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# Economic Report 2024

## Oman

20 August 2024

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### Executive Summary

Oman struggled for some time with a low oil price, a precarious financial situation and declining assessments of the country's creditworthiness. Since mid-2021, these variables have constantly improved (oil price, finances, credit rating) – particularly the **debt reductions** and spending restraints have been met by a series of **upgrades from the ratings** agencies, moving Oman back towards an investment grade rating -, but the Omani economy is still characterized by **volatility** (oil price), slow-moving **diversification** and rising (youth) **unemployment**. The current high hydrocarbon price allows Oman to repay loans earlier, while the stabilized credit rating allows it to take out new loans at improved conditions. Still, the Omani authorities will be forced to implement austerity measures to further contain the budget deficit, while preventing these to increase the risks of discontent among the population. The government is currently unable to offer the necessary number of new jobs in the public sector – hence, a strong element in tenders is the **in-country-value** that an investor can bring to the table. The private sector tends to struggle in competing against **dominant state-owned companies**, although the government is creating various incentives for innovation, entrepreneurship and SMEs. Due to the social situation, the government will be able to implement the reforms of the economic structures only more slowly than planned. Despite the diversification efforts of the past years, Oman remains a **largely hydrocarbon-dependent economy**, providing the bulk of public revenues. Given the limits of crude and natural gas reserves, the pressure to become less hydrocarbon-dependent is significant. Hence, the country is actively seeking to further diversify its economy by implementing reforms under Vision 2040. Noteworthy are the efforts to position the sultanate as a key hub for **green hydrogen** in view of a post-carbon world.

Oman is politically **stable**, one of the safest countries in the region, and geographically well located at the **crossroads** of Middle East, Asia and East Africa. For Switzerland, Oman offers several opportunities, *inter alia* in sustainable/renewable energy, cleantech, infrastructures, tourism and health/pharmaceuticals. **Bilateral trade** from 2022 to 2023 has **increased by 15%** to over 307 Mio CHF, whereby 276 Mio CHF are exports from Switzerland to Oman. Trade is expected to further grow in 2024; indeed, during the first six months of 2024, the bilateral trade further increased by 14%. Important trade commodities are chemical and pharmaceutical products; precision instruments, clocks, watches and jewellery; as well as machines, appliances and electronics. Equally increasing is the number of Swiss companies that have a physical presence in the Sultanate.

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## 1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

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After taking office in January 2020, Sultan Haitham bin Tariq carried out a government reform as early as August 2020 to bring Oman into line with Vision 2040, which aims to diversify and reform Oman's economy for greater competitiveness. The double blow of low oil prices and Covid-19 shortly after Sultan Haitham took office came at a very inopportune time. This was particularly so because the Sultanate's financial situation had deteriorated massively in previous years under Sultan Haitham's predecessor Sultan Qaboos (public debt, for example, had soared from 10% to 70% since 2014) and corruption had spread in its wider environment. Under the precarious financial and economic conditions, the focus in 2020 and the first half of 2021 was on reducing spending, the budget deficit and overall public debt. To justify these measures, the Sultan made it clear vis-à-vis the Omani population that the implementation of strategic development projects of Vision 2040 could not be achieved for the Sultanate without fiscal sustainability of the state. Despite efforts to cushioning the impact of Covid-19, the crisis pushed the then financially fragile Sultanate to the brink of insolvency in 2020 and raised the question of where Oman can raise funds from donor countries without sacrificing its foreign policy equidistance. Despite diversification efforts, the economy of the Sultanate remains largely hydrocarbon dependent with represent around 40% of GDP, 80% of total fiscal revenue and 65% of total exports of goods. The volatility of oil prices therefore remains the single most important fiscal risk for Oman.

**Economic Indicators:** The situation has significantly improved from 2022 onwards thanks to the government's macroeconomic management and reform efforts. With the support of favourable oil and gas prices and a judicious fiscal management, the overall fiscal balance in 2023 was at 6.6% of GDP and the current account balance at 1.8% of GDP. While total external debt significantly diminished from 2021 to 2022 thanks to the government's prepay of its debt backed by hydrocarbon dividends, the debt in % of GDP remained the same last year. However, government debt is expected to fall to around 32% of GDP at end-2024 (from 68% in 2020). Liabilities from State-owned enterprises remain a fiscal risk; the restructuring and refinancing of Oman Air is thereby one of the key priorities. The credit ratings for the Sultanate improved to BB+ with stable outlook. GDP in 2023 grew only 1.3% and is expected to grow only 1.2% in 2024, which is slightly lower than other GCC counterparts. Its growth is driven by diversification efforts and increased gas production. Inflation has been contained with low rates in 2023 at 0.9% and should remain contained in 2024.

**Reforms and taxes:** As part of the Oman 2040 vision, the government sets out its economic and financial objectives in five-year plans. The medium-term financial plan («[Tawazon](#)») 2020-2024, presented in November 2020, aims to achieve a balanced budget in the medium term. Its implementation includes improving the business environment, boosting investment in Oman and creating a social safety net that reduces the impact of fiscal measures (VAT, income tax) on fragile groups in society. As a communication tool, the plan also served to create transparency regarding Oman's situation and to reassure the international financial markets. The National Programme for Financial Sustainability and Development of the Financial Sector ("Estidamah"), a three-year fiscal stability program, started in January 2023. Under Estidamah, a social protection reform was introduced in July 2023 ([Royal Decree No. 52/2023](#)). Among the new features, it implements a unified pension system for workers and enhances the social insurance benefits during working life (i.e., maternity and – a first in the GCC region - paternity leave). Foreign workers are excluded from it for the moment. The social reforms should enhance overall and female labour force participation as well as increasing labour mobility between the public and private sectors. Oman's extension of the social safety net came into force in 2024 at a cost of 1.3% of GDP, with the majority of funds going to old age and child support. This permanent increase in social transfers will be partly financed by lower spending on fuel subsidies (0.7% of GDP saving). The creation of the Oman Investment Authority (OIA) in 2020, which took the boards of directors of Oman's 15 largest state-owned enterprises under its auspices and filled them with technocrats instead of ministers, was intended to free the Omani economy from encrusted, corruption-prone structures and make it more

