The Investment Guidelines have been prepared by the Ministry of Agriculture and Fisheries Wealth with assistance commissioned from Curtis, Mallet-Prevost, Muscat.

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SULTANATE OF OMAN
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Glossary of Abbreviations
• Aquaculture Centre: “AQC”.
• Atlas of Suitable Sites for Aquaculture Projects in the Sultanate of Oman: the “Atlas”.
• Fisheries and Aquaculture Department of the United Nations Food and Agriculture Organisation: “FAO”.
• Foreign Capital Investment Law: “FCIL”.
• Gulf Cooperation Council: “GCC” (whose members currently comprise Oman, Saudi Arabia, Kuwait, Bahrain, Qatar and the United Arab Emirates).
• Limited liability company: “LLC”.
• Milestones for project development which are Specific, Measurable, Achievable, Realistic and Time-Oriented: SMART Milestones.
• Ministerial Decree 36/04: “Aquaculture Regulations”
• Ministry of Commerce and Industry: “MOCI”.
• Ministry of Finance: “MOF”.
• Ministry of Agriculture and Fisheries Wealth: “MAFW”.
• Ministry of Housing: “MOH”.
• Operational Aquaculture Licence: “OAL”.
• Public Authority for Investment Promotion and Export Development: “PAIPED”.
• Provisional Aquaculture Licence “PAL”.
• Recirculating aquaculture system: “RAS”.
• Strengths, weaknesses, opportunities and threats: “SWOT”.
• The site on which an aquaculture project will be developed: “Site”.

...
EXECUTIVE SUMMARY

Aquaculture is the fastest growing food-producing sector worldwide which has seen a sustained annual growth rate of 8.3% per annum 1970 - 2008. The Fisheries and Aquaculture Department of the United Nations Food and Agriculture Organisation (the “FAO”) reported that aquaculture production worldwide was over 52.2 million tons in 2008, but Oman only produced 121 tons from aquaculture in the same year.

The Sultanate of Oman has identified aquaculture as being a key pillar to diversify its national economy beyond the hydrocarbon sector. Oman’s combination of natural resources, world-class infrastructure, attractive financial incentives and committed government authorities make Oman uniquely well-positioned to take advantage of the opportunities presented by the aquaculture sector. These Investment Guidelines describe the opportunities available to investors, and are organised as follows.

• Section 1 introduces the Sultanate of Oman. This section describes Oman’s key strengths as an investment destination for aquaculture businesses, including:
  o Rich natural marine resources and biodiversity along a 3,165km coastline;
  o World-class infrastructure such as highways, airports and sea ports;
  o An orderly civil society;
  o A strategic location close to key export markets within the region and worldwide;
  o An investor-friendly environment with attractive incentives such as tax holidays, soft loans and other concessions.

• Section 2 provides an overview of the current status of Oman’s fisheries and aquaculture operations, including Oman’s history and capabilities as a centre for fish production. This section describes Oman’s already extensive capture fisheries sector (including statistics on production levels, major export markets and key species), as well as the steps that MAFW has taken in recent years to lay the foundation for the growth of Oman’s emerging aquaculture sector and estimates for potential aquaculture production in the next 15 years.

• Section 3 describes Oman’s vision for the development of its aquaculture sector. This section covers what MAFW seeks from aquaculture investors,
as well as what Oman can offer to aquaculture investors. Oman seeks high-quality, economically and environmentally sustainable aquaculture projects which will provide local employment opportunities and domestic food security. In return, Oman offers investors an array of investment incentives for both Omaniis and foreign investors.

- **Section 4** provides an overview of Oman’s legal and regulatory framework as it applies to aquaculture development. This includes Omani company laws for establishing a business, employment issues, taxation and legal rights pertaining to land leases. The key Omani laws related to the development and operation of an aquaculture project, are also highlighted.

- **Section 5** outlines the steps needed to apply for an aquaculture licence and how to develop an aquaculture project proposal for submission to MAFW. MAFW will welcome all serious proposals and is providing a set of guidelines for documentation needed for a proposal assessment, as well as a list of services that can be sourced from MAFW to assist in developing the proposal. MAFW can act as a “one-stop-shop” for developing contacts within the other Ministries who have vested interests in aquaculture development. MAFW is also committed to providing time-oriented responses to investment proposals to ensure that potential investors receive due consideration for proposals for developing aquaculture projects in Oman.

- **Section 6** provides investors with contact details for MAFW and a list of laws and regulations relevant to the establishment and operation of aquaculture projects and related activities.
As worldwide demand for fish and shellfish continues to rise, amidst stagnating yields from traditional capture fisheries due to depleted wild ocean stocks, aquaculture holds the key to meeting global seafood supply needs over the coming years and decades. Fish farming is already estimated by some to account for up to 60% of all fish produced for human consumption and is poised to contribute an even greater share going forward.

The highly favourable supply-demand fundamentals that support fish farming, together with the steadily increasing fish prices that these fundamentals have brought about, make aquaculture not only a key source of world food supply, but also an attractive investment proposition.

The Sultanate of Oman is uniquely well positioned to take advantage of the opportunities presented by the aquaculture sector. Situated on the southeastern Arabian Peninsula along 3,165 kilometres of pristine, unpolluted coastline featuring a deep drop-off ocean shelf and nutrient-rich upwelling, Oman has centuries of fisheries tradition and is ideally suited for farming a variety of key fish and other aquatic species, using a range of aquaculture methods.

Moreover, Oman provides an optimal investment environment for turning this potential into reality. Under the leadership of His Majesty Sultan Qaboos bin Said, Oman has used its oil and gas wealth to build a modern economy with world-class infrastructure; a professional, business-friendly legal and regulatory framework aligned with international best practices; and an attractive suite of incentives designed to encourage private sector investment by both Omani and international companies.

As part of the Oman Government’s efforts to further diversify the national economy, MAFW is committed to developing a world-class, sustainable and socially responsible aquaculture sector that will provide attractive returns to investors and lasting benefits to Omani communities.

We invite you to read these Investment Guidelines to learn more about the opportunities available to investors in Oman’s aquaculture sector.

Hamed Said Al-Oufi, Ph.D
Undersecretary for Fisheries Wealth
Ministry of Agriculture and Fisheries Wealth
1. OVERVIEW OF THE SULTANATE OF OMAN

The Sultanate of Oman is located on the southeastern corner of the Arabian Peninsula, bordered by the United Arab Emirates to the northwest, Saudi Arabia to the west, and Yemen to the southwest. With a land area of 309,500 square kilometres, Oman’s landscape features deserts and mountains in the north, lush greenery in the south, and a coastline of more than 3,165 kilometres – facing the Arabian Gulf to the northwest, the Sea of Oman to the northeast, and the Arabian Sea to the southeast – along which the majority of the nation’s 2.8 million inhabitants live.

A prosperous, natural resource-rich, and growing economy

Historically a nation of maritime traders and fishermen, Oman has become a producer and exporter of hydrocarbons since the discovery of oil in the 1960s. Under the leadership of His Majesty Sultan Qaboos bin Said, this hydrocarbon wealth has enabled the Oman Government as well as Omani and international private sector companies to undertake a broad range of development initiatives, including the construction of modern highways, airports, sea ports, hospitals and universities.

