



The Business Environment in the Sultanate of Oman, Between Competition Legislation and Implementation Challenges

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As the Sultanate of Oman moves towards diversifying sources of income and developing the structure of its economy and society, ⁽¹⁾Oman Vision 2040 seeks to gradually reduce dependence on oil and build a productive and sustainable economy based on competitiveness and fairness that extends to future generations.

From this perspective, the importance of establishing a fair business environment becomes evident, one that enables all enterprises, particularly small and medium-sized ones, to continue, grow, and compete freely. Such an environment reinforces market structures and ensures competitive equity.

Within this context, legislation plays a vital role in enacting effective laws that promote market freedom and safeguard fair competition through legal frameworks founded on independent oversight and flexible interaction with digital transformation. These frameworks support the pillars of the national strategy and contribute to improving Oman's ranking in international indices and its attractiveness to foreign investment, aligning with the country's aspirations to build a modern, knowledge-based, and sustainable economy.

Competition Legislation as a Legal Framework for Equal Opportunity

Oman is moving toward building a competitive and diversified economy. The Competition Protection and Monopoly Prevention Law, issued in 2014, represents a pivotal legislative instrument to ensure transparency and equal opportunities in the marketplace.



The law entrusted the Competition Protection and Monopoly Prevention Center, in coordination with entities concerned with the Consumer Protection Law, with issuing executive regulations related to defining market shares and sales volumes as key standards for filing notifications on mergers and acquisitions that may affect market structure.⁽²⁾

These regulations were partially implemented by the Department of Competition and Monopoly Prevention during the period when the Public Authority for Consumer Protection supervised the competition file. This led to a regulatory gap in controlling economic concentration operations, a gap that persisted until the issuance of Royal Decree No. 2/2018, which established a specialized and independent body, the Competition Protection and Monopoly Prevention Center, granting it full authority to implement the law and oversee its practical application.

The Competition Protection and Monopoly Prevention Law, A Modern Legislative Vision

The Center was established under Royal Decree No. 2/2018, which replaced the term “Authority” in the original Competition Protection and Monopoly Prevention Law No. 67/2014 with “Center”, designating it as the competent body to apply the provisions of the law and monitor any practices that violate competition principles.

According to Article (4), Chapter Two of Royal Decree No. 2/2018, the Center aims “to ensure the realization and application of the rules of free competition, to raise awareness about them, and to consolidate the principles of competition protection and monopoly prevention for the benefit of the national economy and the consumer.”

Article (1) defines the Center as responsible for protecting competition and preventing monopolistic practices, while Article (2) states that the law seeks “to regulate the freedom of engaging in economic activity and establish the principle of market rules and price freedom, provided this does not restrict, prevent, or harm free competition.”



Articles (8) and (9) of the law prohibit any agreements or arrangements, whether written or oral, that aim to monopolize goods, restrict market freedom, or divide markets geographically, temporally, or by customer type.

In this context, the Center monitors and investigates such practices through its officials who possess judicial enforcement powers, granting them the right to enter establishments and examine relevant records and documents.

Under Article (10), any party with a dominant market position is prohibited from abusing that position by unlawfully lowering prices, imposing restrictive conditions on clients, or obstructing new competitors' entry. By law, the Center is the sole authority empowered to monitor and control such practices.

The law also allows any person to submit a complaint to the Center concerning any agreement or practice suspected of violating the law (Article 17). Appeals against the Center's decisions may be filed within the prescribed legal period. The Omani legislator grants the Center the authority to impose administrative fines of up to OMR 5,000, which may be doubled in cases of repetition, in addition to daily fines for

ongoing violations (Article 25). The Chairman or his delegate may refer violations to the Public Prosecution (Article 26) to initiate legal action.

The Center is also responsible for combating dumping practices that harm Omani products and business owners, as well as enforcing preventive measures that grant local companies a fair competitive advantage.

Beyond its supervisory role, the Center plays a key part in enhancing the investment environment and protecting consumers by fostering a balanced market that prevents price manipulation or monopolistic behavior, ensuring equal opportunities for all economic actors, particularly small and medium enterprises. The existence of an independent and specialized entity concerned with competition also strengthens both local and foreign investors' confidence in the Omani market.



