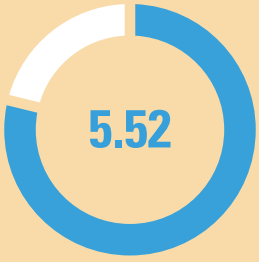
UNITED NATIONS
الاسكوا
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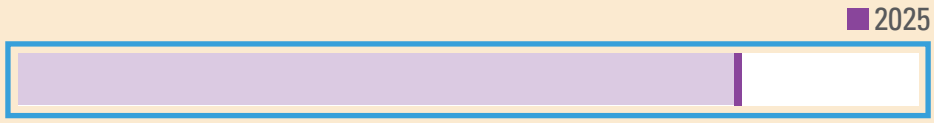
Shared Prosperity Dignified Life

Country profile
OMAN

ARAB BUSINESS LEGISLATIVE FRAMEWORKS



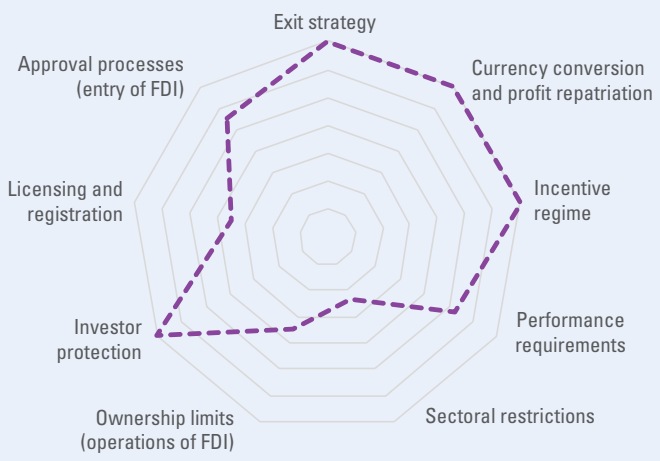
FOREIGN DIRECT INVESTMENT



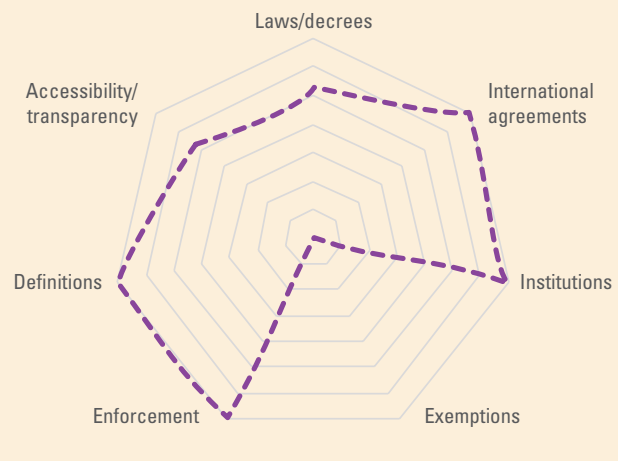
Very weak | Weak | Basic | Moderate | Developed | Strong | Very strong

COMPONENTS	2025
Approval processes (entry of FDI)	5.60
Licensing and registration	3.50
Investor protection	7.00
Ownership limits (operations of FDI)	3.50
Sectoral restrictions	2.33
Performance requirements	5.25
Incentive regime	7.00
Currency conversion and profit repatriation	7.00
Exit strategy	7.00

COMPONENTS



ELEMENTS



Note on methodology: The foreign direct investment (FDI) pillar was fully revised in 2023 following a legal and methodological review and first applied in the 2025 assessment. The 2020 edition assessed the macroeconomic enabling environment for investment. The revised methodology shifts to a business-conducting perspective, assessing the regulatory treatment of foreign investment.

2020 EDITION

Moderate

Foreign direct investment framework assessment

Macroeconomic enabling environment lens

The 2020 assessment examined whether the country's **macroeconomic policies** provided a stable foundation for investment, whether the **investment regulatory framework** set clear rules of engagement, how far **incentivization schemes** attracted foreign capital, the extent to which **bilateral treaties** offered investors legal certainty, and whether **banking regulations** enabled the financial operations required for investment.



Macroeconomic policies



Investment regulatory framework



Incentivization schemes



Bilateral treaties



Banking regulations

This country profile is prepared based on the legal and regulatory framework in force as at April 2025.