In recent years, pursuant to His Majesty the Sultan’s ‘Vision 2020’ plan for economic development, the Omani government has placed particular emphasis on diversifying the national economy. As part of this drive, Oman has developed international-grade manufacturing, shipping and tourism sectors. Oman’s economy continues to grow at a robust pace – real GDP growth was 4.4% in 2010, and has averaged 6% per annum over the past five years. The Sultanate’s total GDP for 2010 was US$76 billion.

One of the newest branches of Oman’s economic diversification drive returns to the Sultanate’s roots: expansion of the fisheries sector. MAFW is committed to building a world-class fish farming sector that will take advantage of Oman’s natural aquatic resources and develop these resources to their potential.

A politically stable, peaceful and orderly environment

Oman’s sustained economic growth over the past four decades has been made possible not only by the nation’s oil wealth, but also by a stable political system that has fostered the confidence and far-sightedness necessary for constructive, long-term development.
His Majesty Sultan Qaboos has instilled a culture of honesty, transparency, professionalism and responsibility within the Omani government.

While pursuing economic development at home, Oman has espoused a foreign policy of friendship towards all. The Sultanate of Oman is a member state of the Gulf Cooperation Council ("GCC"), and has also integrated itself into the larger international community by acceding to key international treaties and protocols, such as the World Trade Organisation and the New York Convention of 1958 on the Enforcement of Foreign Arbitral Awards.

**Strategically located along the ‘New Silk Road’**

Oman’s location on the southeastern coast of the Arabian Peninsula, offers close proximity and easy access to key export markets in the Middle East region. Oman is also well-positioned for exports to key global markets in Europe and Asia, straddling the two continents. Excellent transport links for air and sea freight and new, state-of-the-art infrastructure further enhance this geographic advantage.

**Investor-friendly**

Oman offers investors one of the key benefits of an emerging economy – significant untapped growth potential – alongside the advantages of a mature economy, such as modern infrastructure and an efficient regulatory framework for investing and forming legal entities to do business in Oman. For investors from selected countries with which Oman has free trade agreements in place (e.g., the GCC), further advantages are available.

With the local currency, the Omani Rial, pegged to the U.S. dollar at a fixed exchange rate (OMR 1 = US$ 2.59) and no capital controls, it is easy both to invest in Oman and to repatriate profits.

In addition, Oman offers a range of financial incentives to encourage suitable investment aquaculture projects, including tax holidays, soft loans and other advantages. Please see Section 3.2 of these Investment Guidelines for a description of Oman’s special incentives for such investors.

The Sultanate’s investor-friendly environment has been recognised by prestigious international organisations such as the World Economic Forum, which ranked Oman 32nd out of 142 countries worldwide in its most recent Global Competitiveness Index ("GCI") for 2011-2012. In particular, the GCI ranks
Oman in the top quintile worldwide in the following key categories:

- 3rd out of 142 countries for macroeconomic environment;
- 16th out of 142 countries for politically stable institutions; and
- 28th out of 142 countries for infrastructure.

This economic strength, political stability and world-class infrastructure, combined with its rich endowment of natural resources, make Oman the premiere investment destination for aquaculture in the Arabian Gulf region.
2. CURRENT STATUS OF THE FISHERIES SECTOR AND AQUACULTURE IN OMAN

2.1. Oman's Fisheries Sector

A long tradition

For centuries before Oman produced its first barrel of oil, fisheries has featured prominently in the Sultanate’s economy, communities and way of life. Up and down Oman’s coast, there are a multitude of towns and villages where many residents to this day earn their living through fisheries, and where knowledge of the fisheries business and aquatic life are deeply ingrained in the local culture and passed down from one generation to the next.

Highly favourable geographic and climatic conditions

The Omani coastline is endowed with excellent natural conditions for fish to flourish. The ocean shelf along the coast features a steep drop-off to deep waters. This drop-off, combined with the annual monsoon weather patterns along the eastern Arabian seaboard, results in a seasonal ‘upwelling’ process by which nutrient-rich deep sea water flows up to the surface and coastal areas.

Owing to this upwelling of nutrient-rich waters, the Omani coastline is a uniquely fertile zone for aquatic life. Oman’s low population density and minimal pollution, has thankfully allowed for the preservation of these pristine conditions. The result is an environment in which a variety of fish populations flourish, including a wide assortment of staple and financially rewarding species as well as rare and valuable delicacies such as kingfish, lobster and abalone.

Current capture fisheries production

Despite the strong growth of other sectors of the Sultanate’s economy in recent decades, capture fisheries has remained a key economic activity. Traditional capture fisheries provides employment to over 36,000 Omanis, and provides significant fish supply both for domestic consumption – seafood is a staple of the Omani diet and is consumed in large quantities – and for export to markets within the region and worldwide.

Table 1 sets out Oman’s overall capture fishery production statistics for the past five years.
Table 1: Oman fish landings, imports, exports and apparent consumption, 2006-2010 (in tons, except percentages)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total fish landings</td>
<td>163,926</td>
<td>158,553</td>
<td>151,910</td>
<td>151,744</td>
<td>147,666</td>
</tr>
<tr>
<td>Total fish imports</td>
<td>11,978</td>
<td>15,202</td>
<td>14,362</td>
<td>11,271</td>
<td>10,292</td>
</tr>
<tr>
<td>Total fish exports</td>
<td>86,933</td>
<td>80,975</td>
<td>74,202</td>
<td>74,535</td>
<td>75,953</td>
</tr>
<tr>
<td>Apparent domestic</td>
<td>88,971</td>
<td>92,780</td>
<td>92,070</td>
<td>88,480</td>
<td>82,005</td>
</tr>
<tr>
<td>consumption (landings +</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>imports – exports)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net trade (exports –</td>
<td>74,955</td>
<td>65,773</td>
<td>59,840</td>
<td>63,264</td>
<td>65,661</td>
</tr>
<tr>
<td>imports)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of total</td>
<td>53%</td>
<td>51%</td>
<td>49%</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>landings exported (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As indicated in Table 1, Oman is consistently a strong net exporter of fish, selling roughly half of its annual catch abroad. Table 2 provides a breakdown of Oman’s fisheries exports by destination for the year 2010.

Table 2: Omani fisheries exports in 2010

<table>
<thead>
<tr>
<th></th>
<th>Volume of exports (tons)</th>
<th>Share of total export volume (%)</th>
<th>Value of exports (Omani Rial thousands)*</th>
<th>Share of total exports by value</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Arab Emirates</td>
<td>49,559</td>
<td>57.0%</td>
<td>31,960</td>
<td>50.3%</td>
</tr>
<tr>
<td>Other Gulf Cooperation Council (GCC)</td>
<td>16,937</td>
<td>19.5%</td>
<td>10,290</td>
<td>16.2%</td>
</tr>
<tr>
<td>Other Middle East and North Africa</td>
<td>6,024</td>
<td>6.9%</td>
<td>6,196</td>
<td>9.7%</td>
</tr>
<tr>
<td>Asia</td>
<td>6,559</td>
<td>7.5%</td>
<td>6,600</td>
<td>10.4%</td>
</tr>
<tr>
<td>European Union</td>
<td>2,354</td>
<td>2.7%</td>
<td>4,629</td>
<td>7.3%</td>
</tr>
<tr>
<td>Africa</td>
<td>909</td>
<td>1.0%</td>
<td>770</td>
<td>1.2%</td>
</tr>
<tr>
<td>Other countries</td>
<td>4,591</td>
<td>5.3%</td>
<td>3,108</td>
<td>4.9%</td>
</tr>
<tr>
<td>Total</td>
<td>86,933</td>
<td>100%</td>
<td>63,553</td>
<td>100%</td>
</tr>
</tbody>
</table>

*The Omani Rial is pegged to the U.S. Dollar at a fixed exchange rate of OMR 1 = US$ 2.59.
On a country-by-country basis, the United Arab Emirates is by far Oman’s largest export market, accounting for 57% of total export volume and 50% of total export value. Saudi Arabia is Oman’s second-largest export market, accounting for 16% of total export volume and 14% of total export value. Other leading export markets for Omani fisheries production include Egypt, Italy, Thailand, China, Vietnam and Greece.

