	EU27 rank as export market	Exports value (Billion EUR)	Exports to EU27 as % of country's exports to all partners
Bahrain	2	2.11	14.3	4	1.26	5.5
Kuwait	2	4.42	18.7	8	193	0.2
Oman	5	2.59	6.7	5	1.13	5.3
Qatar	1	5.37	19.4	4	15.25	11.7
Saudi Arabia	2	33.49	18.9	2	45.18	11.7
United Arab Emirates	2	42.69	10.6	7	13.06	3.8



## Oman Trade in Goods with EU27 & the World



## EU – Oman Major Trade Flows by HS Section

EU Imports from Oman					
2021			2022		
Goods	Value (millions of Euros)	% Total	Goods	Value (millions of Euros)	% Total
V Mineral products	323	40.9	V Mineral products	946	44.4
VI Products of the chemical or allied industries	160	20.2	VI Products of the chemical or allied industries	461	21.6
XV Base metals and articles thereof	151	19.1	XV Base metals and articles thereof	383	17.9
VII Plastics, rubber and articles thereof	77	9.8	VII Plastics, rubber and articles thereof	151	7.1
XVII Transport equipment	19	2.4	XVI Machinery and appliances	96	4.5

EU Exports to Oman					
2021			2022		
Goods	Value (millions of Euros)	% Total	Goods	Value (millions of Euros)	% Total
XVI Machinery and appliances	733	29.7	XVI Machinery and appliances	950	32.0
VI Products of the chemical or allied industries	371	15.0	VI Products of the chemical or allied industries	401	13.5
XVII Transport equipment	360	14.6	XVII Transport equipment	375	12.6
I Live animals; animal products	180	7.3	I Live animals; animal products	275	9.3
IV Foodstuffs, beverages, tobacco	166	1.7	IV Foodstuffs, beverages, tobacco	224	7.5

Source: Eurostat Comext

## EU – Oman Major Trade Flows by HS Heading

2022 EU Imports from Oman		2022 EU Exports to Oman	
V Mineral products (HS 25-27)	2711 Petroleum gas and other gaseous hydrocarbons 2710 Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing >= 70% by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, n.e.s.; waste oils containing mainly petroleum or bituminous minerals(2002-2500);Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing >= 70% by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, n.e.s.(1988-2001) 2523 Cement, incl. cement clinkers, whether or not coloured	XVI Machinery and appliances (HS 84-85)	8411 Turbojets, turbopropellers and other gas turbines 8426 Ships' derricks; cranes, incl. cable cranes (excl. wheel-mounted cranes and vehicle cranes for railways); mobile lifting frames, straddle carriers and works trucks fitted with a crane 8481 Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, incl. pressure-reducing valves and thermostatically controlled valves; parts thereof
VI Products of the chemical or allied industries (HS 28-38)	3102 Mineral or chemical nitrogenous fertilisers (excl. those in tablets or similar forms, or in packages with a gross weight of <= 10 kg) 2902 Cyclic hydrocarbons 2905 Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives	VI Products of the chemical or allied industries (HS 28-38)	3004 Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses "incl. those for transdermal administration" or in forms or packings for retail sale (excl. goods of heading 3002, 3005 or 3006) 3002 Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera and other blood fractions and immunological products; vaccines, toxins, cultures of micro-organisms (excl. yeasts) and similar products 3815 Reaction initiators, reaction accelerators and catalytic preparations, n.e.s. (excl. rubber accelerators)
XV Base metals and articles thereof (HS 72-83)	7601 Unwrought aluminium 7214 Bars and rods, of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but incl. those twisted after rolling (excl. in irregularly wound coils) 7605 Aluminium wire (excl. stranded wire, cables, plaited bands and the like and other articles of heading 7614, electrically insulated wires, and strings for musical instruments)	XVII Transport equipment (HS 86-89)	8703 Motor cars and other motor vehicles principally designed for the transport of <10 persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702) 8802 Powered aircraft "e.g. helicopters and aeroplanes"; spacecraft, incl. satellites, and suborbital and spacecraft launch vehicles 8701 Tractors (other than tractors of heading 8709)

Note: Products ordered by value

Source: Eurostat Comext

## Economic Competitiveness Indicators

Indicator	Ranking	Out of # Countries
Fraser Institute – Economic Freedom, 2023 Report	90	165
United Nations e-Government Survey, 2022	50	193
Global Innovation Index, 2023	69	132

### Infrastructure – Key Figures

**Airports:** 13 (2021)

Annual passenger traffic on registered air carriers: 10,438,241 (2018)

Annual freight traffic on registered air carriers: 510.43 million mt-km (2018)

**Major seaports:** Mina' Qaboos, Salalah, Sohar; Container port (TEUs): Salalah (4,510,000) (2021); LNG export terminal: Qalhat

**ICT**

Broadband - fixed subscriptions: 508,949 (2020 est.)  
subscriptions per 100 inhabitants: 11 (2020 est.)

