Sultanate of Oman
Ministry of Transport & Communications

ICT POLICY REVIEW AND E-COMMERCE STRATEGY DEVELOPMENT FOR OMAN

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Table of contents

Figures

Tables

Boxes

EXCUTIVE SUMMARY

Electronic commerce, the process where products are ordered over electronic networks, offers countries opportunities for inclusive economic growth. With technological innovations playing a catalytic role in driving the economy, and the rapid uptake of Information and Communication Technologies (ICTs) in more countries, e-commerce is increasingly becoming an imperative for economic growth and competitiveness.

E-commerce provides opportunities for consumers, businesses and governments to purchase and sell products online. The most common modes are Business to Consumer (B2C), Business-to-Business (B2B) and Consumer-to-Consumer (C2C). The public sector is increasingly an actor in e-commerce through paid services it offers consumers and businesses (G2C and G2B) and products and services it purchases from businesses (B2G).

E-commerce benefits enterprises through enhanced participation in international value chains, increased market access and reach, and improved business processes, as well as lower transaction costs. For consumers, online shopping allows for comparisons of prices and features of a wide range of products. It also allows consumers to shop at times convenient to them and to have products delivered to their homes or other convenient locations.

E-commerce also has a strong link to the entrepreneurial innovation ecosystem. Many aspiring tech entrepreneurs develop products related to e-commerce. A vibrant e-commerce sector is vital for reinforcing the tech ecosystem. Otherwise developing nations run the risk of tech entrepreneurs moving to other countries where the environment is more conducive for their products to develop and scale.

Oman, along with other countries in the Gulf, has lagged in the e-commerce revolution. While the underlying fundamentals for successful e-commerce are strong in the region—relatively high Internet penetration and incomes—online shopping is low. The time therefore appears ripe for the Sultanate of Oman to seize the opportunity to reap the opportunities available through e-commerce. The level of e-commerce in the Sultanate is significantly below where it should be given the degree of Internet usage, payment instrument penetration and per capita income. Ample scope exists to boost e-commerce with consequent downstream impacts on the financial, transport, warehousing, and IT industries, increasing diversification of the economy and helping to reduce the country's traditional reliance on oil. Though a relatively small market, Oman also has tremendous potential for e-commerce due to its strategic location. As the first point of entry on the Arabian Sea on shipping lanes from Asia, Oman is an ideal fulfilment point for cross-border e-commerce to other Gulf nations as well as East Africa.

This national e-commerce strategy is an initiative arising from the National Program for Enhancing Economic Diversification (*Tanfeedh*). The strategy has been informed by desk research and analysis and interviews with key organizations including government agencies, e-commerce merchants, banks and payment providers, telecommunication operators and academics. Stakeholders provided input to the goals and measures in a workshop and the National E-commerce Team[1] was briefed. The strategy has been guided by UNCTAD's framework for boosting e-commerce with a focus on the key enabling areas: ICT infrastructure and services, transport and logistics, e-procurement, payments, legal and regulatory framework, sills and awareness, and business facilitation.

The strategy has been informed by desk research and analysis; fact-finding missions to Oman, involving interviews with key organizations including government agencies, e-commerce merchants, banks and payment providers, telecommunication operators and academics. A stakeholder workshop and briefing for the national e-commerce committee were also carried out. The strategy has been guided by

[1] The National E-Commerce Team was established in October 2017 and is composed of the Ministry of Transport and Communications, the Ministry of Commerce and Industry, the Supreme Council of Planning, the Telecommunications Regulatory Authority, the Central Bank of Oman, the Information Technology Authority, Omani Customs, and the Oman Logistics Centre (Asyad).

UNCTAD's framework for boosting the e-commerce sector with a focus on the key enabling areas that form part of the ecosystem.

The strategy aims to reduce weaknesses inhibiting e-commerce development in the country. Its overall vision is that:

By 2025, Oman is a regional hub for e-commerce with a flourishing national e-commerce industry.