Oman’s exports, like its total catch, also encompass a broad range of fish species. In 2010, the top five species by export volume were sardines, Indian mackerel, emperor, ribbonfish and grouper; the top five species by export value were sardines, emperor, Indian mackerel, sea bream and cuttlefish.

2.2. Aquaculture in Oman – A Highly Attractive Opportunity

In contrast to the more mature capture fisheries sector, aquaculture in Oman is in its early stages. At present, only shrimp is farmed, and production is relatively modest: 127 tons in 2010.

Over the past five years, the Oman Government has made the development of a world-class fish farming sector a top priority, and has committed the necessary resources to laying the foundations on which the sector can be built. MAFW is the primary government authority responsible for implementing these plans. In 2007, MAFW commissioned the Fisheries and Aquaculture Department of the United Nations Food and Agriculture Organisation (“FAO”) to draft a national strategic plan for the development of a sustainable aquaculture sector in Oman, as well as a companion report on food safety and environmental considerations.

Acting on the recommendations of the FAO, MAFW has taken decisive steps to put in place a modern aquaculture framework aligned with international best practices that is attractive to investors and well suited to the development of large-scale, environmentally sustainable fish farms throughout Oman. Specifically, MAFW has (i) modernised its aquaculture legislation, (ii) liaised with other government authorities to secure their cooperation on the envisioned aquaculture projects, and (iii) worked with international fish farming experts to conduct feasibility studies to identify potential projects.

The latter effort culminated in 2010 with the production of the ‘Atlas of Suitable Sites for Aquaculture Projects in the Sultanate of Oman’ (the “Atlas”). The Atlas was prepared in collaboration with internationally renowned aquaculture consultants, based on extensive oceanographic, environmental and geological
studies which they conducted to identify the Sites, fish and other aquatic species and production methods best suited for successful aquaculture project development in Oman.

MAFW is committed to supporting new aquaculture project initiatives and in these guidelines can now show potential investors how they should proceed with submitting their proposals, and the timescales that will be involved for developing the aquaculture project concept to gaining a decision on the proposed investment.

2.3. The Potential for Omani Aquaculture Development in the next 10 to 15 years

During the preparation of the Atlas, the consultants were requested to assess potential aquaculture output and the principle species and culture systems that may be best suited to Oman.

<table>
<thead>
<tr>
<th>Type of production system and principle species</th>
<th>Estimated annual tonnage output</th>
<th>Turnover in OMR millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marine RAS (breams)</td>
<td>5,000</td>
<td>9,6</td>
</tr>
<tr>
<td>Shrimp Ponds (<em>P. indicus</em>)</td>
<td>19,000</td>
<td>41,9</td>
</tr>
<tr>
<td>Fresh water RAS</td>
<td>5,000</td>
<td>2,2</td>
</tr>
<tr>
<td>Marine RAS and restocking abalone</td>
<td>100</td>
<td>1,4</td>
</tr>
<tr>
<td>Sea Cages (Breams)</td>
<td>2,300</td>
<td>4,5</td>
</tr>
<tr>
<td>Sea Cages (Cobia)</td>
<td>2,000</td>
<td>9,9</td>
</tr>
<tr>
<td>Marine ponds and raceways restocking (Sea cucumbers)</td>
<td>300</td>
<td>2,0</td>
</tr>
<tr>
<td>TOTALS</td>
<td>33,700</td>
<td>71,5</td>
</tr>
</tbody>
</table>

RAS = Recirculating Aquaculture System

Initial responses received by MAFW indicates that there is significant interest in developing aquaculture in Oman and at this level of interest, the above estimates could be easily exceeded in the next 10 to 15 year time period.

The start up of this sector would also see the creation of between 3,000 and 4,000
new jobs in the same time period. These posts are only those directly employed on aquaculture projects and do not include the service sectors where additional jobs would also be created, notably in fish processing, feed supply, technical support services (veterinary, system support, specialist trades, logistics, etc.)

It has been further calculated that with the experience gained in the sector, the eventual capacity for aquaculture production by year 2030 - 2040 in Oman could be as much as 220,000 tons with an estimated market value of US$900 million, and a sector employing 11,000 which would contribute US$2 billion to Oman’s GDP.
3. AQUACULTURE PROJECTS IN OMAN – THE INVESTMENT PROPOSITION

3.1. Oman’s Vision for a World-Class Aquaculture Sector

MAFW’s overall vision is to develop a competitive and sustainable aquaculture industry that is in harmony with the environmental, social, economic and historic values of the Sultanate of Oman.

**Fine international quality**

Oman’s goal is to have private sector fish farms that will produce top-grade fish products for export and for the domestic market. Oman’s fish products must achieve the highest level of international certifications and make a name for ‘Oman-branded’ fish by competing with the highest quality fish products around the world.

**Sustainable and environmentally responsible**

Oman firmly believes in sustainable development as articulated by the World Commission on Environment and Development: “Sustainable development must meet the needs of the present without compromising the ability of future generations to meet their own needs.” Oman’s modernised aquaculture legislation, regulatory framework and better management practices are aligned with the highest international standards for responsible environmental stewardship, and likewise we expect all aquaculture operations in Oman to hold themselves to the highest standards in everything they do. Furthermore, MAFW will look to the aquaculture sector to assist with such restocking efforts as may be needed to replenish Oman’s marine ecosystem going forward.

**Local communities to participate and benefit**

Oman believes that the long-term health and profitability of an aquaculture project company depends on maintaining a strong relationship with stakeholders such as the local community in which the company operates. Companies shall provide employment, training and advancement opportunities for local people.

Companies operating in Oman are encouraged to participate in community organisations. For example, many companies operate a social development funds for the benefit of their local communities or find other ways to give back to the environments they operate in.

MAFW will evaluate the investor’s plans for local community involvement, in particular the plans for hiring, training and promoting Omani employees, as a crucial component of an investor’s proposal.
**Domestic food security**

Although Oman has consistently been a strong net exporter of fish, the Oman Government envisions the aquaculture sector not only as a vehicle of economic growth, but also as a bulwark of domestic food security. Project companies will work with MAFW to pursue production plans that help Oman meet its food supply needs.

**An attractive and profitable business for investors**

MAFW understands that the best way to deliver the world-class aquaculture that Oman seeks is to offer a win-win investment proposition that will attract world-class investors and operators. MAFW is committed to working with investors to pursue investment opportunities that will meet all parties’ objectives.

**3.2. What Oman Offers to Investors**

The Oman Government aims to make it easy for investors to start their business in Oman, providing them with a supportive environment to establish and operate that business.

**Logistical support**

MAFW, as the main point of contact for aquaculture development initiatives, is pleased to help investors obtain the information they need in order to analyse and formulate their business proposals for Oman fish farming projects.

Please refer to Section 6 for contact details at MAFW.