Telephones - fixed lines: 572,166 (2021 est.)  
subscriptions per 100 inhabitants: 13 (2021 est.)

Telephones - mobile cellular: 6,115,537 (2021 est.)  
subscriptions per 100 inhabitants: 135 (2020 est.)

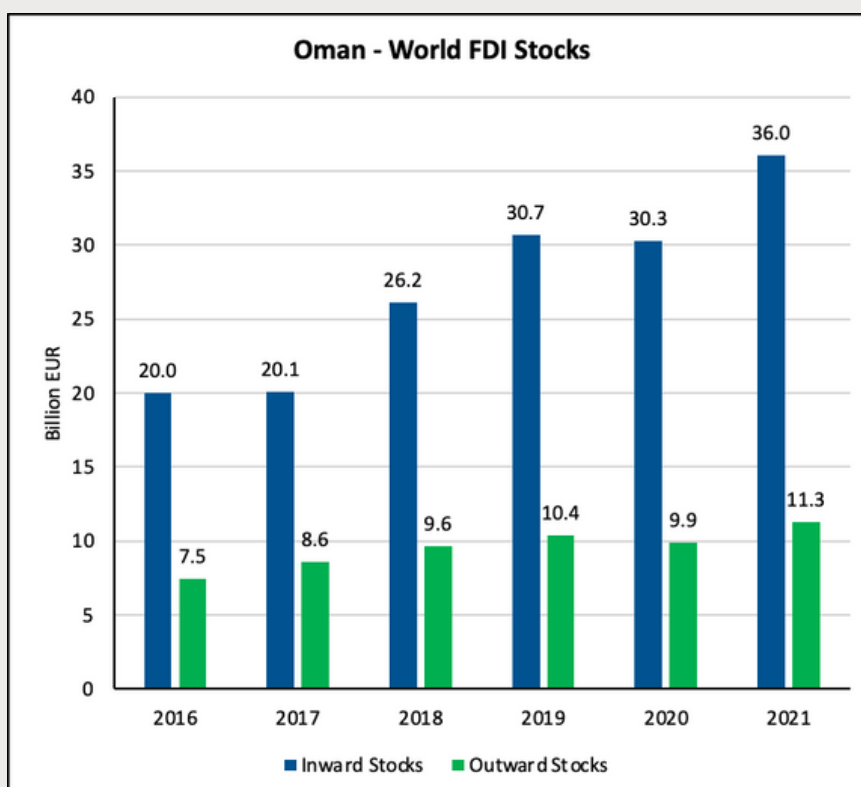
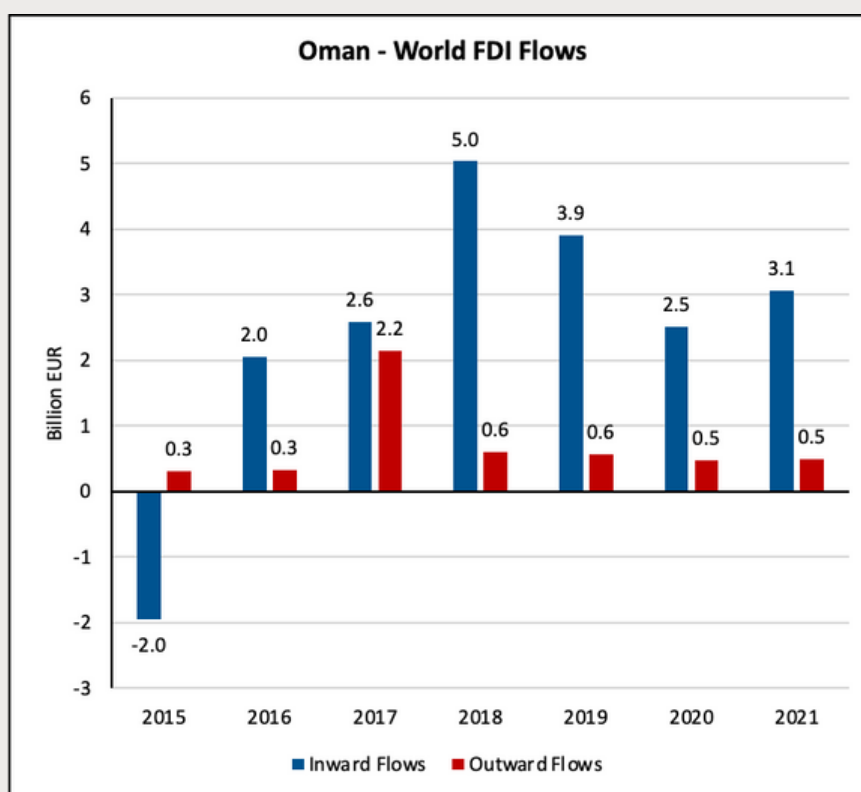
## Population Structure & Availability of Human Capital