Overarching goals of the strategy for 2025 include:

- Boosting the use of online shopping to 60% of the 15+ population
- Creating over 8,000 jobs in online shops
- Raising the contribution of B2C e-commerce to 3% of non-oil GDP valued at OMR 800m

To achieve these goals, several measures have been proposed. Foremost is the creation of an e-commerce park providing all needed services for e-commerce companies within a free-zone. Measures for the ICT sector include enhancing access, lowering prices, improving quality and providing advanced business services equivalent to other countries in the region. Key measures for the logistics sector include accelerating the geocoding project to facilitate home and business parcel delivery and developing e-commerce fulfilment facilities at existing free zones. While Oman has most of the key enabling laws for e-commerce in place, some need revision and the Consumer Protection Law needs to be updated to include e-commerce to raise trust among the public. A national e-procurement portal is needed for the development of B2B e-commerce. Skills and awareness need to be enhanced including e-commerce training for small enterprises and the public. Regarding business facilitation, there is a need for e-commerce financing, an online directory of e-commerce support services and the creation of an e-commerce association. An innovative payment environment needs to be fostered that facilitates online payment.

The strategy calls for the creation of an e-commerce steering committee composed of public and private stakeholders to implement the strategy. It also identifies a list of key indicators for monitoring and evaluation the strategy on an annual basis.

1. INTRODUCTION

1.1 E-commerce for development

Electronic commerce, the process where products are ordered over electronic networks, offers countries opportunities for inclusive economic growth.[2] With technological innovations playing a catalytic role in driving the economy, and the rapid uptake of Information and Communication Technologies (ICTs) in more countries, e-commerce is increasingly becoming an imperative for economic growth and competitiveness.

E-commerce is part of the global digitalization trend, enabled by the Internet that is disrupting traditional industries and transforming economies. Though the pace of change triggered by digitalization varies across countries, the globalized nature of the Internet means that no nation is immune. Countries that successful adapt to this digital transformation will be better able to leverage the benefits and minimize the threats.

The opportunities and benefits of e-commerce

E-commerce provides opportunities for consumers, businesses and governments to purchase and sell products online. The most common modes are Business to Consumer (B2C), Business-to-Business (B2B) and Consumer-to-Consumer (C2C). The public sector is increasingly an actor in e-commerce through paid services it offers consumers and businesses (G2C and G2B) and products and services it purchases from businesses (B2G).

E-commerce benefits enterprises through enhanced participation in international supply chains, increased market access and reach, and improved business processes, as well as lower transaction costs. For consumers, online shopping allows for comparisons of prices and features of a wide range of products. It also allows consumers to shop at times convenient to them and to have products delivered to their homes or other convenient locations.

E-commerce has significant benefits for Micro, Small and Medium Enterprises (MSMEs) such as expanding of their potential customer base, allowing them to participate in national and international supply chains and lowering costs of their production inputs. This is critical given that small businesses constitute the bulk of enterprises in all economies. This is particularly relevant in Oman where SMEs constitute 90% of all enterprises and account for 40% per cent of employment while their contribution to Gross Domestic Product (GDP) ranges between 15 and 20 per cent.[3] In developed markets, the SME workforce ranges between 50-60 per cent and the average GDP contribution from this segment is 50-55 per cent. Hence, there is the potential for growth of the SME sector in Oman. Enabling this growth would provide new opportunities for employment for citizens as the company diversifies away from the oil and gas sectors and reduces its dependency on employment in the public sector.

The fit between e-commerce and MSMEs is reflected in data from the European Union (EU) showing that enterprises engaged in pure online retail sales are small with an average size of less than three employees.[4] The potential for international trade facilitated with e-commerce: eBay finds that almost all SMEs sell internationally over its platform compared to less than twenty per cent in traditional businesses.[5]

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[2] See the OECD definition of e-commerce at: https://stats.oecd.org/glossary/detail.asp?ID=4721

[3] "SME sector's growth in Oman." *Oman Economic Review*, 21 November 2015. http://oeronline.com/special-reports/sme-oman/sme-sectors-growth-in-oman.html

[4] Michael Minges. "Measuring the creation of value in the digital economy." Brainstorming meeting for Information Economy Report 2019. Geneva, 31 May – 1 June 2018.