In parallel, the year 2024 witnessed updates to Oman's legislative framework aimed at developing regulatory systems in line with international standards of competitive fairness and practical law enforcement. This development coincides with a noticeable decline in non-transparent market practices, which dropped to 14 cases in 2024, reflecting the country's commitment to promoting transparency and consolidating the principles of fair competition.

Intellectual Property, Between Protection and Monopoly

Intellectual property in Oman enjoys legal protection primarily designed to foster innovation and economic growth, while ensuring that such protection does not become a monopolistic tool that harms competition or restricts market entry for new players. Misuse of intellectual property rights can turn protection into exclusion, contrary to the principles of fair competition.

Article (3) of the Competition Protection and Monopoly Prevention Law stipulates that the law applies to the misuse of intellectual property rights when such misuse results in anti-competitive effects. This clarification is crucial to prevent legal protection from becoming a mechanism of economic exclusion, necessitating effective oversight that balances protection and economic freedom.

Patents, for example, may be used to exclude potential competitors not to protect innovation but by imposing excessive licensing fees or filing repeated complaints to obstruct alternative production methods.

Some companies also engage in registering trademarks for purely expansionary purposes aimed at blocking new entrants, without any genuine intent of commercial use or introducing a new product.

Protecting competition therefore requires achieving a delicate balance, innovation rights must be respected and safeguarded, yet they must not evolve into tools that obstruct market freedom or limit economic diversity. Hence, legal oversight of intellectual property usage is an integral part of the fair competition protection framework.

The Executive Regulations of the Competition Protection and Monopoly Prevention Law, issued in 2021, underscored this point by strengthening the Center's authority to examine cases involving the improper use of intellectual property rights that distort market rules.



Strengthening Institutional Coordination, Toward Effective Mechanisms for Addressing Implementation Challenges

Despite existing coordination efforts, the Center still lacks binding institutional mechanisms for cooperation with other relevant entities such as the Consumer Protection Authority, the Telecommunications Regulatory Authority, and sectoral regulators overseeing markets like energy, transport, and insurance. Coordination and role complementarity can be enhanced through:

- Establishing a joint coordination unit within the Center to manage relationships with other entities under a clear, task-based framework.
- Developing a unified digital system for secure, periodic data exchange and early detection of potential anti-competitive practices between the Center and its partner agencies.

Despite ongoing media publications, social media engagement, and awareness campaigns by the Center, one of the most significant challenges limiting its effectiveness remains the lack of legal and institutional awareness among a wide segment of consumers and entrepreneurs regarding the Center's existence, its mandate, and how to benefit from its services or submit complaints related to anti-competitive practices. This can be observed through:

- Entrepreneurs' reluctance to file formal complaints out of concern about competitors' influence.
 - A portion of complaints being dismissed upon review for not meeting the investigative or evidentiary requirements stipulated in the law.
 - Article (17) of the law encouraging citizens to report prohibited practices. The Center receives such complaints through the government platform Tajawob for proposals and complaints, as well as via referrals from relevant entities or official correspondence from stakeholders.
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Competition in Public Tenders, Toward Transparency and Equal Opportunity

Under Articles (9) and (10) of the Competition Protection and Monopoly Prevention Law, bid-rigging and practices restricting market entry are explicit violations of the law. Therefore, public procurement processes must be subject to competitive oversight to ensure equal opportunity among bidders and enhance private sector confidence, particularly among small and medium enterprises. The Competition Protection and Monopoly Prevention Center plays a vital role in coordinating with entities responsible for regulating and managing government tenders to prevent collusion and unlawful agreements that undermine market fairness.

The Tender Law, issued under Royal Decree No. 36/2008, provides an integrated framework for managing tenders and procurements. Article (4) of the Tender Law stipulates that all public, limited, negotiated, and competition-based tenders shall be governed by the principles of publicity, equal opportunity, equality, and freedom of competition.

To facilitate this, the Digital Transformation Program was launched in 2008, introducing the digital transformation of government tenders and procurements through the Etimad eTendering Platform [<https://etendering.tenderboard.gov.om>], officially inaugurated in 2013. The platform ensures that government tenders and procurements are implemented through sound planning, execution, monitoring, and evaluation practices.