Population (2023 est.)	
Population (millions)	5
Population growth rate	1.8%
Birth rate	21.62 births/1,000 population
Death rate	3.21 deaths/1,000 population

Age structure (2023 est.)	
0 -14 years	29.88% (male 586,608/female 558,770)
15 - 64 years	66.17% (male 1,404,289/female 1,132,250)
65 years and over	3.85% (male 70,976/female 80,572)

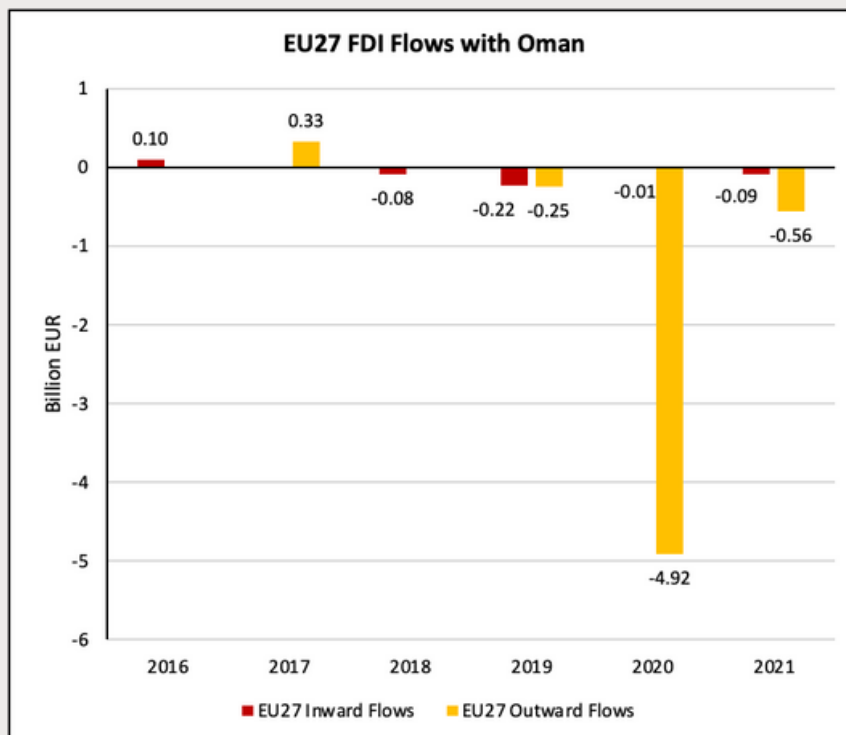
Human Capital Availability
<p>Literacy (age 15 and over can read and write) 2018:</p> <ul style="list-style-type: none"> <li>total population: 95.7%</li> <li>male: 97%</li> <li>female: 97.2%</li> </ul>
<p>School life duration (primary to tertiary education) 2021:</p> <ul style="list-style-type: none"> <li>total: 15 years</li> <li>male: 15 years</li> <li>female: 15 years</li> </ul>
<p>Labor force: 2.259 million (2021 est.) (about 60% of the labor force is non-national)</p>
<p>Unemployment, total (% of the total labor force): 3.12% (2021 est.)</p>