competitive. OIA inherited more than 160 companies from the state, with varying financial and non-financial performance. Dividends from OIA is estimated at about 800 Mio OMR. In May 2023, the country announced the creation of a 2 billion Omani rial (\$5.2 billion) investment fund, called the Oman Future Fund, to encourage the private sector to enter into partnerships to diversify the economy. The fund should invest in SMEs and start-ups up to 5 Mio OMR. Still, State-owned companies have a dominant footprint in the Omani market and limit the space for the private sector. Since April 2021, VAT at the rate of 5% is levied on goods and services in the Sultanate and on imports into Oman. Exempted from VAT are goods and services in the areas of basic foodstuffs, oil and gas (incl. derivatives), medical care, transport and vehicles, real estate as well as investments in gold, silver and platinum. The VAT in Oman is intended to help strengthen government revenues and thus combat the high budget deficit. With this measure, Oman complies with the GCC guidelines from 2016 (minimum tax of 5%), which only Saudi Arabia followed with 15%, as well as the UAE and Bahrain (5% each). VAT generated around 590 Mio OMR in additional revenues in 2023 and are expected to reach 645 Mio OMR in 2024. The previously planned gradual increase in value-added tax has been postponed for the time being. Originally, the first introduction of a personal income tax (PIT) was planned for 2021. However, after the social unrest in May 2021, the government decided to postpone this project. The Shura Council approved a draft PIT law in July 2024 and move it to the State Council, indicating the government's readiness to introduce the income tax, aimed at higher earners both among foreign nationals and Omani citizens. PIT could generate additional tax revenues of about 0.4% of non-hydrocarbon GDP. If implemented in the near future, Oman would be the first country in the GCC to implement such a tax, and this could impact its competitiveness. In spite of that, it could serve as a model for the rest of GCC.

**Labour Market / Omanisation:** The government under Sultan Haitham has introduced a paradigm shift in the labour market. Whereas previously the minimum wage for Omani workers was linked to their level of education, now a monthly minimum wage of 325 OMR (approx. 760 CHF) applies to all. The wage is no longer based on the level of education, but on the practical experience and effective performance of the employee. In April 2024 minimum wage hike were being discussed along with periodic bonuses. The new labour law that entered into force in 2024 supports flexibility by introducing a remote work model and allows for the first time terminating non-productive workers. However, it is questionable if the hurdles to terminating non-productive workers are effectively lowered. At the same time, the government pushed ahead with the Omanisation of the economy, amid growing discontent among the population over the austerity measures and rising costs. The first visible consequence was the massive exodus of foreign workers during Covid-19, affecting both "white collars", especially from Europe but also India, and "blue collars" from Asia and the Indian subcontinent. While the percentage of Omani in the public sector increased over the past 5 years from around 85% to almost 90%, the Omanisation in the private sector seems to stall. Indeed, while 2020 and 2021 saw an increase of Omanis from 16% in 2019 to 24% and 25%, respectively, in the past two years the number decreased again to under 22%. The drop has to do with a rebound of expatriate employment following the pandemic. In August 2024, a Ministerial Decision temporarily suspends visa for expatriates in selected professions for 6 months in order to boost Omanisation. Still, the loss of expertise due to the departure of foreign workers cannot be easily replaced in many areas and is likely to be reflected in lower productivity in the short and medium term as well as caution concerning investments.

## **2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES**

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**Energy:** The hydrocarbon sector remains dominant in the Omani economy. Three onshore gas blocks were offered in 2023 and several new supply deals for liquefied natural gas (LNG) have been signed in the past months. At the same time, the Sultanate is striving to promote renewable energies. The state-owned energy company Energy Development Oman (EDO), newly established for this purpose, was founded in December 2020.

In 2022, Oman launched Hydrom, owned by EDO and regulated by the Ministry of Energy and Minerals, which is in charge of the development of green hydrogen (GH<sub>2</sub>) projects, Oman positioning itself as one of the few GH<sub>2</sub> first movers in the market. The ambition of the Sultanate is to produce 1 MTA GH<sub>2</sub> by 2030 and 8 MTW by 2050 in order to achieve net carbon neutrality. Oman is expected to host some of the world's largest GH<sub>2</sub> projects, making the oil-producing nation a pioneer in renewable energy technology. Salim bin Nasser Al Afi, Minister of Energy and Minerals and Chairman of the Board of Directors of Hydrom is very active in seeking foreign investors. In 2024, Oman awarded new projects, which make it likely to surpass the initial 1 MTA GH<sub>2</sub> target, to reach 1.38 MTA by 2030.