Tenders and procurements are announced and awarded through this platform, allowing all registered companies to participate transparently. Companies can access tender documents, submit bids, and review tender data openly. The Authority of Public Services Regulation and Procurement (formerly Tenders, Projects, and Local Content Authority) plays a vital role in ensuring transparency by monitoring entities' adherence to open procedures, conducting training courses, and providing continuous support to improve capabilities in managing public tenders and procurement.



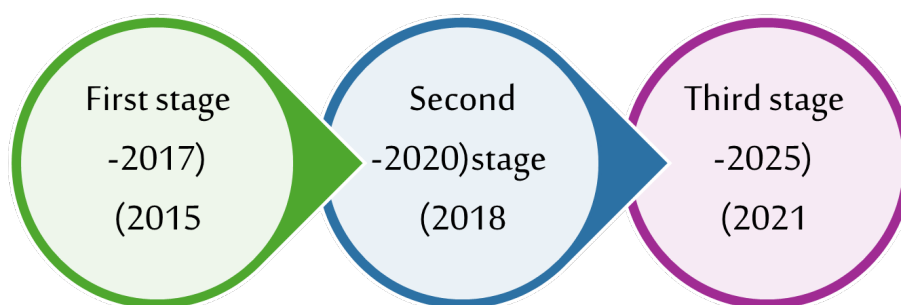
In addition to the above, the Center's performance must evolve by engaging more closely with the socio-economic environment influencing market dynamics and competitive quality. To advance this approach, several mechanisms can be developed:

- Increasing the number of field workshops targeting the private sector to explain the law's provisions and complaint procedures on an annual, sustainable basis.
- Integrating the concept of competition into entrepreneurship programs and academic curricula in law and economics faculties.
- Organizing an annual domestic conference dedicated to discussing issues of competition and monopoly.

Competitiveness Indicators, Assessing National Performance (2015–2025)

Over the past decade, Oman's competitiveness performance index has shown notable improvement, marked by a decline in harmful business practices and progress in indicators related to competition protection, monopoly prevention, and public awareness of the importance of reporting violations. This progress has paralleled enhancements in the legislative framework that improved the business environment, particularly through the establishment of a specialized center that intensified oversight of commercial practices.

This development can be illustrated in three key stages:





Competitiveness Indicators, Phased Development of National Performance (2015–2025)

The first stage (2015–2017) can be described as a foundation phase, during which the Sultanate recorded a modest performance index that did not exceed 59 percent, particularly due to the absence of an executive institutional framework prior to the establishment of the Competition Protection and Monopoly Prevention Center in 2018.

The second stage (2018–2020) represents the phase of legislative formation and the development of legal principles, especially following the issuance of Royal Decree No. 2/2018 establishing the Competition Protection and Monopoly Prevention Center. This had a direct impact on performance, as indicators showed gradual improvement, reaching 65 percent, further supported by the issuance of the Executive Regulations of the Competition Protection and Monopoly Prevention Law in 2021.

The third stage (2021–2025) marks the phase of implementation and enforcement of policies, including conducting market studies for early detection and addressing gaps in the business environment. This has been achieved through the adoption of artificial intelligence tools, improved access to data, and proactive monitoring, all of which contributed to the continued improvement of performance indicators.

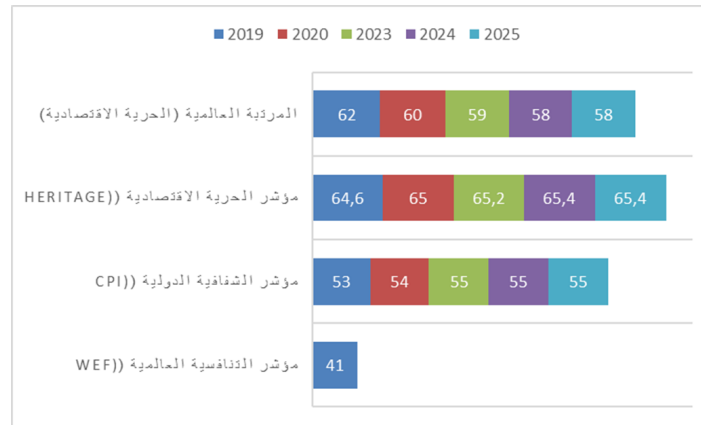
From the above, the components of progress and improvement can be measured through the following indicators:

- The strength of legislation and enhancement of the business environment
- The independence of the competent institution and its possession of legal

enforcement power, The digitization of processes and their alignment with modern developments.