## Sultanate of Oman - World FDI Flows & Stocks

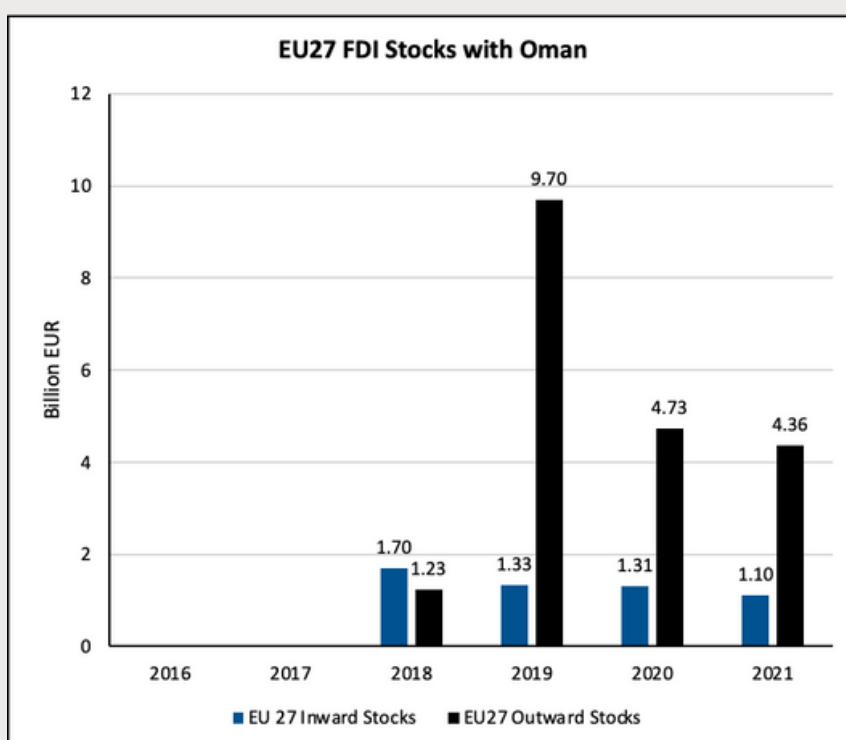


## EU27 FDI Flows & Stocks with Oman

Oman ranks 181st in FDI Flows to EU



Oman ranks 64th in FDI Flows to EU



## Oman FDI with World Partners, 2021

- In 2021, Oman's inward FDI flows from all world partners reached over 3 billion EUR, while outward FDI flows were close to .5 billion EUR.
- FDI stocks in Oman from all world partners reached 36 billion EUR and Oman's outward FDI stocks to all partners were close to 11.3 billion EUR.

## EU27 FDI with World Partners, 2021

- EU27 FDI flows to world partners reached 98.8 billion EUR and FDI flows to EU27 from world partners -219.2 billion EUR.
- EU27 FDI stocks to world partners were 16,642 billion EUR and world partners' FDI stocks into EU27 reached 14,051.4 billion EUR.

## EU27 - Oman Bilateral FDI, 2021

- EU27 FDI flows to Oman were -0.56 billion EUR compared to -4.92 billion EUR in 2020. FDI flows from Oman to EU27 decreased from -0.01 billion EUR in 2020 to -0.09 billion EUR in 2021.
- FDI stocks from Oman into the EU27 decreased in 2021 to 1.1 billion EUR from 1.3 billion EUR in 2020. FDI stocks from EU27 to Oman also decreased in 2021, to 4.4 billion EUR from 4.7 billion EUR in 2020.



## Investing in Oman - Incentives

- Competitive services' prices.
- Tax exemption for five years and it could be longer under certain conditions.
- No income tax for individuals.
- Freedom of transferring capital and profits and freedom of exchanging foreign currency with a fixed exchange rate.
- Full foreign property right: property rate starts from 70% to 100% after obtaining the ministers' council consent.
- One Stop Shop service: It helps investors to get all the inquiries and transactions they need as soon as possible.
- Opening a new office or representative office for foreign companies in Oman: companies that run their businesses with the Government are allowed to open new offices or commercial representative offices in Oman.
- Various forms of business entities and their main advantages: investors can form more than one legal entity to organize their business. Such entities are public joint stock companies, public closed cooperation, limited liabilities companies, and holding companies.

## Important Contacts

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

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- Fraser Institute 'Economic Freedom of the World Annual Report 2023'
- IMF (2023) Saudi Arabia Article IV Consultation Staff Report
- United Nations 'E-Government Survey 2022 - The Future of Digital Government'
- WIPO (2023), 'Global Innovation Index 2023 - Innovation in the face of uncertainty'

# About the EU-GCC Dialogue on Economic Diversification Project

The EU-GCC Dialogue on Economic Diversification is a project funded by the European Commission Service for Foreign Policy Instruments under the Partnership Instrument.

The project contributes to stronger EU-GCC relations by supporting the GCC countries in the ongoing process of economic diversification away from hydrocarbon-dependent sectors, including by funding regular EU-GCC Business Fora.

The purpose of this project is to promote climate-friendly trade, investment, and economic affairs-related policy analysis, dialogue, and cooperation between stakeholders from the EU and GCC at both regional and country levels in the context of the GCC economic diversification process.

**For more information on the EU-GCC Dialogue Project, and to download research reports and other publications, please visit:**

[https://www.eeas.europa.eu/eeas/EUintheGCC\\_en](https://www.eeas.europa.eu/eeas/EUintheGCC_en)

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<https://www.linkedin.com/company/eu-gcc-dialogue-on-economic-diversification>

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