German certification body TÜV Rheinland has issued a clean hydrogen certificate to Oman's "Greenfield" project. The first stage of the project in Duqm, with participation by Norway's Scatec and India's ACME Group, will use 500MW of solar energy to power electrolysis with a capacity of 300MW. The resulting GH<sub>2</sub> will then be combined with nitrogen to produce nitrate and exported. In addition to "Greenfield", OQ is planning another 500MW GH<sub>2</sub> project called "Hyport Duqm" together with Belgium's DEME and Germany's Uniper. In summer 2024, BP became a 49% shareholder in Hyport Duqm. In 2023, Oman's first public auction bid under the new H<sub>2</sub> regulatory framework that entails development of a GH<sub>2</sub> plant to supply 0.2 MTA of GH<sub>2</sub> within so-called Block Z1-01 of Duqm was awarded to the AMNAH consortium (Copenhagen Infrastructure Partners, Blue Power Partners, Al Khadra). These agreements include contracts for 47 years. In June 2023, new agreements in the development of GH<sub>2</sub> were signed. Two agreements were part of the "Legacy Initiatives", which are projects signed prior to the establishment of the GH<sub>2</sub> regulatory framework, with BP Oman and Green Energy Oman (GEO) consortium (OQ, Shell Oman, EnerTech, InterContinental Energy and Golden Wellspring Wealth for Trading). Also in 2023, land block Z1-02 was awarded to the POSCO-ENGIE consortium (French + South-Korea), whereby the green ammonia produced shall be exported to Korea by 2030. In April 2024, Hydrom signed two major GH<sub>2</sub> deals in Dhofar with the EDF Group (France), J-Power (Japan) and Yamna Consortium (UK) and another with Actis - Fortescue Consortium (UK + Australia), for a combined value of USD 1 billion. The initial project requires 4.5 GW of wind and solar energy to generate around 178,000 tpa. The second agreement entails building up to 4.5 GW of renewable wind and solar resources to supply power to electrolyzers to produce up to 200'000 tpa of GH<sub>2</sub>, to be exported via the Port of Salalah. Preliminary studies for the mining of white hydrogen are currently performed with US expertise.

Oman attracts investments but also needs highly skilled Omani workers. The German University of Technology in Oman (GUTech) launched in May 2024 a new master track in Hydrogen Economy and Technology. Cooperation and exchange on sustainable energy technologies could be an interesting area for Switzerland.

Lastly, Oman offers opportunities for negative emission technologies (NET), be it through permanent mineralization of carbon dioxide in peridotite rock, be it through re-forestation of mangroves along the coastline. End of 2023, the start-up 44.01 started the mineralization of carbon dioxide in peridotite rock, in the Hajar mountains. The close links of 44.01 to Switzerland could present an advantage provided that bilateral agreements on CO<sub>2</sub> exports and carbon credits will be in place.

**Mining:** As part of the diversification of the economy, the mining sector is being greatly expanded. The newly created state-owned mining company Mining Development Oman (MDO) takes over the management of concessions in parallel to PDO/EDO in the energy sector. From early 2024, Oman has started the commercialization of Al Washihi Majaza copper gold-mine, a joint venture with Alara Resources (Australia). Copper mining is of increasing importance for MDO, which is redeveloping copper mines in Lasil and Al Baydha, for a 4 years period.

**Transport:** Oman has a number of projects to develop its public transport network. Firstly, within the city of Muscat, with the construction of a metro supplemented by a bus network. The Muscat metro route, a 55km line, worth RO 1 billion (USD 2.26 billion), pre-feasibility study will be completed in 2024. Secondly, the [Hafeet Rail](#), connecting Jebel Ali Port to Sohar Port, is a joint venture between Oman Rail (Asyad Group), Etihad Rail and Mubadala Investment Company that started the preparatory works for its construction in April 2024. The Hafeet Rail aligns with GCC railway

network, aiming to connect Bahrain, Kuwait, Qatar, Saudi Arabia, the UAE and Oman. Number of bridges and tunnels must be built, in the country's mountainous regions. Given the heat in the country, innovation in tunnel construction to limit running costs will be an asset. Thirdly, tenders for the construction of cable cars, e.g., to connect Wakan village, have been issued in the past months. These projects could be opportunities for Swiss companies and expertise.

**Logistics:** There is an interest of Oman to expand and develop its port infrastructures and services especially around Salalah and dry-ports along the border with Saudi Arabia and the UAE. In 2022, the three major ports of Oman (Salalah, Sohar and Duqm) achieved an 8% growth. In 2024 first semester, due to the Red Sea crisis, the Port of Salalah has recorded a 17% decline in container throughput.

**Pharmaceutical products:** Oman has declared its ambition to produce medicine in the country. The aims are to reduce the dependence on imports and also enhances national aspirations to reach drug security. In July 2023, Opal Bio Pharma (OBP), celebrated laying the foundation stone for the first Omani factory for vital medicines and vaccines in the Sultanate of Oman. OBP collaborates with the German equipment company Sartorius. In June 2024, Menagen Pharmaceutical Industries opened a factory manufacturing medicines for rare diseases. The Ministry of Health has signalled to be ready to provide incentives for any Swiss pharmaceutical company that would want to establish a production site in Oman.

**Swiss Luxury Goods:** segments of the Omani society are fond of luxury goods and high-quality brands, e.g., watches. This is reflected by the fact that a third of Swiss exports to the Sultanate are "precision instruments, clocks, watches and jewellery".

**Digitalization / ICT / Fintech:** Digitalization is being driven as part of the diversification and modernization of the economy. In many areas, Oman is skipping an entire generation of development - typically desktop computer-based applications - and going straight to mobile applications. While websites and emails are hardly used, chat applications on mobile phones and social media are the preferred sales and communication channels among SMEs. Oman is also one of the world's leading nations in cybersecurity. In October 2023, the legislative elections used digitized vote using biometrics (Intakhib). Finally, Oman is considering a crypto framework and already has two cryptocurrency mining facilities aimed to attract investments of over 1 billion USD. Oman is generally interested in Fintech and the development of paperless trade. This might open possibilities for cooperation with the Cryptovalley-Ecosystem in Switzerland.