This country profile assesses the foreign direct investment (FDI) framework of Oman based on the nine FDI assessment components adopted under the Arab Business Legislative Frameworks methodology. The analysis is structured to ensure that each component is examined against its specific definition and indicators, supported by relevant legal and regulatory evidence.

Oman has an Investment Law in force (No. 50 of 2019) and an associated executive regulation (No. 72 of 2020).

Approval processes

This assessment component examines the mechanisms and institutional arrangements governing the authorization of FDI, the applicable regulatory requirements, and the legal basis for international investment commitments and access to bank financing.

Article 5 of the Investment Law of Oman (Royal Decree No. 50 of 2019) designates the Investment Services Centre at the Ministry of Commerce, Industry and Investment Promotion as the competent authority responsible for registering foreign investors and facilitating and simplifying the procedures for obtaining all approvals, permits and licenses required for investment projects. The centre is bound by the statutory deadlines prescribed for issuing such approvals, permits and licenses, with the application deemed approved in the absence of a response within the legally prescribed period. Pursuant to article 35 of the Executive Regulation (Ministerial Decision No. 72 of 2020), the competent authority is entrusted with monitoring the performance of licensed investment projects and submitting periodic reports on the investor's compliance with the conditions of the investment license and the approved implementation timetable, thereby establishing an institutional monitoring mechanism applicable to foreign investors.

Article 3 of the Executive Regulation provides that the fees charged for services provided pursuant to the Investment Law and its Executive Regulation are determined by

decision of the competent authority after approval of the Ministry of Finance. Furthermore, pursuant to article 15 of the Executive Regulation, the foreign investor is required to pay the fees for issuing approvals, permits and licenses upon submission of the application for the investment license, thereby establishing a statutory basis for the imposition of registration and service fees.

Article 9 of the Investment Law provides that investment projects are subject to all applicable laws in Oman except where a special provision exists in an international agreement to which Oman is a party. The same provision provides that international agreements containing special rules applicable to investment projects prevail over domestic legislation in the matters governed thereby. This constitutes the legal basis governing the applicability and enforcement of bilateral and multilateral investment agreements concluded by Oman.

The Investment Law and its Executive Regulation do not contain any explicit provisions authorizing foreign investors to mortgage investment assets or land for the purpose of obtaining bank loans.



Licensing and registration

This assessment component reviews the legal and regulatory framework for the licensing and registration of foreign investment projects in Oman, with particular attention to transparency and predictability in administrative procedures, land use and ownership conditions, and streamlining of registration processes.

Pursuant to article 6 of the Investment Law (Royal Decree No. 50 of 2019), foreign investment shall be carried out through an enterprise or company established in a permitted activity, either through full foreign ownership or through participation in the capital. The issuance of an investment license by the Investment Services Centre constitutes a condition for establishment.

Under article 4 of the Executive Regulation (Ministerial Decision No. 72 of 2020), all licensing and registration services are provided through an electronic system accessible through the internet. The competent authorities are required to activate secure electronic systems linked to the centre's platform for the electronic exchange of applications, data, documents, approvals, permits and licenses, including electronic payment of prescribed fees, thereby establishing an electronic licensing and registration portal.

With regard to minimum capital requirements, the Commercial Companies Law issued in April 2019 removed minimum capital thresholds for the establishment of limited liability companies. However, minimum capital requirements remain applicable to joint stock companies, subject to the applicable company law and capital market regulations.

The Investment Law and its Executive Regulation do not contain any provision regulating restrictions related to the superficies or maximum land area applicable to foreign investors, nor do they establish any requirement for the conduct of a cost-benefit analysis as a condition for licensing or registration of foreign investment projects.



Investor protection

This assessment component reviews the legal protections available to foreign investors in Oman, including statutory guarantees, access to dispute resolution mechanisms, and the role of domestic courts and arbitration frameworks in ensuring the enforcement of investor rights and investment-related obligations.

Articles 23 to 25 of the Investment Law grant foreign investors various guarantees against arbitrary expropriation. Confiscation and expropriation are permitted only in the public interest and subject to fair compensation. Revocation of approvals, licenses and permits must be based on a reasoned decision and preceded by written notice, an opportunity to be heard, and a corrective period.