In addition, the Public Authority for Investment Promotion and Export Development ("PAIPED") can provide an array of logistical services to investors, including:
- Providing information on investment climate, laws, procedures and also project specific information;
- Organizing visit programmes and match-making meetings for foreign investors;
- Assisting investors to obtain various government approvals; and
- Reviewing the project proposals prepared by investors and advising them on the appropriate entry strategy for setting up operations.
Financial incentives

Oman is a highly attractive place to do business. The Sultanate offers a wide range of financial and business development incentives including:

- No income tax on personal income;
- Free repatriation of capital and profits;
- 70% foreign ownership which may be increased;
- Corporate tax holidays are available for 5 years, extendable up to 10 years;
- Low corporate income tax rates of 12% above OMR 30,000 when applicable;
- Low energy and fuel costs;
- No currency repatriation restrictions;
- No duty for manufacturing companies on the import of machinery, equipment and spare parts;
- No duty for manufacturing companies on raw materials and semi-processed inputs for the first five years of production, which can be extended;
- The Omani Rial is pegged to the U.S. Dollar at a fixed exchange rate of OMR 1 = US$ 2.59; and
- Oman Development Bank’s soft loan programme.

Table 3 summarises these incentives.

**Table 3: Financial incentives**

<table>
<thead>
<tr>
<th>Tax Holidays</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5-year exemption from income tax</strong></td>
</tr>
<tr>
<td>Oman law provides that fish farming companies may receive an exemption from corporate income tax (which is normally a flat rate of 12%) for a period of 5 years beginning from the date of production or commencement of the business, subject to the carry-forward of net losses (if any during the tax holiday period) until exhausted. Process to qualify for the 5-year income tax exemption: Company submits an application to MAFW. MAFW reviews and, if approves, forwards application to the Ministry of Commerce and Industry (“MOCI”). MOCI reviews and, if approves, forwards application to MOF. The Minister supervising MOF reviews, and if approves, exemption is issued by the Secretariat General for Taxation of MOF. Companies which are granted the 5-year income tax exemption may, at its conclusion, apply for one renewal of the exemption for a maximum period of 5 years, provided that the company meets certain criteria (e.g., have met milestones for fixed asset investment, exports, hiring of Omani workers). The renewal application process is similar to the initial application process described above. However the renewal is ultimately granted at the discretion of the Council for Financial Affairs and Energy Resources.</td>
</tr>
</tbody>
</table>
Companies whose main activity is aquaculture may be exempted from customs duties on their imports of (i) machinery and equipment required for their establishment (or future expansion) and (ii) raw materials necessary for production (if unavailable in Oman) for 5 years from commencement of production. The process for obtaining the 5 year customs duty exemption is similar to the process described above for the 5 year income tax exemption. The 5 year customs duty exemption is also eligible for one renewal of up to 5 years.

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<th>5-year exemption from customs duty</th>
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<th>Soft Loans</th>
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<td>Projects undertaken by companies which are at least 30% owned by Omani nationals may be eligible to receive soft loans from the Oman Development Bank.</td>
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<th>Incentives for Small and Medium Enterprises</th>
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<tr>
<td>The Oman Development Bank is in the process of formulating a soft loan programme (loans up to OMR 250,000) for small and medium enterprises.</td>
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</table>

**Incentives for individual Omani entrepreneurs**

The MAFW and other related government development agencies are going to actively support Omani Youth, small stakeholders and SMEs. Those who wish to engage in aquaculture will be able to apply to receive technical training and financial assistance to develop their projects. Currently MAFW has the following financial incentives:

- Fish culturing systems: 80% of the fair value purchase price, up to OMR 3,000.
- Small fish: 80% of the fair value purchase price, up to OMR 1,000.
- Fish feed: 80% of the fair value purchase price, up to OMR 2,000.
- Equipment and devices: 80% of the fair value purchase price, up to OMR 1,000.
Other financial incentives available for SMEs include the SANAD programme which offer zero interest soft loans upto OMR 50,000, and ODB which offers soft loans.

MAFW will welcome Omani companies and larger investor participation in assisting the development of Omani Youth, small stakeholders and SMEs entering Omani aquaculture.

3.3. What Oman Seeks from Investors

*Business commitment*

While Oman offers a generous package of incentives, MAFW also looks for investors to demonstrate their long-term commitment to developing Oman’s aquaculture sector and projects by having a strong financial footing and by investing a significant amount of their own capital in their aquaculture projects. Investors’ pre-feasibility study and business plan should demonstrate an investor’s financial position and long-term plans with respect to their proposed Oman projects.

*Quality commitment*

One of the hallmarks of Oman’s economic development programmes has been a commitment to quality. MAFW’s vision is for world-class companies with international experience and expertise to develop aquaculture businesses in Oman that will be in keeping with, and further enhance, Oman’s reputation for excellence.

Naturally, part of this commitment to quality includes adherence to the environmental, safety and other standards prescribed by Oman law (such as inspection, testing and record-keeping requirements) and adherence to relevant international standards, conventions and protocols followed by Oman and by the project’s target export markets.

*Technical expertise*

As part of Oman’s commitment to developing a world-class aquaculture sector, project companies will be expected to possess the highest level of technical expertise and have a proven track record of pioneering the development of new species and aquaculture systems. With the tremendous growth potential in Oman, investors will be expected to have the technical know-how to address and overcome any regional challenges and develop sophisticated projects
focussing on indigenous species that command premium prices both regionally and internationally. Investors should detail this expertise and experience in their investment proposal.

**Employment Opportunities for Omanis**

Although MAFW recognises and supports the need for expatriate workers in certain technical positions, companies operating in Oman are also expected to hire, train and promote Omani workers, and to comply with the ‘Omanisation’ quotas set forth by the Ministry of Manpower. Please see Section 4.1 of these Investment Guidelines for more on Omanisation.

**Social commitment**

Companies are encouraged to foster good relations with the local community by participating in community organisations and social development programmes.

MAFW will evaluate an investor’s plans for local community involvement and give preference to investors who demonstrate a clear commitment to their Omani employees. It will be mandatory for investors to include in their proposal details of:
1/ The training programme to be made available to Omani employees;
2/ The job entry level and benefits package to be made available to Omani employees; 3/ An explanation of how newly-trained Omani employees will be assimilated into the investor’s corporate structure.

**Domestic food security**

Although Oman has consistently been a strong net exporter of fish, the Oman Government envisions the aquaculture sector not only as a driver of economic growth, but also as a safeguard of domestic food security. Project companies will work with MAFW to pursue production plans that will help Oman meet its food supply needs. As part of their investment proposal, investors should (i) describe the steps they are willing to take with MAFW to bolster Oman’s food security and fish restocking efforts, and (ii) include a plan detailing the percentage of their fish production that they are willing to dedicate to the domestic Omani market, if required.
4. OVERVIEW OF OMAN’S LEGAL AND REGULATORY FRAMEWORK

4.1 General Legal Framework for Foreign Investment in Oman

Foreign companies doing business in Oman are generally required to incorporate a “mixed” Oman company (i.e. with both foreign and Omani capital participation) as the vehicle by which such business is conducted. In accordance with recent practice, MOCI approval of a mixed Oman company with 70% foreign capital participation and 30% Omani capital participation is readily obtainable.