**Tourism:** Switzerland is one of the favourite destinations of Omanis. This could represent an important opportunity for the various sectors connected to tourism in Switzerland. However, the cumbersome Schengen visa process is negatively affecting the potential number of Omani tourists visiting Switzerland particularly during the summer months.

**SMEs:** Oman realizes that it has to invest and develop more SMEs in order to diversify its economy. One of the priorities of the Oman Vision 2040 has been the creation of the Omani Promising Start-ups Programme, whose honorary president is H.H. Sayyid Bilarab bin Haitham Al Said. The SME- and start-up development ecosystem in Switzerland is seen as a model. Evidence of this is the visit to Switzerland in June 2023 of the Omani delegation headed by Sayyid Bilarab that included inter alia the Minister of Commerce and Industry and the Director of the SME Development Authority.

**Platform for Yemeni market:** Yemen has been ravaged by conflict and humanitarian crises for decades. The security challenges in the country and weak governance make it a difficult market for international companies. Notwithstanding, with a population of over 40 Mio people, Yemen would have the potential to become a sizeable market in the Arabian Peninsula. Oman given its geographic proximity and good relations could be an interesting platform for Swiss companies interested to access the Yemeni market.

### 3 FOREIGN ECONOMIC POLICY

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#### 3.1 Host country's policy and priorities

**GCC:** The Gulf Cooperation Council (GCC) is and remains Oman's priority in the concert of its international economic agreements. After the GCC had been severely paralyzed economically since the Qatar crisis in 2017, the entente between the conflicting parties at the GCC summit in Al- Ula at the beginning of 2021 brought a relaxation in economic terms. This allowed Oman, for instance, to benefit from both Saudi and Qatari investments. While technical cooperation in the GCC is going better, coordination in terms of economic policy still has room for improvement, which is important for the implementation of existing and the conclusion of new free trade agreements (FTAs). The GCC remains the most important countries for trade imports into the Sultanate; almost 50% of imports to Oman are from GCC countries (26% UAE, 12.5% KSA, 5.6% Qatar, 4.5% Kuwait).

**FTAs:** As a country with a relatively small population, Oman has been traditionally dependent on trade. A more protectionist multilateral world is therefore potentially a challenge for the Sultanate. Trade agreements particularly with countries in the proximity of Oman that boost complementarity (not necessarily competition) are therefore proactively being pursued.

Currently, Oman has the following FTAs: Pan Arab Free Trade Area (1998), GCC Customs Union (2003), US-Oman FTA (2009), GCC-EFTA FTA (2009), GCC-Singapore FTA (2013). The FTA between Oman and the **US** is currently the only bilateral FTA and shows the importance of this trade relationship, US being one of the top 10 trade partners of the Sultanate.

Under negotiations are FTAs between GCC-UK, GCC-EU, GCC-Turkey, GCC-Australia, GCC-Japan and GCC-India. Furthermore, bilateral FTA negotiations are taking place first tier with India, later second tier with other countries of the Indian subcontinent (Pakistan, Bangladesh, Sri Lanka and Nepal; see below), and third tier with East African countries (Kenya, Tanzania, Uganda). In March 2024, Turkey and the GCC Secretary General signed a declaration to resume talks aimed at establishing one of the globe's largest free trade zones. A possible new FTA between Oman and the GCC is under discussion with the United Kingdom. As part of its post-Brexit strategy, the UK is relying heavily on increased economic cooperation with the Gulf states and is trying to implement this policy as quickly as possible with Oman as its closest partner. A sixth round of negotiations was completed in February 2024 in London.

**BRICS:** With Iran and the UAE having already joined BRICS+ and Saudi Arabia considering a possible accession to BRICS, Oman could soon be almost surrounded by BRICS member states. To date, we have no knowledge about any public expression of interest of Oman to join BRICS+.

**China:** China is by far the most important export partner of Oman with over 44% share, and a top 3 import partner. The majority of crude oil from the Sultanate is exported to China. At the end of March 2021, Chinese Foreign Minister Wang Yi visited Oman on his tour to the Middle East, where talks with Foreign Minister Sayyid Badr Al-Busaidi revolved around Oman's support for the Belt and Road Initiative (BRI). The focus is on the sultanate's strategically located sea ports. However, after its first experiences with Chinese investments (Duqm port on the Indian Ocean, electricity grid), Oman is showing some reluctance for further joint ventures with the Middle Kingdom. The Sino-Omani free trade zone was opened in Duqm at the end of 2021 and further ministerial meetings were held in early 2022. China and Oman also signed an MoU to promote tourism relations and a free trade agreement between GCC and China is currently negotiated. Oman attended the Arab-China Cooperation Forum in May 2024.

**Indian Subcontinent:** With 400 Mio middle-class people that grows annually by over 5%, this geographic area represents a clear priority for Oman. India is given the highest priority; second tier would be Bangladesh, Nepal, Pakistan and Sri Lanka. These countries will have significant requirements in terms of infrastructure (cement, steel, gypsum), plastics and IT technology. Oman is interested to export steel, aluminium, gypsum, cement clinker (limestone) and urea to these countries. **India** and Oman share strong and historic ties. India is among the top 5 importers and exporters to and from Oman. For India, Oman represents an important interlocutor at the Gulf Cooperation Council (GCC) and the Arab League. Together, the two countries signed the POC

for Cooperation in the fields of Science and Technology for the period 2022-2025. In March 2023, Oman Chamber of Commerce and Industries (OCCI) and the Indo Gulf & Middle East Chamber of Commerce (INMECC) signed a Memorandum of Understanding (MOU), to boost economical, commercial and trade activities in Oman and India. Oman was invited as a guest by India in summer 2023 to the G20. In April 2024, the two countries held trade talks on a Comprehensive Economic Partnership Agreement (CEPA). The agreement will boost Indian exports, and support Oman's economy diversification. However, negotiations take longer than originally expected.