Under article 12 of the Investment Law, officials designated by decision of the competent authority are granted judicial powers to enforce the provisions of the law, including the authority to enter project sites and company premises, conduct inspections, and review records and documents to ensure compliance with the applicable legal and regulatory framework. Additionally, articles 35, 36, 39, 40 and 41 of the Executive Regulation (Ministerial Decision No. 72 of 2020) provide that the competent authority is entrusted with monitoring the performance of foreign investment projects, issuing written notices of violation, granting corrective deadlines, suspending activities, withdrawing incentives, and cancelling investment licenses in cases of non-compliance, thereby establishing a formal administrative enforcement mechanism applicable to foreign investors.

Pursuant to article 9 of the Investment Law, investment projects are subject to all applicable laws in Oman, except where a special provision exists in an international agreement to which Oman is a party, thereby recognizing the applicability of bilateral and multilateral investment agreements and international treaties related to investment and the avoidance of double taxation within the domestic legal framework.

Pursuant to article 17 of the Investment Law, Omani courts have jurisdiction to hear disputes arising between investment projects and third parties, which should be treated as urgent. The article also establishes that disputes may be settled through arbitration. Oman has ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID), providing an international legal framework for the recognition and enforcement of foreign arbitral awards and investor–State dispute settlement. Additionally, article 60 of Royal Decree No. 101 of 1996 promulgating the Basic Statute of the State provides that the judiciary is independent, judicial authority is exercised by the courts in their different types and hierarchies, and judgments are rendered in accordance with the law. This provision establishes a constitutional guarantee of judicial independence applicable to the adjudication and enforcement of investment-related disputes.



Ownership limits

This assessment component examines the extent to which Omani legislation imposes ownership limits, foreign equity restrictions, or screening and prior approval mechanisms on foreign investment operations, including restrictions related to acquisition of real estate or participation in certain economic activities.

Article 6 of the Investment Law provides that foreign investment may be carried out through an enterprise or company established in a permitted activity through full ownership of the invested foreign capital or through participation therein, subject to the issuance of an investment license by the Investment Services Centre. This provision abolishes any mandatory local shareholding requirement and allows up to 100 per cent foreign ownership of investment projects in permitted sectors.

With regard to real estate rights, article 19 of the Investment Law states that land and real estate necessary for investment projects may be allocated to foreign investors through long-term lease or by granting usufruct rights, without being subject to general land laws, and in accordance with the rules set out in the Executive Regulation. Additionally, pursuant to articles 24 to 34 of the Executive Regulation, the allocation of land and real estate to foreign investors is limited to lease or usufruct arrangements subject to administrative approval, fixed duration, use restrictions, and conditions governing renewal and termination. The investment framework does not provide for full ownership or free acquisition of land or real estate by foreign investors for investment purposes.



Sectoral restrictions

This assessment component reviews sector-specific regulations that affect foreign direct investment in Oman, focusing on market access limitations, competition-related considerations, and exceptions justified on grounds.

The Competition Protection and Monopoly Prevention Law regulates the freedom to engage in economic activities and safeguards market rules and pricing by prohibiting anti-competitive agreements and practices, and by subjecting mergers and acquisitions to review by the Public Authority for Customer Protection. By preventing anti-competitive behaviour and promoting fair market conditions, the competition framework establishes a regulatory environment that is conducive to foreign direct investment.

At the same time, foreign investment is subject to sector-specific entry restrictions as set out in the negative list issued by the Ministry of Commerce, Industry and Investment Promotion. Pursuant to Ministerial Decision No. 209 of 2020, as amended by Ministerial Decision No. 435 of 2024, certain economic activities are excluded from foreign investment and remain closed or partially open to foreign investors, thereby establishing statutory market access restrictions applicable to FDI in designated sectors.

These sectoral exclusions constitute exceptions to foreign investment liberalization and reflect regulatory limitations applicable to activities considered sensitive or restricted, including on grounds related to public order and national security, as determined in the negative list adopted by the competent authority.



Performance requirements

This assessment component examines whether Omani investment legislation or policies impose performance-related obligations on foreign investors, such as requirements related to employment, skills development, export promotion, or compliance with social and labour standards.

Pursuant to article 18 of the Labour Law, employment is a right reserved for Omanis, and non-Omanis may not work in Oman except in accordance with the conditions and rules prescribed by the Labour Law and its implementing decisions. Article 23 of the Labour Law requires employers to employ Omanis in the establishment. Omanization ratios across economic sectors, activities and occupations are determined by ministerial decision, establishing labour market requirements applicable to foreign investment projects.