Competitiveness Indicators, Phased Development of National Performance (2015–2025)



Source: Aggregated data from online platforms

The Impact of Strengthening Competitiveness on the Business and Investment Environment

The cumulative reforms to improve the business environment and enhance fair competition have had a significant impact, progressing through stages that included governance development, reinforcement of legislative and regulatory frameworks, and improvement in market and investment climate indicators. These efforts contributed to attracting foreign direct investment, which reached OMR 5.2 billion in the first quarter of this year, compared to OMR 4.1 billion in the same period of the previous year.

Achieving these results reflects the outcome of institutional efforts supported by effective law enforcement and balanced market mechanisms that helped regulate prices and prevent collusion among suppliers in certain sectors, such as telecommunications and food products. This implementation aligns with Oman Vision 2040, which places fair competition at the heart of the Sultanate's success in areas such as digital transformation, investment attraction, and the development of a knowledge-based economy.

A key dimension of the practical impact on the business environment lies in the focus on developing small and medium enterprises (SMEs), which benefit from government-provided incentives and facilities, in addition to training and qualification programs.



Strengthening Small and Medium Enterprises

Within the framework of economic diversification pursued by the Sultanate of Oman, policies supporting local content have gained increasing importance, particularly in productive and service sectors with a strong presence of large corporations.

Competition protection plays a decisive role in creating opportunities for SMEs to participate in the market by limiting the dominance of major companies over supply chains and large contracts, ensuring fair opportunities for local products to grow and maximizing the utilization of national capabilities in manufacturing, services, and value-added chains.

The philosophy of enhancing local content is based on three core pillars:

- Empowering local enterprises and the national workforce,
- Promoting research, development, and innovation within corporate operations,
- Investing in communities and strengthening social impact.

These pillars are closely linked to Oman Vision 2040, which aims to build a diversified and competitive national economy led by the private sector and supported by skilled Omani talent. This support falls within a comprehensive national approach that focuses on empowering SMEs, localizing supply chains, and stimulating industrial innovation to enhance the added value of local products and services.

Empowering Small and Medium Enterprises

As part of Oman's economic diversification agenda, SMEs play a central role in driving growth and enhancing market competitiveness. Through a series of policies and initiatives adopted by the Sultanate of Oman, these enterprises have been empowered to expand, increase their contribution to value creation, and integrate into national supply chains, in alignment with the objectives of Oman Vision 2040.

The core efforts include:

- Empowering Omani talent through skills development, training, and an enabling legislative and regulatory business environment,
 - Encouraging research, development, and innovation to deliver high-quality products and services with competitive advantages,
 - Supporting the integration of SMEs into national supply chains and major projects to ensure sustainable participation,
 - Enhancing local investments and community partnerships to maximize economic and social impact.
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In the Global Innovation Index 2024 issued by the World Intellectual Property Organization (WIPO), the Sultanate of Oman ranked 74th out of 133 participating economies. It performed better in Innovation Inputs, ranking 59th, compared to 86th in Innovation Outputs. This improvement reflects a tangible positive transformation in the national business environment, as also supported by indicators from the Doing Business 2020 Report, in which Oman ranked 70th out of about 190 economies in the Ease of Doing Business Index, with a particularly strong performance in the Paying Taxes indicator, where it ranked 11th globally. These results demonstrate the Sultanate's commitment to creating a business environment conducive to national enterprises and strengthening their competitiveness internationally.

Between Legislation and Implementation, Toward a Fair and Stimulating Business Environment

In light of the above, the process of modernizing and developing the business environment for SMEs in Oman is progressing steadily in line with Oman Vision 2040, despite the challenges inherent to the business climate. Nonetheless, it remains essential to keep pace with global economic transformations and drivers of change, as well as the challenges of fair competition in light of advances driven by artificial intelligence applications. This calls for greater openness to the knowledge economy and learning from international experiences that have achieved significant progress in this field, such as the Japanese and Chinese models, to further develop market indicators and promote transparency and accountability.