**Brazil:** Brazil is a top 10 trade importer to Oman, whereby Brazil mainly imports iron and steel to the Sultanate. Brazilian group Vale has an important steel plant in Sohar and has signed agreements with the Sultanate to set up a "green steel" plant in Duqm.

**East Africa:** East African countries (Kenya, Tanzania, Uganda) have been identified as bilateral priority countries due to the growing population, the historic social and cultural connection to the Sultanate, their economic stability and solid education. Oman is interested in exporting basic commodities such as steel, petrochemicals and cement to East Africa, while securing food imports from this fertile region.

### 3.2 Outlook for Switzerland (potential for discrimination or comparative advantage)

Important framework agreements (Protection of Investment, Avoidance of Double Taxation, Air Services; Free Trade Agreement GCC-EFTA) are in force. A possible free trade agreement between Oman or the GCC with the UK as a powerful trading partner could push the EFTA-GCC agreement further into the background. However, at this point in time, it is not possible to identify any actual discrimination potential of this agreement for Switzerland. At the same time, the EFTA-GCC agreement, which should be a relative advantage for Switzerland compared to other European countries, doesn't seem to yield a significant gain yet. The newly signed bilateral MoUs (Cooperation on Tourism; Cooperation on Sustainable Energy and Sustainable Energy Technologies) will need to be put into practice in order to yield potential advantages for Swiss companies. Countries (such as Belgium, Netherlands, Denmark, Germany, South Korea, and others) that are early movers in GH<sub>2</sub> might be given more advantageous conditions. The loss of reputation of the "Global North" in the eyes of the Omani population since the conflict in Gaza after 7 October 2023 might lead to boycott or discrimination of Western, including Swiss, companies.

## 4 FOREIGN TRADE

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### 4.1 Developments and general outlook

#### 4.1.1 Trade in goods

According to data from the Omani statistics authority, **exports** from Oman shrank by almost 12% in 2023. China remains by far the most important customer (with a share of 44%) of Omani export goods, namely oil. South Korea and Saudi Arabia are also in the top three. A major change concerns India, which was a top3 export country in 2022; generally, exports to Asia (India, Japan, South Korea, Singapore) have significantly dropped. **Imports** increased slightly by less than 1%. The UAE remains in first place in terms of imports, with a share of 26%. Saudi Arabia and China are also in the top three. Imports from Kuwait have increased by over 400%. In the first 5 months of 2024, the exports from Oman increased by 5% thanks to gas and oil exports; while imports into Oman increased by 7.4% in 2024.

### 4.2 Bilateral trade

#### 4.2.1 Trade in goods

The bilateral trade volume surpassed 300 Mio CHF in 2023, with a trade balance in favour of Switzerland of almost 250 Mio CHF according to Swiss statistics. **Imports** from Oman to Switzerland rose significantly in 2023 (+49.3%) according to Swiss statistics, while fell (-49%) according to Omani statistics. **Exports** from Switzerland to Oman increased by 12% according



to Swiss statistics (+127% according to Omani data). The first half year of 2024 indicates further robust growth in the bilateral trade (+14% exports; +8% imports). In terms of imports into Switzerland, there was a particular increase in rubber and plastics; the import in metals (aluminium) from the Sultanate remains high since 2020. In terms of exports from Switzerland, the chemical and pharmaceutical sector remains highest, closely followed by the watch and jewellery. Since 2021, in third place are machinery and electronics, with a share of over 23%.

## 5 DIRECT INVESTMENTS

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### 5.1 Developments and general outlook

Attracting foreign direct investment is central to the financial stability of the sultanate and necessary for the medium-term realization of Oman's economic diversification projects. By far the most important direct investor in Oman is the UK with a share of over 46% of FDI in 2022 (and over 50% in 2023). This is followed by the US with a share of over 17% and China with a share of around 5%.

**Free trade zone (FTZ):** The Public Authority for Special Economic Zones and Free Zones (OPAZ) oversees the FTZs that are mostly located near deep-sea ports and offer advantageous conditions for foreign investors. Until recently, one of these advantages was the exclusive ownership of 100% of the capital of an Omani company (this is now also possible outside FTZs). These zones are exempt from customs duties and offer reduced Omani tax rates.

**Foreign Capital Investment Law (FCIL):** The law came into force in January 2020 and significantly eased restrictions on foreign investment, streamlined registration and licensing procedures for foreign investors, and aligned the rights of foreign investors with those of local investors. One of the biggest changes in the new law was the allowance of 100% foreign ownership in a number of sectors. Oman's Ministry of Commerce, Industry, and Investment Promotion (MOCIIP) issued a list of activities prohibited for foreign investors, effective since 14 December 2020. The list was updated in July 2023 (MD 364/2023) with new activities prohibited for foreign investors. While most of these 95 activities are of little interest to large international investors, the following restrictions could be relevant for Swiss investors in the logistics and food & beverage sectors: 1) the restriction on shipping and unloading of goods, which could be interpreted very broadly, and 2) the reservation of drinking water for Omani investors, which eliminates competition from foreign investors.

**National Programme to Attract Private Investment:** Launched by MOCIIP in 2021, the programme aims at simplifying regulations of investments, promoting special economic zones and free zones as investment incubators, improving the methodology for selecting investment projects, and increasing the promotion of Oman's investment abroad. Oman grants long-term visas to foreign investors. Holders of such visas can purchase land and real estate outside designated zones.