With regard to workforce development, article 20 of the Labour Law provides for the issuance of a regulation on the training of Omanis, including employer contributions to training programmes. Article 21 establishes a National Human Resources Development Fund to finance employment, qualification and empowerment programmes and policies for private-sector workers. These provisions constitute statutory education and labour development policies applicable to foreign investment operations.

Export-oriented facilitation measures are provided under Royal Decree No. 38 of 2025 issuing the Law of Special Economic Zones and Free Zones. Article 19 establishes a special customs management system for special economic zones, including simplified inspection and customs clearance procedures. Article 20 authorizes the establishment of dedicated sites for companies and industrial establishments aiming to export their products outside Oman. Article 29 exempts products exported from the zones from customs duties. Article 35 provides that goods manufactured, assembled or processed in the zones are treated as locally produced when exported outside Oman, subject to international agreements ratified by the country. Article 36 allows projects to export their products directly or through third parties without the need for an export permit or license.



Incentive regime

This assessment component reviews the legal framework governing investment incentives in Oman, which includes defining incentive schemes in legislation, specifying the adopted incentive regime, and identifying the competent authorities responsible for administering and implementing these incentives.

Pursuant to article 18 of the Investment Law (Royal Decree No. 50 of 2019), foreign investment projects are entitled to the same advantages and incentives granted to national projects. The Council of Ministers may, upon the recommendation of the Minister of Commerce, Industry and Investment Promotion, grant preferential treatment to foreign investors on the basis of reciprocity, as well as additional advantages to projects established in less developed regions.

Articles 19 to 22 of the Investment Law establish the statutory incentive regime applicable to foreign investment projects, including allocating land through long-term leases or usufruct rights, granting exemptions from taxes and customs and non-customs duties, granting additional incentives, and facilitating imports of production inputs and equipment, in accordance with the Executive Regulation and the Income Tax Law.

The incentive regime is further elaborated in chapter three of the Executive Regulation, which provides for preferential treatment, additional incentives for projects in less developed regions, and tax and customs exemptions, subject to eligibility conditions and operational requirements.

With regard to the institutional framework, the Council of Ministers authorizes the granting of preferential treatment, incentives and exemptions, upon the recommendation of the Minister of Commerce, Industry and Investment Promotion and the competent authority. Applications for incentives are submitted to and processed by the competent authority in accordance with the procedures prescribed in the Executive Regulation.



Currency conversion and profit repatriation

This assessment component examines the legal provisions governing currency conversion and the repatriation of profits by foreign investors in Oman, including guarantees for capital transfers, the role of financial and banking authorities, and applicable capital control measures.

Pursuant to article 26 of the Investment Law, foreign investors are granted the freedom to carry out all transfers related to the investment project into and out of the country at any time. These transfers include investment returns, amounts resulting from the settlement of investment disputes, compensation arising from expropriation for public interest, repayment of external loans and financing, transfers related to import and export activities, and payments due under leasing or service contracts. This provision establishes a statutory guarantee of currency conversion and free transfer of capital and investment-related proceeds.

With regard to the institutional framework, banking activities and capital movements are regulated and supervised by the Central Bank of Oman, which constitutes the competent authority responsible for monitoring, regulating and enforcing banking operations and foreign exchange transactions applicable to foreign investment.

The Investment Law does not establish any specific capital control measures or statutory restrictions on the liquidity or transfer of foreign investment capital through the banking sector.



Exit strategy

This assessment component assesses the legal framework governing the exit of foreign investors from the Omani market, focusing on provisions related to divestment, liquidation, mergers and acquisitions.

Pursuant to article 27 of the Investment Law, a foreign investor may transfer ownership of the investment project, in whole or in part, to another foreign or Omani investor, assign it to a partner in the case of joint participation, or carry out a merger, acquisition or change of the legal form of the project, in accordance with the applicable laws of the country. In these cases, the investment project continues to be governed by the provisions of the Investment Law. The new investor is

required to continue operating the project and replaces the former investor in all rights and obligations. This provision establishes a statutory framework governing the exit of foreign investors and explicitly regulates mergers and acquisitions and transfers of ownership within the FDI regime.

RECOMMENDATIONS

- Clarify whether any registration or service fees apply specifically to foreign investors.
- Introduce a statutory framework requiring a structured cost-benefit assessment for foreign investment projects.
- Clarify whether exceptional or temporary capital-flow measures may apply, notwithstanding the statutory guarantee of the right to freely transfer funds.