Exception to the requirement to conduct business in Oman by means of a mixed Oman company

As an exception to the requirement for a foreign investor to conduct business in Oman by means of a mixed Oman company, sometimes approval may be given for the incorporation of a wholly foreign-owned Oman company for the performance of “projects which contribute to the development of Oman’s economy”. An application to incorporate such a company is subject to the approval of Oman’s Council of Ministers. Although such approval is exceptional, it is by no means unprecedented, especially in the past few years. MAFW considers that the aquaculture projects in principle would satisfy the condition for approval of 100% foreign owner incorporation, and if the characteristics of a particular project satisfied this criterion as a matter of fact, MAFW would be willing to support its sponsor’s application.

Special exemptions for GCC nationals and companies

Special treatment is accorded to GCC nationals and companies which are wholly GCC owned pursuant to the GCC common market article of The Economic Agreement between the GCC States, adopted in December 2001. This accords all GCC nationals and companies which are wholly GCC owned, in each GCC state, the same treatment accorded to its own citizens, without differentiation or discrimination, in all economic activities, including share ownership and formation of companies.

Forms of Omani companies

There are several forms of limited liability companies which project investors may elect to incorporate for the performance of an aquaculture project. The most commonly incorporated form of Oman company is the limited liability company (“LLC”), which resembles more a form of partnership company with
partner liability limited to their respective capital contributions. An LLC must have a minimum of two partners. A mixed Oman LLC has a minimum capital of OMR 150,000. However, a wholly foreign owned LLC is required to have a minimum capital of OMR 500,000. An LLC’s shares cannot be mortgaged or pledged for the purposes of financing.

For this reason, a closed joint stock company (or “SAOC”) is typically incorporated for the purpose of implementing an Oman project if limited resource commercial debt financing is being sought to finance the project’s development. The shares of an Oman joint stock company are mortgageable and are frequently offered to project lenders as part of a project’s security package. A project company share pledge allows the continued implementation of a project if lenders require at any time to enforce their project security. However, an SAOC must have a minimum of three shareholders, a minimum capital of OMR 500,000 and is subject to a greater degree of supervision and regulation by MOCI.

Potential investors are directed to Oman’s Commercial Companies Law for more details of the various Oman corporate forms.

**Omanisation and employment issues**

Oman companies are subject to “Omanisation” requirements which set the percentage of Omani nationals that the company must employ and the applicable training requirements. The percentage of Omanis to be employed depends on the industry in question and the positions to be filled. In the aquaculture industry the percentage is 35%.

As stated above, potential investors should be aware that the creation of training and employment opportunities for Omani nationals is a key objective of MAFW’s determination to develop Oman’s aquaculture sector.

Omanisation requirements rarely pose a significant obstacle for companies operating in Oman and if the correct procedures are followed foreign employees can often be recruited for the requisite positions.

**Taxation**

As mentioned above, the uniform tax rate for applicable to Oman is 12% of taxable profit in excess of OMR 30,000. Personal income and corporate dividends are not subject to tax.
Please see Section 3.2 of these Investment Guidelines for a description of Oman’s special incentives for investors detailing income tax and customs duty holidays and exemptions.

4.2 Legal Considerations relating to Project Sites and Land Rights

Feasibility studies

MAFW is aware that a key issue of concern for potential investors in aquaculture projects will be the suitability of the location and other characteristics of the site (the “Site”) on which the project will be developed. Relevant Site characteristics include, among other things, its size, accessibility, closeness to requisite facilities and transport links and ease of connections to utilities. MAFW has already commissioned detailed studies (the “Site Studies”) with respect to Sites in Oman, and these studies have confirmed the Sites’ broad suitability for the culture of various different fish species. Section 5.1 contains details for submitting proposals and feasibility studies.

Allocation and approved use of Sites

Oman’s Ministry of Housing (“MOH”) has already allocated a number of Sites to MAFW for the facilitation of private investment in projects which contribute to the development of Oman’s fisheries sector and, specifically, the promotion and encouragement of aquaculture development in Oman. This allocation constitutes MAFW the owner of these Sites.

Land rights

As land owner, MAFW proposes to grant each aquaculture project which is issued with an aquaculture licence an appropriate land right with respect to one of these Sites. To date, Oman’s aquaculture projects have been granted a land lease by MOH who may renew it on its expiry.

A usufruct right

Going forward, MAFW considers that a more appropriate land right for long-term projects is a usufruct right. A usufruct right in land (which unlike a leasehold right, is a real property right) may be granted to projects which contribute to Oman’s economic or social development, and aquaculture projects clearly satisfy this requirement.
Usufruct rights are granted free from any rights adverse to the usufruct right meaning investors can enjoy the protection and security of undisturbed possession of the Site for the duration of their project.

A usufructuary may use and exploit the land to which the usufruct right relates, in the manner of an owner, as long as the conditions of the usufruct contract and laws are not contravened.

The duration of a usufruct must be commensurate with the requirements of the project, up to a maximum of 50 years, renewable for another 50 years at the request of the usufructuary, if required for the needs of the project. For aquaculture projects, a usufruct of 20 years would be granted, renewable further if requested. The area of land to which a usufruct right relates is also required to be commensurate with the reasonable requirements of the project. MAFW therefore proposes to grant each of the projects which are issued with a licence with a usufruct right in the applicable Site, with an area and duration which meets the reasonable needs of the project.

**Termination of usufruct right**

A usufruct right may be terminated by the grantor if the development of the project for which it was granted is not commenced within 12 months of the developer’s acquiring possession of the land, and additionally if the developer materially breaches the conditions of the usufruct grant, which would include a failure to develop and operate the aquaculture project as specified in the project’s SMART Milestones (see Section 5.1). MAFW, however, considers this to be a reasonable legal remedy, given the purpose for which usufructs are required by law to be granted, and to ensure the expeditious achievement of MAFW’s objective of developing Oman’s aquaculture sector.

**Site Studies**

To assist investors in identifying Sites which may be suitable for their proposed projects, MAFW will make any existing Site Studies available to potential investors at their request, but without any liability on MAFW’s part. Potential investors should, however, be aware that the investor will bear the risk of Site suitability for project purposes, and that investors will therefore need to conduct and rely on their own detailed Site due diligence and feasibility study, at their own cost. MAFW is happy to assist potential investors in helping secure this information upon request, but without any MAFW liability as to its accuracy or completeness.
4.3. Legislative Framework and Permits with Respect to the Projects

**MOFW’s statutory competences with respect to aquaculture development**

MAFW is specifically responsible for the development of Oman’s aquatic resources and the encouragement of private sector investment in projects that contribute to such development. Specifically, MAFW has the duty to promote and encourage aquaculture development. The issuance of these Investor Guidelines and MAFW’s current objective of granting licences to projects which contribute to the development of Oman’s aquaculture sector in a sustainable way, for the benefit of both the private sector investor and Oman’s economy and society, is in implementation of MAFW’s functions and responsibilities.

**Key Oman laws governing development and operation of a Project**

Several of Oman’s existing laws govern the private sector development and operation of an aquaculture project. Major applicable laws include the following.

(i) *The Law of Marine Fishing and Protection of Living Aquatic Resources* (the “*Fisheries Law*”) and its implementing regulations.

The Fisheries Law is the primary legislative instrument currently governing activities pertaining to Oman’s aquatic resources and their protection, development and optimal exploitation. The Fisheries Law is primarily concerned with the regulation of fisheries and fisheries affairs in Oman, and all matters related thereto, including fisheries locations, seasons, fish size, fishing boats and equipment, waste disposal, aquatic resources’ processing plants, handling, marketing, transportation, export and import of aquatic resources and reporting on activities within the sector. Although primarily concerned with fisheries, the requirements of the Fisheries Law will clearly apply to certain activities carried out with respect to the “aquatic resources” of an aquaculture project during project implementation and operation.