The development of institutions and enterprises depends on overcoming structural challenges faced by these entities, including limited financing, barriers to market access, and insufficient capacity building. Therefore, development should not be confined to improving legislative and legal frameworks but should also encompass more integrated and holistic public policies, including support programs focused on enhancing human and institutional skills and competencies, not merely legal structures.

While legislation has provided the frameworks, effective implementation requires broad partnerships between the state and the private sector, as well as stronger coordination among funding and regulatory bodies, to create an environment that fosters innovation, supports entrepreneurship, and promotes sustainable, inclusive growth. The challenge today is no longer only to enact the necessary regulatory legislation but to make it a living instrument that drives the market forward and opens horizons for a new generation of entrepreneurs capable of leading Oman's economy into the future.



- 1 The initiative focuses on four key pillars: People and Society, Economy and Development, Governance and Institutional Performance, and Sustainable Environment. For more details, visit <https://www.oman2040.om/>
- 2 New competition regular set up in Oman,
https://www.amjoman.com/new-competition-regulator-set-up-in-oman/?utm_source=chatgpt.com
- 3 Article (2) of the Competition Protection and Monopoly Prevention Law (2018):
https://oman.om/docs/default-source/default-document-library/%D9%82%D8%A7%D9%86%D9%88%D9%86-%D8%AD%D9%85%D8%A7%D9%8A%D8%A9-%D8%A7%D9%84%D9%85%D9%86%D8%A7%D9%81%D8%B3%D8%A9-%D9%88%D9%85%D9%86%D8%B9-%D8%A7%D9%84%D8%A7%D8%AD%D8%AA%D9%83%D8%A7%D8%B1.pdf?sfvrsn=9cac90cf_0#:~:text=%EF%BA%91%EF%BB%8C%D8%AF%20%D8%A7%EF%BB%BB%D8%B7%EF%BB%BC%D8%B9%20%EF%BB%8B%EF%BB%A0%EF%BB%B0%20%D8%A7%EF%BB%9F%EF%BB%A7%D8%B8%EF%BA%8E%D9%85%20%D8%A7%EF%BB%B7%EF%BA%B3%EF%BA%8E%EF%BA%B3%EF%BB%B2,%EF%BB%8B%EF%BB%A0%EF%BB%B0%20%EF%BB%A3%EF%BA%8E%20%EF%BA%97%EF%BB%98%EF%BA%97%EF%BA%BF%EF%AF%BE%EF%AE%AB%20%D8%A7%EF%BB%9F%EF%BB%A3%EF%BA%BB%EF%BB%A0%EF%BA%A3%EF%BA%94%20%D8%A7%EF%BB%9F%EF%BB%8C%EF%BA%8E%EF%BB%A3%EF%BA%94
- 4 Articles 8, 9 of the same reference
- 5 Article (10) of the same reference
- 6 Oman strengthens competition laws, cuts harmful business practices, March /15/ 2025.
https://www.thearabianstories.com/10/٣/٢٠٢٥/oman-strengthens-competition-laws-cuts-harmful-business-practices/?utm_source=chatgpt.com
- 7 Article (3) of the Competition Protection and Monopoly Prevention Law (2018):
- 8 Ministry of Commerce, Industry and Investment Promotion:
Ministerial Decision No. 18/2021 issuing the Executive Regulations of the Competition Protection and Monopoly Prevention Law, dated 25 January 2021. <https://qanoon.om/p/2021/mociip20210018/>
- 9 10 Article (4) of the Tender Law and its Executive Regulations, p. 10:
All public, limited, negotiated, and competition-based tenders shall be subject to the principles of publicity, equal opportunity, equality, and freedom of competition.
<https://etendering.tenderboard.gov.om/product/Live/GeneralDocFiles/TenderLaw.pdf>
- 11 The Sultanate of Oman Strengthens Competition Protection and Anti-Monopoly Measures to Achieve Economic Stability, 15 March 2025. <https://www.omandaily.om/الاقتصادية/na/اقتصادى-استقرار-لتحقيق-الاحتكار-ومكافحة-المنافسة-وعمان-تعزز-حماية-المنافسة>
- 12 Foreign Investments in Oman Exceed USD 80 Billion by the End of the First Quarter, 21 July 2025.
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