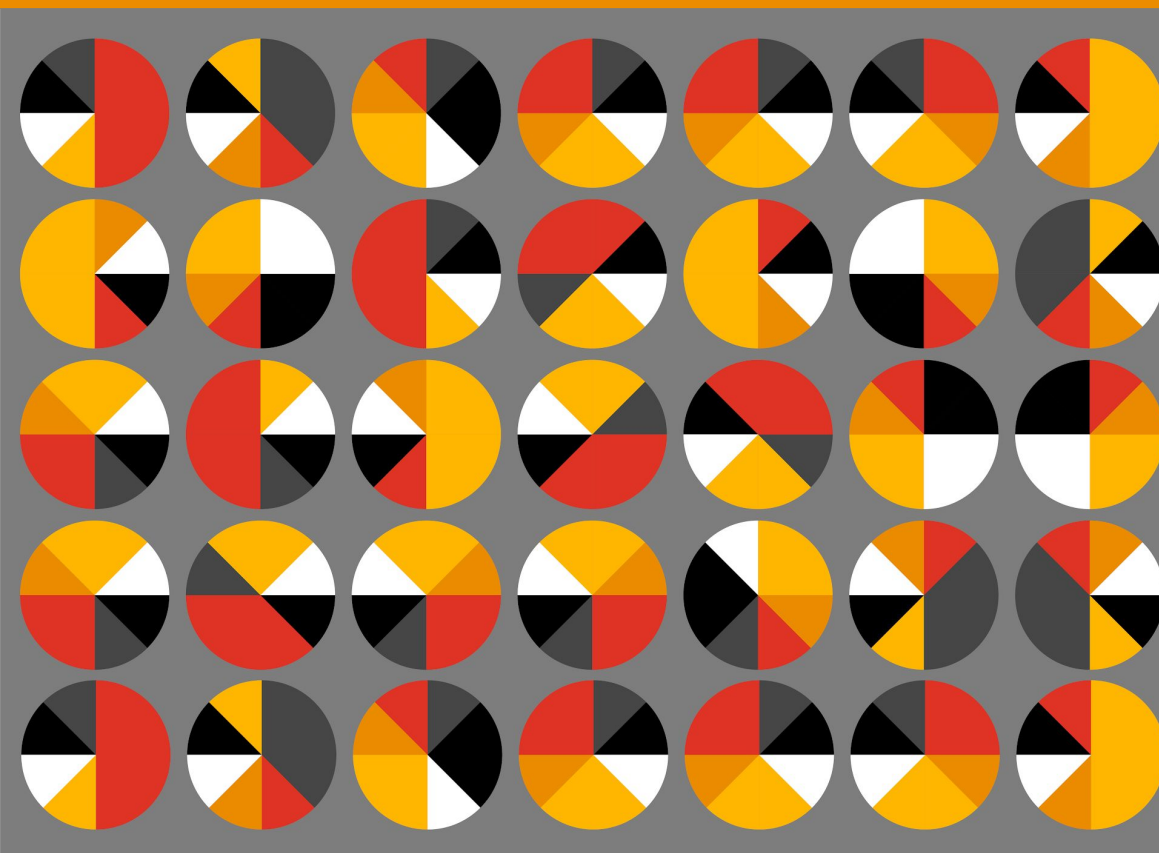


Oman: New Foreign Capital Investment Law - List of prohibited activities

30 December 2020



In brief

The new Foreign Capital Investment Law (the New FCIL) was published last year, in July 2019, and became effective from 1 January 2020. The New FCIL has significantly relaxed the rules and restrictions on foreign investment, streamlined the registration and licensing procedures for foreign investors and aligned foreign investors' rights and incentives to those given to local investors.

One of the biggest changes in the New FCIL was allowing 100% foreign ownership in number of sectors.

In detail

In June 2020, the Ministry of Commerce and Industry, Oman (MOCI) issued the Executive Regulations of the new FCIL, specifying provisions in relation to registration of the foreign investment projects, benefits available to specified projects, allocation of land for investment purposes and inspection of the projects by the competent authority, etc.

In December 2020, The Minister of Commerce, Industry and Investment Promotion (MOCIIP) - formerly MOCI - issued Ministerial Decision (MD) No. 209/2020 determining the list of activities which foreign investors are prohibited from engaging in, limiting them to Omani investors in order to protect national products and entrepreneurship projects.

According to the decision, an Omani investor can practice investment in all activities and enter a partnership with a foreign investor. An exception to the prohibited list can be granted only with express written permission of MOCIIP, which we believe will be very rare in practice.

