**OMAN**

Oman’s economic freedom score is 64.6, making its economy the 71st freest in the 2021 Index. Its overall score has increased by 1.0 point, primarily because of an increase in monetary freedom. Oman is ranked 7th among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

Oman’s economy is in the moderately free category this year as it has been since 1996. Greater economic freedom would help the government to diversify the economy away from dependence on oil. To achieve this goal, the government would have to cut government spending sharply and make a concentrated effort to reduce debt.

**IMPACT OF COVID-19:** As of December 1, 2020, 1,430 deaths had been attributed to the pandemic in Oman, and the economy was forecast to contract by 10.0 percent for the year.

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**BACKGROUND:** The relatively small kingdom of Oman is one of the least populous Arab countries. Sultan Qaboos bin Said Al-Said, who ruled from 1970 until his death in January 2020, has been replaced by his cousin, Haitham bin Tariq al-Said. During the 2011 Arab Spring protests, Sultan Qaboos 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.
In general, the legal system facilitates the acquisition and disposition of property rights, but securitized interests in property are not recognized. The judiciary is not independent and remains subordinate to the sultan and the Ministry of Justice. Anticorruption statutes are robust, and authorities have pursued several high-profile cases. Nevertheless, many influential figures in government maintain private business interests, and some are also involved in public–private partnerships, creating conflicts of interest.

There is no individual income tax, and the top corporate tax rate is 15 percent. There are no consumption or value-added taxes. The overall tax burden equals 2.6 percent of total domestic income. Government spending has amounted to 45.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 9.6 percent of GDP. Public debt is equivalent to 62.6 percent of GDP.

Increased use of prepaid meters and more punctual service delivery have made obtaining electricity easier and less time-consuming. Starting a business and dealing with construction permits have become less costly. Labor force participation has increased. Electricity and fuel subsidies consumed more than one-quarter of the government’s budget in 2019.

Oman has four preferential trade agreements in force. The trade-weighted average tariff rate is 5.7 percent, and 19 nontariff measures are in effect. There is no general screening of foreign investment. Efforts to increase transparency and streamline the investment framework are ongoing. Most credit is offered at market rates, but the government uses subsidized loans to promote investment. The Muscat Securities Market is active and open to foreign investors.