The principles of the Fisheries Law are amplified in its implementing regulations (the “*Regulations*”). Of particular relevance to aquaculture projects, are the provisions of the Regulations governing the storage, transportation and marketing of aquatic resources (which activities must be licensed by MAFW) and quality control matters.
(ii) The Fishery Quality Control Regulation

The provisions of these regulations concerning fish and fishery products will apply to aquaculture projects in Oman. These regulations apply to all persons operating in the fields of preparation, processing, handling, storage, transportation or marketing of fishery products and require all such persons to be licensed by MAFW to conduct such activities. Licensed persons are also obliged to obtain a quality control certificate from MAFW, permitting them to sell, import or export fishery products and utilise specified transportation vehicles. The regulations impose very specific and detailed obligations with respect to all matters pertaining to these activities, with the objective of ensuring consumer protection, whether or not the products are to be consumed in Oman, exported or imported. MAFW regulates compliance with these obligations, and non-compliance may lead to suspension of the activity, or final revocation of the licence to conduct these activities and of the establishment’s quality control certificate.

Regulation of aquaculture projects - the licence to establish and operate a Project

The Aquaculture Regulations specifically govern the licensing of aquaculture projects in Oman. The Aquaculture Regulations provide that no aquaculture project may be established without a licence from MAFW (see also Section 5.)

Although the Aquaculture Regulations provide that the duration of a commercial aquaculture project may be 20 years, renewable, the duration of each licence is only one year, renewable. MAFW considers that this duration provides project investors with sufficient certainty of project continuity and longevity to justify the private sector investment which will be required to establish and operate the aquaculture project and permit a reasonable return on such investment. The owner of the licence will have the first option to renew the licence at the end of the 20 year period.

The Aquaculture Regulations provide MAFW with the right and duty to supervise licensed aquaculture projects and monitor their compliance with applicable provisions of Oman law. MAFW is granted the requisite powers of access and inspection to premises, processes and records to monitor and ensure such compliance.
The licence application process

The licence application is a two stage process. The applicant first submits an application for a provisional aquaculture licence ("PAL") on a standard form, as detailed in Section 5.

For the aquaculture projects, however, MAFW is likely to require additional details to be submitted at the initial licence application stage to expedite the licensing process.

MAFW then issues the PAL if it is satisfied as to the following matters:
• The financial sufficiency of the applicant to implement the project;
• That project implementation will not harm the interests of neighbouring craft fishermen, and the environment;
• That measures to avoid pollution will be adopted;
• That the project location will not interfere with marine navigation routes;
• That marine safety measures will be adopted;
• The project company’s experience and technical expertise (including CVs of the project company’s personnel); and
• Other matters applicable to a specific project.

The PAL licensee then has a maximum period of one year to obtain all of the other licences required to implement the project, and complete the feasibility study and Environmental Impact Assessment ("EIA"). If the feasibility study and associated documents are successfully submitted and approved by the MAFW, then the proposer will receive an operational aquaculture licence ("OAL") for developing the project.

Conditions for maintaining the operational aquaculture licence

MAFW will require the holder of an (OAL) complies fully with the following;
(i) comply with the “Better Management Practices for Omani Aquaculture” published by MAFW’s Aquaculture Centre (“AQC”).
(ii) secure and maintain current certification by an international aquaculture standards agency such as the Marine Stewardship Council (UK) or the Aquaculture Stewardship Council (Netherlands).
(iii) comply with environmental assessment and management practises outlined in GESAMP (2008) and
(iv) meet Omani company regulations and accounting practices.
Currently, a revised Fisheries Law together with revised Regulations are under review within the Government. It is anticipated that such revised legislation would deal specifically and in detail with aquaculture in a manner designed to facilitate the development of a viable and environmentally sustainable aquaculture industry.

However, if such revised legislation is not promulgated in time to constitute the statutory framework for the aquaculture projects, MAFW intends to licence the projects on a much more comprehensive basis. The project licences are therefore likely to contain detailed conditions with which the aquaculture project and its activities must comply as a condition of retaining the licence, including conditions specifically required because of, for example, the location of the Site and the nature of its surroundings, the particular technology being employed, the species being cultured, applicable best management practices and other matters specifically relevant to a particular project. The licence is likely to also include the Omanisation requirements applicable to the project, in view of the fact that one of the Government’s key objectives in expanding and developing its aquaculture sector is the provision of training and employment opportunities for Omani nationals.

Other relevant provisions of the Aquaculture Regulations

The Aquaculture Regulations also govern:
• The licensing of importation of fish for aquaculture purposes and their quarantining in accordance with MAFW requirements;
• Prohibition on culturing non-indigenous fish without a MAFW licence;
• Quality control of cultured fish;
• Regulation of feeds and fertilisers;
• The use of veterinary drugs in aquaculture;
• Regulation of harvesting measures; and
• The regulation of aquaculture product marketing.

Other Oman laws relevant to an aquaculture project

A list of other Oman laws (including with respect to protection of the environment) which are likely to be relevant to the aquaculture projects is set out in the Appendix to these Investment Guidelines.
**Other requisite Oman permits for an aquaculture project**

Several other licences are required to be obtained by a prospective developer and operator of an Oman aquaculture project, in addition to the aquaculture licence described in Section 5.

These additional licences will include an environmental permit issued by the Ministry of Environment and Climate Affairs (the obtaining of which requires the submission by the prospective developer of an EIA with respect to a project), and depending on the nature and location of the project, may also include permits or approvals of; e.g. the Ministry of Transport & Communications (for floating cages, in the context of any marine navigation issues), the Ministry of Regional Municipalities and Water Resources (for well permits), the Royal Oman Police (for Coastguard issues); MOH for land issues, and the relevant local committees representing local community interests.
5. GUIDELINES FOR THE DEVELOPMENT OF INVESTMENT PROPOSALS FOR AQUACULTURE PROJECTS IN OMAN

Developing and aquaculture proposal is not an easy exercise. As with any business proposal due diligence and research is required to ensure all aspects of the project are investigated, and that the proposer clearly demonstrates knowledge for the sector, and has a clear plan to construct, operate and manage the proposal. For MAFW to appreciate the proposal, and to be able to make informed decisions, the proposer will be required to submit documents and ideas in a rational manner as set out below.

5.1. The two-stage proposal process

Proposals for an aquaculture project in Oman will require submissions by potential investors to be made in two stages:

*Part one: An outline proposal*

An outline proposal will be required which contains the basic ideas, scope and rationale for the aquaculture development.

The outline proposal will be a simple document identifying:
- Location of Site;
- Type of aquaculture project (cages, ponds, recirculation system, etc.);
- Species to be cultured;
- Principle elements of project (hatchery, on-growing, processing, etc.);
- Brief marketing strategy for products;
- Principal shareholders;
- Overall cost of project;
- Basic economic assumptions; and
- Estimated staff requirements (specialist expatriates, Omanis).

The proposal should not exceed 10 pages in length, but should have sufficient detail for MAFW to be able to adequately assess the proposal for its suitability for aquaculture development in Oman.

MAFW will then set up a Site review and investor review which will include:
- A financial capability review of the investor to be able to implement the project;
- A written acceptance by the investor to allow follow up inspections at the project by MAFW staff or nominated personnel;
- A review as to potential negative impacts for local populations on or adjacent
to the proposed location, with particular reference to local fishing activities; and
• A review to ensure no adverse impacts are likely to affect natural conservation
  areas, mangroves, coral reefs or other special designated areas.