List of Prohibited Activities

The MOCIIP vide MD 209/2020 has issued a list of prohibited activities that cannot be undertaken under the new FCIL. The full list of the activities that foreign investors are prohibited from engaging in are detailed as under but most of the activities are such activities which are very less likely to be of any great interest by any major international investor.

Further, we also note that prohibition of retail fuel sales would restrict any further liberalisation of the retail fuel market, unless MOCIIP will consider granting exception approvals for allowing foreign investment in such activities. The process for granting exception approval has not been laid in the MD and we understand this will be considered on a case by case basis.

Further, restriction on shipping and unloading of goods can be interpreted very broadly and it will remain to be seen how it is interpreted in practice by the MOCIIP, unless any further clarification is issued.

Finally, the reservation of drinking water to Omani investors - which is generally considered as a lucrative business opportunity - will cut off the competition from foreign investors who will no longer be able to access this supply.

No	Type of activity	Code
1	Making Omani sweets (Halwa)	107305
2	Tailoring, sewing and knitting Arab men's clothes	141004
3	Tailoring, sewing and knitting men's clothes	141005
4	Tailoring, sewing and knitting women's clothes	141006
5	Tailoring and sewing sportswear	141007
6	Tailoring and sewing military clothes	141008
7	Making and tailoring the Omani cap (Kimmah)	141010
8	Tailoring and sewing women's abayas	141011
9	Omani Khanjar (daggers) Industry	259311
10	Transporting and selling drinking water	360003
11	Repairing vehicles electricity and charging batteries	452003
12	Repairing and cleaning vehicles radiator and cleaning	452004
13	Tires and wheels repairing	452005
14	Vehicle Repairing	452006
15	Vehicle Car wash and lubrication	452007
16	Oil change for vehicles	452008
17	Repair of car air conditioners	452009
18	Repair of exhaust for cars and vehicles	452010
19	Car cleaning and polishing	452011
20	Wholesale of fruits and vegetables	463001
21	Wholesale of cooking gas	466103
22	LPG filling stations	466104
23	Retail sale of fresh fruits, vegetables and dates	472101
24	Retail sale in specialized stores for honey	47108
25	Vehicle fuels filling Stations	473001
26	Diesel fuel filling stations	473005
27	Retail sale of phones and its accessories	474101
28	Retail sale of mobile phones and its accessories	474106
29	Retail sale of souvenirs, antiques and paintings	477304
30	Retail sale of flowers and natural plants	477305
31	Retail in specialized stores for pottery and handicrafts	477312
32	Retail in specialized stores for the sale of cooking gas	477313
33	Retail in specialized stores for silver and gifts	477323

No	Type of activity	Code
34	Retail sale of communication service cards	477324
35	Retail in specialized stores for traditional weapons	477327
36	Retail in specialized stores for animal food	477334
37	Retail in specialized stores for bags	477337
38	Retail in specialized stores for wedding supplies	477340
39	Retail in specialized stores for fireworks	477347
40	Retail in specialized stores for Omani khanjars	477348
41	Retail in specialized stores, empty gas cylinders	477351
42	Retail in specialized stores for wedding cards	477353
43	Retail sale in specialized stores for artisanal products	477355
44	Retail in specialized stores for apiaries supplies	477356
45	Transport of pilgrims and Umrah performers	492203
46	Land transport by trucks of cooking gas cylinders	492306
47	Shipping and unloading of goods	522401
48	Customs clearance offices	533901
49	Valuation of canceled vehicles	662102
50	Commission insurance agent	662901
51	Real estate brokerage (brokerage offices)	682001
52	Labor recruitment offices	781001
53	Employment offices	781002
54	General cleaning of buildings	812100
55	Copying services and printing of documents	821902
56	Trackback offices	829902
57	Neon sign installation and assembly	829906
58	Managing and operating fuel stations	841304
59	Driving education	854903
60	Specialized rehabilitation centers	872001
61	Homes for the elderly	873002
62	Orphanages	879001
63	Rehabilitation House	879003
64	Another activity for libraries and archives	910199

No	Type of activity	Code
65	Washing all kinds of clothes and textiles, except for those that are held in tourist establishments	960101
66	Ironing clothes, except for what is set up in tourist facilities	960103
67	Steam washing and ironing clothes (dry washing), with the exception of what is set up in tourist facilities	960104
68	Hair cutting, hairdressing and shaving for men, except for those that are held in tourist facilities	960201
69	Hair styling and beauty types for women	960202
70	Children cut, hairdresser and shave, except for those that are held in tourist facilities	960203

The Takeaway

With the list of prohibited activities mostly containing activities which are less likely to be of interest to international investors, and Oman continuing to improve its ease of doing business, it remains to be seen how additional inbound investment is generated with these renewed measures, which will also help generating local employment.



Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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