

OMAN

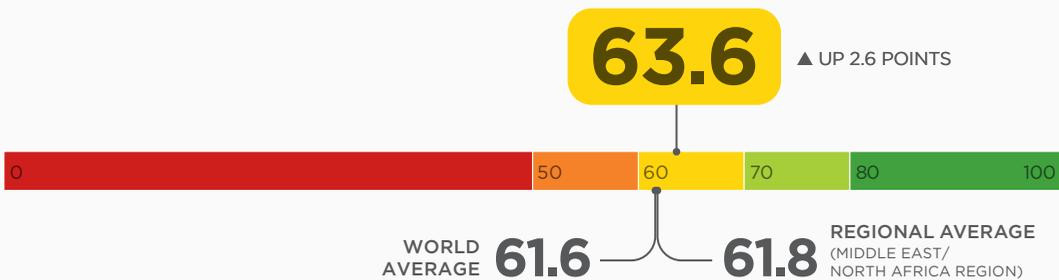
Oman's economic freedom score is 63.6, making its economy the 75th freest in the 2020 *Index*. Its overall score has increased by 2.6 points, with significant improvements in all areas related to the rule of law. Oman is ranked 6th among 14 countries in the Middle East and North Africa region, and its overall score is slightly above the regional and world averages.

Oman's economy has been in the moderately free category for 25 years. GDP growth over the past half-decade has been steady but unremarkable.

Further improvements in economic freedom would aid the government's efforts to develop the nonoil economy. An effort is underway to develop a new bankruptcy and insolvency law, which would help to improve the country's business environment and increase foreign direct investment inflows. Currently, the sultan appoints and removes all judges, and judicial effectiveness would be further strengthened if the judiciary were independent.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -6.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.3 million

GDP (PPP):
\$198.5 billion
2.1% growth in 2018
5-year compound annual growth 2.4%
\$46,584 per capita

UNEMPLOYMENT:
3.1%

INFLATION (CPI):
0.9%

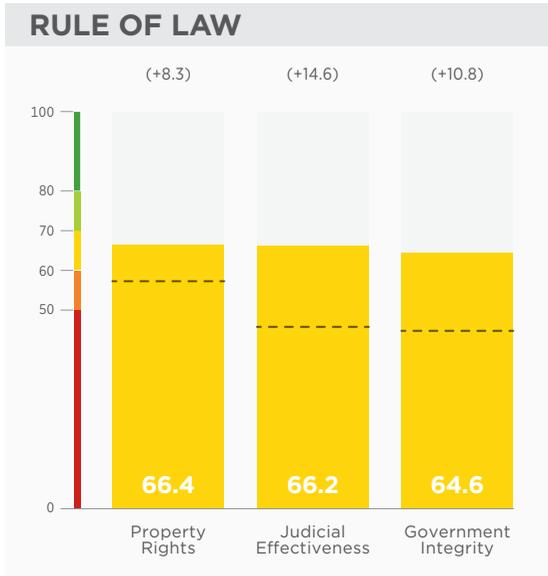
FDI INFLOW:
\$4.2 billion

PUBLIC DEBT:
50.9% of GDP

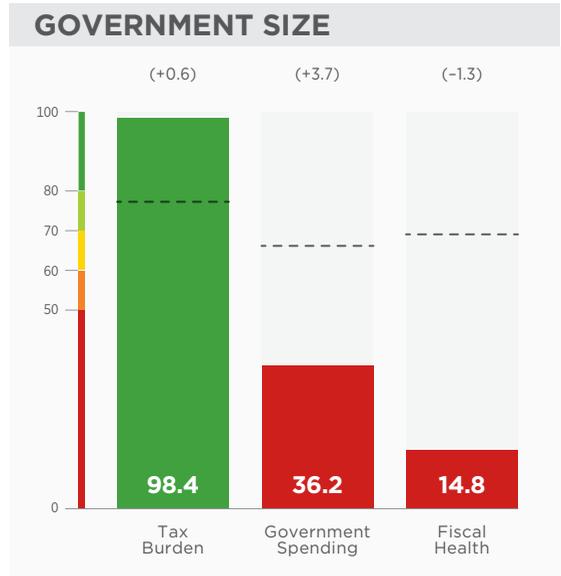
2018 data unless otherwise noted. Data compiled as of September 2019