This proposal will receive an answer from MAFW within 3 months of its
submission. If the proposal is acceptable, then a provisional aquaculture licence
(“PAL”) will be granted, allowing the investor exclusive access to the Site for a
limited period of one year to prepare the full business plan and undertake the
EIA. No other potential investors can access the Site at the same time once a
PAL is granted.

Part two: The full feasibility study and business plan proposal including
an Environmental Impact Assessment

Investors will then have to prepare a full feasibility study which will include an
environmental impact assessment and base line survey. All of the information
will then be presented in the following format to MAFW for final approval:

Executive summary – outlines key points of the project including rationale,
biological, technical and financial highlights (max 6 pages).

Project location – this section specifically identifies the Site on which the
project will be based and will include: Name of the governess and exact location
of the project (latitude & longitude) with provisional required boundaries and
size of area which will be required for the usufruct (max 6 pages) – maps and
photographs to be contained in annexes.

Project overview – introduction to the project with key rationale (species,
aquaculture system, key project components, etc.) and how the project fits
into world aquaculture production and markets and the Omani economy with
potential benefits to Omani personnel (max 6 pages).

Investor overview – detailed background on the investor’s organisation,
financial strength, industry experience, key in-house personnel and their key
qualifications (max 4 pages) – full CVs can be attached in annexes.

Marketing – a detailed review of the products and markets the project will seek
to exploit including: world markets, specific markets, products and potential
returns. This should follow the 7 ‘P principles’ - Price, Product, Place, Promotion,
Packaging, Phasing and People (max 10 pages).
**Site overview** – complete and detailed review of potential Site with details of geography, geology, climatology, bathymetry, water quality and temperature, salinity profiles (as applicable), evaporation analysis, Site infrastructure, Site design and requirements, identification of land/water body requirements for usufruct and boundaries required. This data will require detailed maps, charts, Site survey plans and drawings of key elements including water intakes and discharge systems (max 8 pages text – maps and diagrams, Site layout submitted as annexes)

**Biological profile** - detailing the reasons for species selection and how this will fit into Omani aquaculture. The section will also provide a detailed analysis of seed supply (own hatchery or imports), feeding requirements and production, food conversion ratios (“FCRs”), growth rates and size at harvest, biological model which takes into account seasonality of the Site, stocking proposals including (stocking dates, size at stocking, stocking densities at different sizes, growth curves), management systems needed during production with key personnel required, proposals for health monitoring and pharmaceutical needs, potential disease problems and management mitigation measures and support needed from local authorities during production phases (max 10 pages – additional biological data can be submitted as an annex).

**Technical specifications** – this section will detail the systems that will be used for the project e.g. cages, recirculation system, hatchery, etc. and will include data on specific systems, suppliers, type and history of technology, other users of the systems and their experience with the technology, key elements of the systems with flow diagrams for operation and assessment of technical capability of staff needed to operate systems. Technology must be appropriate for operation in Oman and justification will be needed from the investor as to how the system will be maintained and operated in Oman (max 10 pages – detailed Site layout drawings and other technical specifications to be included in annexes).

**Environmental Impact Assessment** – a detailed EIA will be required for the project which will include a full base-line survey for the Site and areas that may be impacted by the projects operation. The EIA will also develop a model for likely impacts, a complete monitoring plan which can be undertaken internally and be monitored by an external agency, and have a management mitigation plan developed that could be instigated in event of environmental impacts occurring. A complete list of all chemicals, pharmaceuticals, and other substances for use on the project will be submitted with details of risks of use. The investor will also submit a risk assessment analysis for the operation of the project with a “what
if” scenario developed for a worst case position (often submitted as separate report and only summarised in the business proposal with key findings – max 10 pages).

**Specialist personnel and staffing requirements** – detailed proposals will be required for the specialist staff needed in the project with technical qualifications (degree levels, engineering qualifications, etc) number of staff, management and office staff and general workers. Details will also be required for the potential employment of Omanis, at what level Omanis will enter the project, training and localisation of project positions, wage structures, health and safety for all employees and health insurance and general insurance policies for the project (max 8 pages).

**Benefit analysis for Omani aquaculture and social impacts** – the investor will need to consider the potential positive and negative impacts of the proposed development in terms of the Omani aquaculture development as a whole, and the localised impacts of the development on the Site and existing population and clearly explain plans for employment and contributions to social conditions in the area which will accrue from the project’s activities (max 6 pages).

**Financial modelling** - the investor will provide a complete business plan which will include:

- Capital costs for initial capital purchases and renewal programme;
- Operational costs;
- Sales and revenue streams;
- Cash-flow forecast;
- Profit and loss statements;
- Balance sheet;
- Finance source model (shareholding and credit); and
- SWOT analysis and sensitivity analysis.

The financial section of the report will not exceed 10 pages and will model the first 10 years of the project from start-up, through construction into full production. Supporting information for the business plan can be submitted as annexes or at the specific request of MAFW however, the above approach is designed to provide a detailed yet concise proposal which details all aspects of the project in one document allowing swift decisions from the competent authorities.

**Milestones:** For MAFW to fully support the project, the project investor will be requested to develop a SMART Milestone list. SMART Milestones are: Specific, Measurable, Achievable, Realistic and Time Oriented. MAFW will use these
milestones to monitor the progress of the project to ensure valuable resources in terms of access to land, Sites, etc. are not wasted or blocked from other interested investors. It has been seen in other countries, interested investors will acquire Sites and then do nothing and this will not be allowed in Oman, hence the need for the potential investor to present milestones in the business plan for approval.

5.2 Assistance to Investors from MAFW

It is clear that for any interested investor, setting up an aquaculture project is complex. In Oman this is also the case, but due to the emphasis now being placed on aquaculture as an exciting sector for future development, MAFW has been tasked with a specific role to play in promoting aquaculture, and assisting potential investors.

Assistance can be available in the following forms:
• The “one-stop-shop” for contacting relevant Ministries to gain support and approval for an aquaculture project with MAFW acting as an active partner and go-between to ensure contacts and decisions are made from other Ministries with vested interests and official responsibilities;
• Copies of the currently applicable aquaculture regulations (which are summarised in the ‘Legal and Regulatory Framework’ (Section 4) of these Investment Guidelines);
• MAFW has compiled an Atlas of potential aquaculture Sites in Oman and this is freely available to assist potential investors in identifying regions/area suitable for aquaculture Sites;
• MAFW can supply detailed meteorological, climate, sea, bathymetric, and other historical data that will be required during a feasibility study;
• MAFW can also supply copies of the following documents: The UN FAO’s National Strategic Plan for Sustainable Aquaculture Development in the Sultanate of Oman; The UN FAO’s Review of the Current Situation of Aquaculture in Oman with particular reference to Food Safety and Environment; MAFW’s 2010 Fishery Statistics Book for Oman; Better Management Practices Guide for Omani Aquaculture; and GESAMP 2008 (FAO, UNIDO, et al) Assessment and Communication of Environmental Risks in Coastal Aquaculture;
• MAFW has acquired parcels of land suitable for aquaculture projects, especially projects that would contain a nucleus project e.g. hatchery and central on-growing systems, which could train and supply satellite local farmers;
• Technical assistance from the AQC and links to the Sultan Qaboos University for analysis of samples required for feasibility studies and EIAs;
• AQC can supply technicians for ongoing water sampling or other data collection
where data is required over a continuous 12 month period as part of an EIA, or project resource analysis;

- AQC can provide facilities for trialling experimental aquaculture technology, e.g. developing a breeding programme for juvenile supply which can then be expanded to commercial operations;
- AQC can also offer on-going technical support to a project and will be developing veterinary service capability for monitoring and treating disease issues;
- MAFW can provide letters of introduction or letters of support to service providers needed by the project;
- MAFW can act to secure the land/sea areas requested by the investors for an aquaculture project and protect the designated Site from third party interference;
- MAFW can arrange introductions and meetings with local populations that will be affected by the development of the project so that open communication lines are developed to ensure cooperation and benefits to local communities; and
- MAFW can provide specific letters to Omani Customs to ensure the swift and uncomplicated import of scientific or specialised equipment needed during the feasibility study or later project development is achieved.

