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## Oman: Mineral Policy



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### General Information on Oman

According to the National Center for Statistics and Information, Oman has a population of nearly 4.5 million, with expatriates making up 43.10% of the total population. In line with Article 2 of Oman's Constitutional Law of 1996, Islam is the dominant religion in the Sultanate, and the principles of Shari'a are the foundation of the laws.

Lying on the Tropic of Cancer, Oman is considered to be one of the world's hot, dry regions, though part of the south of the country has a tropical climate. Oman's most unique geographical feature is the *Hajar mountain chain*, which extends down from the north in a great arc from Ru'us Al-Jibal at Ras Musandam (by the Strait of Hormuz, gateway to the Gulf) to Ras AL-Hadd – the Arabian Peninsula's most south-easterly point, which overlooks the Indian Ocean. At its highest point in the Jabal al Akhdar region, the *Hajar mountain chain* reaches a height of 3000 m, which is very high.

One of Oman's famous towns is Qalhat, which is situated on a small triangular coastal shelf

overlooking the Arabian Sea at the narrow, deeply incised mouth of Wadi Qalhat and backed by the high flank of the *Hajar ash Sharqi*. The *Hajar ash Sharqi* is part of a mountain chain that stretches some 650 kms in a crescent parallel to the Omani coast from Ras AL-Hadd in the southeast and the Ruus AL-Jibal in the northwest at the entrance to the Arabian Gulf.

Currently, oil still provides the basic source of revenue in Oman since it is used to fund the country's infrastructure projects. However, the fall in crude oil prices to below US\$100 per barrel in late 2014 led to the introduction of a range of precautionary measures aimed at safeguarding the stability of Oman's financial and economic position and the gains of its development process, while ensuring its citizens' daily lives and living standards.

Willing to reduce its reliance on the oil sector's contributions to the GDP, at the beginning of 2016, Oman has announced its ninth 5-Year Plan, which will continue until 2020. The main aim of this plan is to increase the GDP contributions of non-oil sectors such as agriculture, mining and chemicals industry, tourism, fishing and mining, leading to an expansion of the country's economic productivity base and the creation of new job opportunities for Omanis.

It is worth noting that Oman's economic policies have gained international appreciation and it receives high rankings in international economic reports. The 2017–2018 Global Competitiveness Report published by the World Economic Forum

(WEF) ranked it as the country with the lowest rate of inflation on The Global Competitiveness Index. The WEF's 2017–2018 Global Competitiveness Report gave Oman a global ranking of 62nd out of 137 economies around the world.

## Need for Minerals

Having the aim and the will to reduce the reliance on the oil sector's contribution to the GDP, mining sector is considered as a promising sector to the national economic diversification strategy and as a contributor to the nation's GDP as well as employment generation.

Oman's mining history dates back to some 500 years ago when copper was mined and sent all over the world. The country was then known as "Majan" or "the land of copper." Oman possesses an extensive amount of superior quality mineral resources. The mineral resources in Oman are divided into two major categories: namely, metallic minerals and industrial minerals. They contain mineable minerals such as chromite, dolomite, zinc, limestone, gypsum, silica sands and quartzite, laterite, manganese, aggregates, coal, olivine, kaolin, copper, gold, cobalt, clays and shale, and iron.

Oman's minerals quality is recognized globally in which around 70% of the marble mined in Oman is exported. According to Central Bank of Oman's "Annual Report of 2017," the United Arab Emirates (UAE), India, China, and Saudi Arabia with a share of 55.5% in 2017, remained as the top destinations for total non-oil exports of Omani for three consecutive years since 2015. Also, according to this report, by the end of the year 2017, Public Authority for Mining, which was established by a Royal Decree in September 2014, has issued 292 licenses to the companies for conducting mineral exploration operations. The natural resources that are included under mining and quarrying are quantified in metric tons and consisted of 14 items in 2017. According to 2017 figures, the largest quantity produced was in building materials at 35,422.2 million metric

tons, less by about 4.3% than its production level in 2013, followed by limestone at 8902.2 million metric tons, and by Gypsum at 6875.5 million metric tons. Other resources produced in 2017 included: marble, salt, chromite, iron, clay, sand, magnesium, kaolinite, silica, and quartz. It is worth noting that the estimated total value of the minerals produced in Oman in 2016 was R.O. 116.6 million.

## Regulatory Framework

In compliance with the rules of the World Trade Organization (WTO), Oman's Mining Law of 2003 set some to ensure fair competition. This Law sets out a comprehensive legal framework which includes articles relating to the issuance of mining licenses, dispute resolution in the mining sector, and environmental protection. According to Article 7, arbitration is the preferred means for dealing with any disputes arising from exploring or producing mineral in Oman.

The Mining Law allows the private sector to invest in mineral industries and explore for minerals. So, according to Article 5, exploration license or privilege, subject to a number of conditions being met, can be granted to Omani companies or foreign companies that have branches in Oman and have been registered according to the provisions of the Commercial Companies Act of 1974.

The Ministry of Commerce and Industry (through the Public Authority for Mining) regulated Oman mining activities according to the Mining Law of 2003. Mining and quarrying activity was an integral part of the Government's economic diversification policy. In 2011, the Government conducted a comprehensive review of the country's mining industry with the aim of introducing best practices in the development and marketing of Oman's mineral resources and to provide counsel on ways of improving and updating guidelines and regulations for the mineral industry.

As stated above, Omani companies or registered companies in Oman are allowed to apply. However, to gain exploration and mining permits, these companies must stick to the followings: (1) submit a written application to the Public authority for Mining (PAM); (2) PAM studies the application and coordinates with other government agencies; (3) companies should provide an explanation program; (4) getting the environmental license from the Ministry of Environment; (5) making fees payment and receiving the exploration license (for a period of 1 year); (6) submission of the exploration study, feasibility study, and mining plan; (7) submitted studies will be evaluated; and (8) making fees payment and receiving the mining license (for a period of 5 years subject to renewal).

It is worth noting that a new mining law will be issued in the coming few months. Under the expected new law: more incentives will be offered for investors, the duration of licenses that is granted to producers will be extended, the procedures for obtaining licenses will be eased, legal protection to geological heritage will be offered, and penalties on mining waste will be strengthened.

## Concluding Statement

Oman's mineral sector contribution to the GDP is still below expectations. However, with the establishment of the Public Authority for Mining to be wholly dedicated to this sector and in view of the fact that Oman is rich of superior quality mineral reserves with the availability of required infrastructure and ports, the contribution of mineral sector to the GDP is expected to increase.

As stated above Oman's Mining Law of 2003 is set to ensure fair competition. The current Law sets out a comprehensive legal framework which includes articles relating to the issuance of mining licenses, dispute resolution in the mining sector, and environmental protection. A new mining law

is expected to be issued in the few coming months.

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