**Capital Market Incentives Program:** It was launched in 2021 as part of the government's broader Vision 2040 strategy. The program is designed to enhance the attractiveness of Oman's capital markets by offering a range of incentives such as tax exemptions, reduced listing fees, and simplified regulatory procedures. These incentives are aimed at encouraging both domestic and foreign investments in Oman's stock exchange and other financial instruments. A recent update in 2023 included the expansion of the program to cover new sectors, including renewable energy and technology, reflecting the country's push towards a more diversified economy.

**Future Fund:** Established in 2022, is an independent wealth fund created to ensure the financial stability of Oman. The fund is part of Oman's strategy to safeguard its economy against fluctuations in oil prices by diversifying investments into non-oil sectors. In 2024, the government announced that the Future Fund would be allocated additional resources to focus on strategic investments in infrastructure, healthcare, and education, solidifying its role as a pillar of Oman's resilience.

**InvestOman:** Launched in 2022, as a pivotal initiative aimed at attracting foreign direct investment (FDI) into the Sultanate. This initiative serves as a one-stop platform providing comprehensive support to investors, including information on market opportunities, regulatory guidance, and facilitation services. In early 2024, InvestOman introduced new digital tools to streamline the investment process, making it easier for international businesses to enter the Omani market. These enhancements align with Oman's broader economic diversification goals and its commitment to becoming a leading investment hub in the Gulf region.

## 5.2 Bilateral investment

Switzerland is with roughly 180 Mio OMR one of the top 10 investors in Oman (see Annex 5), but there is limited information on the origin of these investments.

Priority areas for future investment are in logistics/infrastructure, renewable energy/(green) hydrogen, waste management, MedTech/health/wellness, tourism and finance. In the medium term, Switzerland can offer added value in the five key technologies defined by Switzerland Global Enterprise: artificial intelligence, robotics, personalized health, blockchain, advanced manufacturing.

## 6 ECONOMIC AND TOURISM PROMOTION

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### 6.1 Swiss foreign economic promotion instruments

The Dubai-based **Swiss Business Hub Middle East (SBHME)** is responsible for implementing Switzerland's export strategy in Oman as the representative of the official trade and investment promotion agency Switzerland Global Enterprise. It is the first point of contact for Swiss companies wishing to export to or establish themselves in Oman. In October 2022, a business delegation travelled to Muscat organized by the Swiss Business Hub Middle East and the Embassy of Switzerland. They met *inter alia* with the Minister of Economy and discovered that numerous opportunities existed in the fields of infrastructure, finance, cybersecurity and energy.

The **Oman-Switzerland Friendship Association (OSFA)**, founded in November 2016 with honorary presidents Abdulla Al Busaidy, former Minister of Housing, and former Federal Councillor Adolf Ogi (until the end of 2021), reconstituted itself in the spring of 2021 and, under its CEO Hani-Al-Zubair, put together an economically well-connected board of representatives from Oman and Switzerland. Vincent Maître, a Geneva lawyer and member of the National Council, was recruited as the new honorary president from the Swiss side. In summer 2024, long-term honorary president from the Omani side, Abdulla Al Busaidy, passed away. A new Omani patron will have to be identified. OSFA organized the first Oman-Switzerland Business Forum in Bern on 29 April 2019 with the following focal points: Logistics/Production, Financial Industry, Tourism. The second Business Forum, originally scheduled for April 2020 and postponed due to Covid, took place in October 2022 in Muscat. The third Business Forum took place on the 23<sup>rd</sup> of June 2023 in Lucerne. This time, the focus was on the topics cleantech & renewable energies, infrastructure, finance & investment, vocational education, and sustainable tourism. The Fourth Business Forum is expected to be scheduled for 2025.

A quarterly trilateral exchange between the Embassy, OSFA and Swiss Business Hub Middle East with the aim of creating synergies has been encouraged by the Embassy since 2021 and has produced some results (delegation trip of ICT specialists to Expo Dubai).

Since 1974, the Geneva-based **Arab-Swiss Chamber of Commerce and Industry (CASCI)** has promoted business relations between Switzerland and countries in the Arab world, including Oman. Omani diplomat Hinda Al Hinai has taken over as CASCI's Secretary General in 2021 in fall 2022. A Swiss – GCC Forum was scheduled in April 2024 but postponed until further notice.

Once or twice a year, **Switzerland Tourism's branch office in Dubai** invites Omani tour operators in Muscat to a roadshow with dinner in the presence of representatives from various Swiss destinations.

An economic delegation accompanied FC Alain Berset during his presidential visit on November 30 – 1 December 2023. MoUs inter alia on cooperation in tourism and on cooperation in sustainable energy and energy technologies were signed.

In April 2024, the **Embassy of Switzerland** participated for the second time to the Oman Sustainability Week. 14 Swiss companies, active in the sectors of sustainable infrastructure, construction, environmental technology, solutions and logistics, represented their products and services in the *Swiss Embassy pavilion*. Exchanges inter alia with the Minister of Energy and Minerals, with the Undersecretary of Energy and Minerals, with the Undersecretary of Transportation, Communication and IT as well as with the Chairman of the Environment Authority took place.

## **6.2 The host country's interest in Switzerland**

Switzerland is well known and appreciated in Oman at the level of classical stereotypes and as a tourist and luxury destination, Due to the parallels between the two countries in terms of stability, neutral or equidistant foreign policy aimed at peace, dialogue and constructive coexistence between the different communities (religious, linguistic, etc.), Omanis often refer to the fact that Oman is called "the Switzerland of the Middle East".

As a brand outside the political context, Switzerland is known for its natural beauty. For wealthy and influential Omani families, Switzerland is a prime educational location (public schools, especially in Western Switzerland) and a second home, which they use especially during the hot summer months in Oman.