5.3 The Process of Acquiring an Aquaculture Licence

The process of acquiring an OAL is different to the issuing of a PAL which is needed for undertaking design and feasibility study work. Only the possessor of an OAL may start work on construction of an aquaculture project and operate the project.

Documentation Required for an Operational Aquaculture Licence

The investor will be required to present the following documents to obtain approval for an aquaculture project and obtain the necessary OAL:

- Letter of Application addressed to the Chairman of the Aquaculture Committee;
- The full feasibility study;
- Environmental impact assessment; and
- Company registration documents.

On completion and submission of the feasibility study complete with letter of application and associated documents to MAFW, MAFW undertakes to process the feasibility study to the point where approval or rejection is given within 6 months of receipt. MAFW may extend this time if the feasibility study needs additional information, but the extension cannot exceed 3 months after the first
6 months, i.e., 9 months in total. If the investor requests additional time over the extended 3 months where additional studies are required however, the complete process must be completed in one year from the initial submission of the feasibility study to MAFW. If this cannot be undertaken, then MAFW reserves the right to discontinue the submission process, unless there are extenuating circumstances in which case MAFW may extend the process by a further 6 months only.

**The Operational Aquaculture Licence**

The OAL will be deemed to have a life of 20 years from the date that the OAL was granted, with the option for the owner of the OAL to renew the licence for an additional 20 year period on the expiry of the original licence.

The maintaining of an OAL will be dependent on the holder of the licence fulfilling the obligations for the project by:

- Meeting the milestones of the project;
- Continuing to operate the project area for aquaculture and related operations only, per the terms of the usufruct;
- Continuing to maintain standards of operation that do not contaminate or degrade the environment;
- Continuing to work with and assist local communities in a manner which does not degrade or devalue local living conditions;
- Continuing to allow random inspections by MAFW personnel or other persons specifically nominated by MAFW to ensure compliance of standards;
- Maintaining all reporting requirements for future evaluation or inspection by MAFW personnel or MAFW nominated personnel;
- Meeting all contractual obligations to Omani authorities in relation to normal business practices expected in Oman; and
- Meeting all contractual obligations to local and international credit organisations who have vested interests in the project.

MAFW will have the authority to revoke an OAL if the holder does not meet the above conditions. When the holder of the OAL is in breach of the conditions, the holder will have a period of one year to rectify the breach and ensure the project and the project’s operations meet the requirements of the OAL.

Failure to rectify the situation will allow MAFW to rescind the OAL and close the project, or offer the project to a new investor who is willing to take over the project and operate the project in compliance with the OAL conditions. MAFW will be able to offer the Site and the existing infrastructure to another aquaculture investor. A
fair valuation of the projects assets will be made by an independent auditor and the incoming investor will then pay the agreed valuation for the structures and stocks, etc. The incoming investor will also need to complete a detailed business plan which satisfies MAFW’s needs to ensure the future viability and environmental and economic sustainability of the project, and the new plans must contain SMART Milestones for future target monitoring.

5.4 Aquaculture Licence Fees

As part of Oman’s commitment and support for aquaculture development aquaculture licence fees will be at the minimum level. There are two bands for licence fees:

OAL Fees:

- Omani fishermen and small stakeholders with a production of up to 100 tons of finfish per annum: OMR 10; and
- Larger Omani companies and international investors: OMR 1000.

Annual Fees:

When the project enters production or 3 years after the OAL has been granted, the annual fees will be:

- Omani fishermen and small stakeholders with a production of up to 100 tons of finfish per annum OMR 50; and
- Larger Omani companies and international investors 1% of “farm gate” sale value.

The above fees will be reviewed periodically by MAFW.
6. CONTACT DETAILS

Potential investors and developers are kindly invited to register their interest in contributing to the development of Oman’s aquaculture industry and obtain more information from the website www.mofw.gov.om or by contacting the following:

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APPENDIX

Other Laws and Regulations Relevant to the Establishment and Operation of Aquaculture Projects and Related Activities – Needs to be completed with respect to company law, employment law, other legislation for operating a business in Oman

- MD 187-2001, Regulation on Issuance of Environmental Approvals and the Final Environmental Permit, provides details on the process of obtaining required environmental permits.
- MD 29-2004, Specifications for Vehicles Transporting Live Marine Creatures (and its amendments), providing details of the minimum standards and technical requirements to which vehicles transporting fisheries must adhere, as part of quality control.
- MD 39-2004, Licences for Management of Marine Environment, regulating sinking, liquid transportation between marine installations and diving activities, in terms of licensing, fees and marine environmental protection.
- MD 145-93, Regulations for Wastewater Reuse and Discharge, governing the rules for the discharge to the environment of any waste water or sludge in whatever form or condition.
- MD 159-2005, Regulations Concerning the Discharge of Liquid Waste in the Marine Environment, regulating the discharge of any liquid containing environmental pollutants into the marine environment from land or sea sources.
- RD 115-2002, Law on Protection of Sources of Potable Water from Pollution, defining measures for maintaining safety and natural balance of potable water including surface and ground water, and controlling water pollution levels.
- MD 17-93, Regulations for the Management of Solid Non-Hazardous Waste, governing the disposal of any solid material or semi solid which does not have any danger to the environment or to the human health, arising locally within the Sultanate boundaries.
- RD 34-74, the Monitoring of Marine Pollution Law, specifying measures for the protection and conservation of the marine environment and controlling pollution levels.
- RD 81-84, Regulations concerning the distribution of land for agricultural, commercial and industrial purposes, regulating the conditions and the process for granting land for agricultural, commercial and industrial usage.
- RD 5/81, Regulating the Usufruct of Land in the Sultanate of Oman, and its amendments, defining the Government’s authority to grant usufruct rights in land.
- RD 88/82, the Implementing Regulation for the Law of Usufruct of Land, defining the conditions and process of granting usufruct rights in land.
- RD 46-95, Regulations on the handling and use of chemicals, defining legal, health and safety requirements for the handling of chemicals.
- MD 209-95, Specifying the penalties for business and industrial establishments not complying with conditions on an environmental permit, providing details of the penalties for businesses failing to fulfil the conditions stipulated in their environmental permits.
- MD 248-97, Regulations of the issuance of permits and handling of chemical substances, governing the process of issuing permits for chemical handling, and stipulating conditions to avoid any potential hazard resulting from such handling.
- RD 83-2008, Prerogatives of Ministry of Fisheries and its Organisational Structure, defining the Ministry’s competencies and prerogatives in addition to its organisational structure.