BACKGROUND: Oman, a relatively small oil-producing kingdom that prospered from Indian Ocean trade, is one of the least populous Arab countries. It has been ruled by Sultan Qaboos bin Said Al-Said since 1970. After the Arab Spring protests in 2011, the sultan changed cabinet ministers and implemented reforms by expanding government regulatory and legislative powers. As part of its efforts to decentralize authority and allow greater citizen participation in local governance, Oman conducted its first municipal council elections in 2012. Oman joined the World Trade Organization in 2000 and is heavily dependent on its dwindling oil resources, which generate about four-fifths of government revenue. Tourism, shipping, mining, manufacturing, and gas-based industries are key components of the government's diversification strategy.

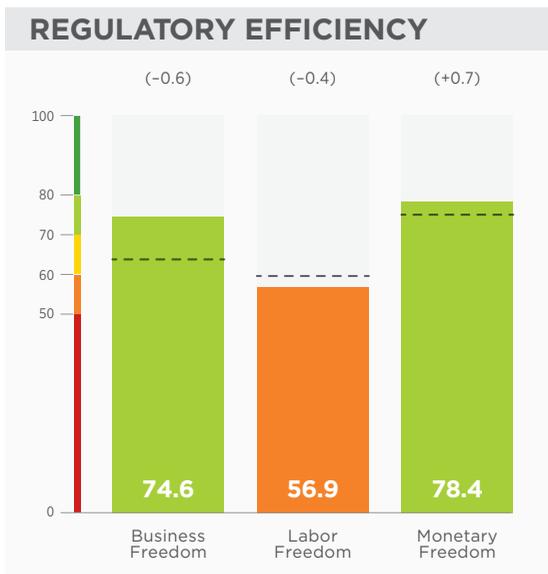
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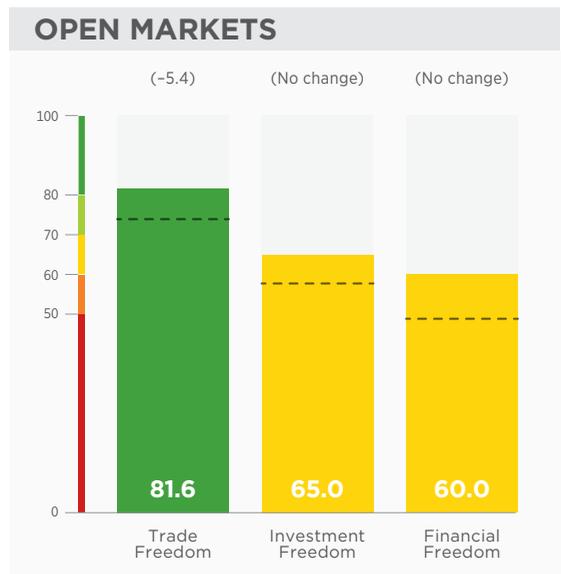
Securitized interests in both moveable and real property are recognized and enforced. The legal system generally facilitates the acquisition and disposition of property rights. The judiciary is not independent and remains subordinate to the sultan and the Ministry of Justice. Oman has stiff laws, regulations, and enforcement against corruption, and authorities have pursued several high-profile cases.



There is no individual income tax, and the top corporate tax rate is 12 percent. There are no consumption or value-added taxes. The overall tax burden equals 4.2 percent of total domestic income. Government spending has amounted to 46.1 percent of the country's output (GDP) over the past three years, and budget deficits have averaged 13.9 percent of GDP. Public debt is equivalent to 50.9 percent of GDP.



The regulatory environment for business is inefficient. Small and medium-size businesses face major hurdles in the form of burdensome bureaucratic procedures and onerous requirements that they employ native Omanis. The cost of government electricity subsidies increased in the 2018-2019 budget.



The total value of exports and imports of goods and services equals 108.1 percent of GDP. The average applied tariff rate is 1.7 percent, and 19 nontariff measures are in force. Although foreign investment is welcome, sectoral restrictions can be nontransparent and inconsistent. The state continues to dominate a significant portion of the banking sector. Most credit is offered at market rates, but the government subsidizes some loans.