[5] eBay. 2016. *Small Online Business Growth Report: Towards an Inclusive Global Economy.* https://www.ebaymainstreet.com/sites/default/files/ebay_global-report_2016-4_0.pdf

Microenterprises, in particular those owned by women, or located in rural areas are leveraging e-commerce to increase income. Examples include Malaysia where there were 5,510 women-owned establishments engaged in e-commerce in 2015, earning online revenue of RM 6.6 (US$ 1.7) billion.[6] The potential for e-commerce to generate opportunities for women is particularly relevant in Oman where university educated females constituted one third of the job seekers in September 2017.[7] In China, there are over 1,000 villages on the Taobao e-commerce platform generating revenue of over RMB 10 (US$ 1.5) million each.[8] This is relevant for Oman where over a fifth of the population resides in rural areas.[9]

E-commerce generates economic activity and innovation across several domains to which it is closely linked such as marketplace platforms, logistics and payments. Thus, e-commerce drives downstream employment across supporting sectors and offers a stage for innovation. In the area of platforms, innovative apps leverage the locational and payment functionality of smartphones to provide not only online purchase of goods but also services such as ride hailing, accommodations and food ordering. Online shopping has had a strong impact on innovation in payments. Mobile money and digital wallets and other innovations have widened the base of potential shoppers in developing nations. In the area of logistics, growing e-commerce has triggered the use of GPS, tracking and self-printing labels and postage to enhance delivery and shipments while several large e-commerce companies are testing drones to transport high value, low weight goods. In the area of fulfilment, inventory management automation is increasingly big data driven and the adoption of robotics for picking and packing is increasing.

E-commerce also has a strong link to the entrepreneurial innovation ecosystem. Many aspiring tech entrepreneurs develop products related to e-commerce. In Thailand, over a fifth of start-ups are involved in e-commerce and a notable proportion are involved in related areas such as financial technology.[10] A vibrant e-commerce sector is vital for reinforcing the tech ecosystem. Otherwise developing nations run the risk of tech entrepreneurs moving to other countries where the environment is more conducive for their products to develop and scale.[11]

E-commerce creates employment opportunities across many occupations. In addition to jobs in fulfilment and delivery, there is a need for digital marketers, product content writers, photographers, and customer service agents. Professional services such as lawyers, accountants and intellectual property agents are also needed. In China, Alibaba estimates that its e-commerce platform has created

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[6] Department of Statistics, Malaysia. 2017. *Usage of ICT by Businesses and e-Commerce.* https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=427&bul_id=Z3d0cXF3Q051T3BTeEp0UElIUlkvQT09&menu_id=b0piV1E3RW40VWRTUkZocEhyZ1pLUT09

[7] SCSI. February 2018. *Monthly Statistical Bulletin.* p. 23. https://www.ncsi.gov.om/Elibrary/Pages/LibraryContentDetails.aspx?ItemID=ELG0xsTs0fnFxHEevanFEg%3D%3D

[8] AliResearch. 2017. *E-commerce and inclusive growth in China.* http://unctad.org/meetings/en/Contribution/dtl_eWeek2017c11-aliresearch_en.pdf

[9] https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=OM

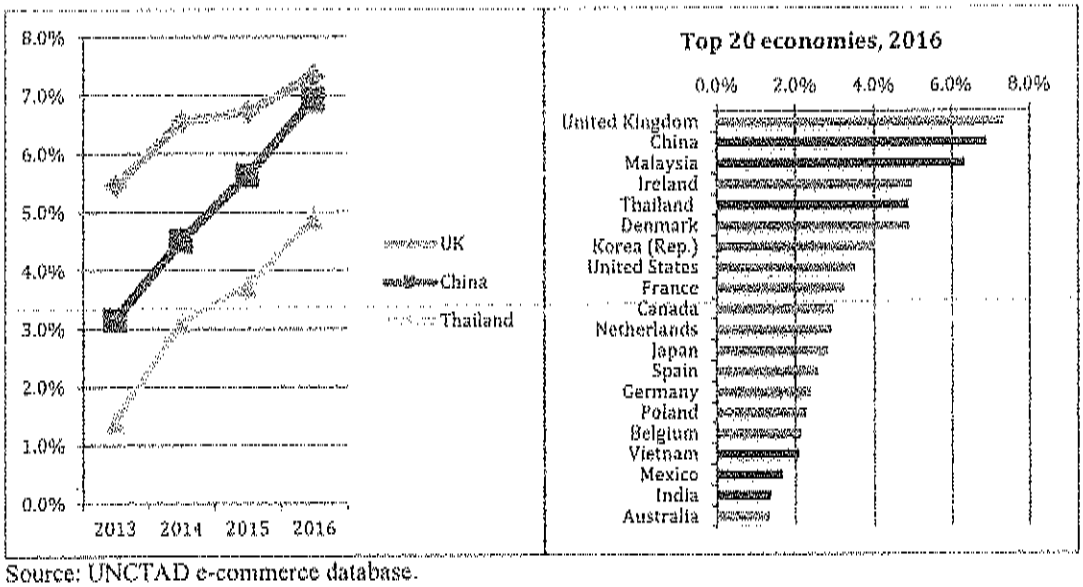
[10] Thai Venture Capital Association. 2016. *Thai Startup Founders Survey.* https://www.slideshare.net/tvcaorth/thai-startup-founders-survey-2016-65224397