Increasingly, Switzerland is seen as a centre for innovation – be it for start-ups, new technologies or research & development.

## ANNEX 1 – Economic structure

## Economic structure of the host country

	2019	2020	2021	2022	2023
<b>Distribution of GDP<sup>1</sup></b>					
Primary sector	33.0%	28.9%	34.1%	41.6%	38.1%
- agriculture/fishing	2.0%	2.5%	2.4%	2.1%	2.3%
- petroleum <sup>2</sup>	31.0%	26.5%	31.7%	39.5%	35.8%
Industry sector <sup>3</sup>	8.0%	8.4%	9.4%	10.1%	9.0%
Services	50.7%	55.0%	49.2%	43.1%	46.4%
- public services <sup>4</sup>	20.2%	23.6%	20.0%	16.4%	17.8%

	2019	2020	2021	2022	2023
<b>Distribution of employment<sup>5</sup></b>					
Government sector	12.7%	21.1%	21.0%	18.9%	18.5%
- of which Omani	85.5%	88.8%	89.4%	89.2%	89.5%
Private sector	87.3%	78.9%	79.0%	81.1%	81.5%
- of which Omani	16.1%	24.0%	25.3%	22.0%	21.6%
Primary sector	4.7%	6.9%	7.7%	8.1%	8.4%
- agriculture/fishing	3.6%	5.6%	6.5%	7.0%	7.4%
- petroleum	1.1%	1.3%	1.2%	1.1%	1.0%
Manufacturing sector	49.9%	47.4%	42.4%	44.9%	43.3%
Services	46.5%	47.0%	50.9%	48.1%	45.3%
- public services	8.5%	8.4%	8.0%	8.7%	9.9%

<sup>1</sup> <https://www.ncsi.gov.om/Pages/NationalSummaryData.aspx>. Macroeconomic and Financial Data, National Accounts (GSP), downloaded 11.08.2024; GDP at current prices

<sup>2</sup> Crude petroleum + natural gas

<sup>3</sup> Mining + quarrying, manufacturing, electricity + water supply, building + construction

<sup>4</sup> Public administration + defence; education; health; other community, social and personal services

<sup>5</sup> National Centre for Statistics and Information, Statistical yearbook: [August 2020](#), [August 2021](#), [August 2022](#), [August 2023](#), [August 2024](#)

## ANNEX 2 – Main economic data

Host country's main economic data (projections in *italic*)

	2021	2022	2023	2024 <sup>6</sup>
<b>GDP (USD bn) *</b>	<b>88.2</b>	<b>114.7</b>	<b>109.1</b>	<i>108.9</i>
<b>GDP per capita (USD 1'000) *</b>	<b>19.65</b>	<b>23.45</b>	<b>21.62</b>	<i>20.91</i>
<b>Growth rate (% of GDP) *</b>	<b>3.1</b>	<b>4.3</b>	<b>1.3</b>	<i>1.2</i>
<b>Inflation rate (%) *</b>	<b>1.7</b>	<b>2.5</b>	<b>0.9</b>	<i>1.3</i>
<b>Unemployment rate (%) **</b>	<b>2.5</b>	<b>2.3</b>	<b>1.5</b>	<i>n/a</i>
<b>Fiscal balance (% of GDP) ***</b>	<b>-3.1</b>	<b>10.1</b>	<b>6.6</b>	<i>3.7</i>
<b>Current account balance (% of GDP) *</b>	<b>-5.5</b>	<b>4.9</b>	<b>1.8</b>	<i>2.7</i>
<b>Total external debt (% of GDP) ****</b>	<b>90.5</b>	<b>61.0</b>	<i>61.5</i>	<i>57.2</i>
<b>Reserves (months of imports) *****</b>	<b>5.3</b>	<b>3.8</b>	<i>n/a<sup>7</sup></i>	<i>n/a</i>

## Sources:

\* IMF, [World Economic Outlook](#) (April 2024)

\*\* World Bank Data, [Unemployment](#), Oman (last accessed: 12.08.2024)

\*\*\* IMF, IMF [Country Report 24/31](#) (January 2024) for 2021 and 2022 data as well as 2024 projection; IMF [Article IV Consultation](#) (May 2024) for 2023 estimate

\*\*\*\* IMF, IMF [Country Report 24/31](#) (January 2024) – data for 2023 and 2024 are projections; IMF [Total External Debt](#) (accessed 12.08.2024); data only until 2021 available

\*\*\*\*\* World Bank Data, [Development Indicators Oman](#) (last accessed: 12.08.2024)

<sup>6</sup> Projections for the year.

<sup>7</sup> IMF [reported](#) in May 2024 that “gross international reserves held by the Central Bank of Oman stood at \$17.5 billion in 2023 (4.1 months of prospective goods and services imports), supported by a surge in Foreign Direct Investment”

## ANNEX 3 – Trade partners

## Trade partners of the host country Year: 2023

from the Omani perspective; according to Omani data

Rank	Country	Exports from host country (OMR <sup>8</sup> million)	Share	Change <sup>9</sup>	Rank	Country	Imports to host country (OMR million)	Share	Change <sup>8</sup>
1	China	9'372	44.2%	1.7%	1	UAE	3'925	26.3%	-8.6%
2	South Korea	1'287	6.1%	-28.9%	2	KSA	1'843	12.4%	3.6%
3	KSA	1'047	4.9%	22.2%	3	China	1'086	7.3%	-1.9%
4	UAE	1'010	4.8%	20.4%	4	India	1'067	7.2%	-15.1%
5	India	934	4.4%	-54.7%	5	Qatar	828	5.6%	-9.2%
6	Japan	831	3.9%	-47.8%	6	Kuwait	669	4.5%	410.2%
7	Singapore	660	3.1%	-19.2%	7	USA	519	3.5%	32.2%
8	South Africa	554	2.6%	71.0%	8	Japan	489	3.3%	4.9%
9	USA	433	2.0%	-48.4%	9	Brazil	470	3.2%	5.6%
10	Egypt	374	1.8 %	27.9%	10	Germany	257	1.7%	25.7%
39	Switzerland	38	0.2%	-49.4%	36	Switzerland	35	0.2%	127.2%
	<b>Total</b>	<b>21'202</b>	<b>100 %</b>	<b>-11.9%</b>		<b>Total</b>	<b>14'909</b>	<b>100 %</b>	<b>0.5%</b>
	Total (2022)	24'078				Total (2022)	14'831		

Source: NCSI, [Manafeth](#) (last accessed: 28.07.2024)

*Comment: The statistics published by the Omani authorities do not correspond at all to those published by the Swiss authorities (see Annex 4). The difference could be due to imports and exports via Dubai. Indeed, exports from Oman to Switzerland are significantly higher than the imports from Oman registered by Switzerland; while imports from Switzerland to Oman are significantly lower than the exports to Oman registered by Switzerland. Some imports of Omani goods to Switzerland might therefore appear in the statistics of imports from the UAE; and some imports of Swiss goods to Oman might appear in the statistics of imports from the UAE.*

<sup>8</sup> Original source data in OMR. Exchange rate: 1 OMR = 2.6 USD (as of 29.05.2023). Total Export in USD: 62'213 mio; Total Import in USD: 38'628 mio

<sup>9</sup> Change from the previous year in %

## ANNEX 4 – Bilateral trade

Bilateral trade between Switzerland and the host country<sup>10</sup>

	<b>Export</b> (CHF million)	<b>Change</b> (%)	<b>Import</b> (CHF million)	<b>Change</b> (%)	<b>Balance</b> (in million)	<b>Volume</b> (in million)
2017	331.0	+19.4	9.2	+59.5	321.8	340.2
2018	258.1	-22.0	8.3	-10.0	249.8	266.4
2019	254.6	-1.4	10.1	+21.5	244.5	264.7
2020	297.4	+16.8	12.7	+26.1	284.7	310.1
2021	253.8	-14.6	14.9	+16.8	238.9	268.7
2022	246.7	-2.8	21.0	+41.3	225.7	267.7
<b>2023</b>	<b>276.2</b>	<b>+12.0</b>	<b>31.4</b>	<b>+49.3</b>	<b>244.8</b>	<b>307.6</b>
<b>2024 (I-VI)<sup>11</sup></b>	<b>147.0</b>	<b>+14.3</b>	<b>9.8</b>	<b>+8.4</b>	<b>138.6</b>	<b>156.8</b>

<b>Exports</b>	<b>2022</b> (% of total)	<b>2023</b> (% of total)
1. Products of the chemical and pharmaceutical industry	37.5%	33.4%
2. Precision instruments, clocks and watches and jewellery	32.0%	33.1%
3. Machines, appliances, electronics	22.8%	23.5%
4. Metals	2.1%	3.5%

<b>Imports</b>	<b>2022</b> (% of total)	<b>2023</b> (% of total)
1. Precision instruments, clocks and watches and jewellery	46.1%	55.9%
2. Metals	20.2%	19.9%
3. Leather, rubber, plastics	4.3%	6.9%
4. Products of the chemical and pharmaceutical industry	16.0%	6.8%

Source: [Federal Office for Customs and Border Security](#)

<sup>10</sup> **General total (total 2)**: with gold bars and other precious metals, coin, precious stones and gems as well as works of art and antiques. Change (%) compared to the previous year.

<sup>11</sup> Only first half year of 2024; change (%) compared to first half year of 2023

## ANNEX 5 – Main investing countries

## Main investing countries in the host country

Year: **2022**

Rank	Country	Direct investment (OMR, stock)	Share	Variation (stock)	Inflows over past year (OMR)
1	UK	9'621.9	46.7%	+16.4%	1'577.4
2	USA	3'684.2	17.9%	+25.3%	931.1
3	China	1'039.6	5.0%	-1.0%	-10.7
4	UAE	915.0	4.4%	-3.9%	-36.0
5	Kuwait	797.0	3.9%	-0.4%	-3.5
6	Qatar	593.7	2.9%	+22.9%	136.2
7	Bahrain	487.5	2.4%	+23.9%	116.3
8	Netherlands	363.5	1.8%	+22.5%	81.7
9	India	321.0	1.6%	-1.2%	-3.8
10	<i>Switzerland</i>	176.5	0.9%	+7.6%	13.5
	Total	20'592.6	100 %	+13.7%	2'830.0

Source: National Centre for Statistics and Information, [Statistical Bulletin: Foreign Investment](#), no.17, 2018-22, February 2024 (last accessed: 11.08.2024). OMR-CHF exchange rate (11.08.2024): 1 OMR = 2.25 CHF.

Provisional data for Q4 2023 (<https://data.gov.om/pysiy/foreign-investment>; accessed 11.08.2024):

Rank	Country	Direct investment (OMR, stock)	Share
1	UK	12'676.5	50.6%
2	USA	4'296.6	17.2%
3	China	1'329.1	5.3%
4	UAE	958.6	3.8%
5	Kuwait	830.9	3.3%
6	Qatar	405.1	1.6%
7	Bahrain	358.0	1.4%
8	India	314.8	1.3%
9	Netherlands	307.0	1.2%
10	<i>Switzerland</i>	181.9	0.7%
	Total	25'050.7	100 %