[11] This is the case in the Middle East where the UAE has emerged as the leading tech center and home to a growing number of immigrant entrepreneurs (https://www.technologyreview.com/s/608468/a-different-story-from-the-middle-east-entrepreneurs-building-an-arab-tech-economy/). Despite having a population of around 9 million, the UAE accounted for half the value of all venture capital deals in the region between 2014 and 2016 (https://www.weforum.org/agenda/2017/05/what-you-need-to-know-about-the-middle-easts-start-up-scene-in-five-charts/).

over 30 million direct and indirect jobs.[12] Competition from e-commerce impacts employment in traditional retail stores. However, evidence from mature e-commerce markets such as the United States and the European Union shows that jobs in pure online stores have increased overall employment in the retail sector.[13] Employment is also increased in supporting industries such as transportation and warehousing.

UNCTAD estimates indicate that selling online is expanding rapidly, with global e-commerce at US$ 26 trillion in 2016.[14] B2B e-commerce accounted for more than US$ 23 trillion, while B2C sales amounted to nearly US$ 3 trillion, an increase of 15% over the previous year. While the United States is ahead by some margin in B2B e-commerce, it is notably behind China in the B2C segment. In addition to China the rapid growth of e-commerce in other developing countries such as Malaysia and Thailand has resulted in them becoming world leaders in respect to the value of online shopping as a proportion of their economies (Figure 1-1). The rapid adoption of e-commerce in these countries suggests the potential for economic leapfrogging.

Figure 1-1: B2C e-commerce sales (% of GDP)



Source: UNCTAD e-commerce database.

The threats from e-commerce

E-commerce also poses a few threats. Competition is increased among firms in the retail market within and across countries, with the lower costs of virtual shops a critical competitiveness factor. Traditional physical stores must adapt to enhanced price transparency and competition by providing new online sales channels, investing in new equipment and services, building complementary skills and revising their business processes. Technology-savvy foreign competitors often have scale advantages compared to local firms, resulting in increasing imports. Foreign competitors have no local presence with implications for tax erosion. Nevertheless cross-border e-commerce can benefit local economies through expansion of the logistics sector and earn import related taxes for governments. Domestic firms

[12] AliResearch. 2017. *E-commerce and inclusive growth in China.* http://unctad.org/meetings/en/Contribution/dtl_eWeek2017c11-aliresearch_en.pdf

[13] Michael Minges. "Measuring the creation of value in the digital economy." *Brainstorming meeting for Information Economy Report 2019.* Geneva, 31 May – 1 June 2018.

[14] UNCTAD. "Risks and benefits of data-driven economics in focus at UNCTAD's E-Commerce Week." *News,* 28 March 2018. http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1707

also have a competitive advantage over foreign firms through the sale of local goods and services. There is also a risk of a widening divide between those who benefit from buying and selling online and those who lack the tools and knowledge to so.

Oman's e-commerce opportunity

Oman, along with other countries in the Gulf, has lagged in this revolution. While the underlying fundamentals for successful e-commerce are strong in the region—relatively high Internet penetration and incomes—online shopping is low. Consulting firm AT Kearney reckons that with much of the groundwork in place, e-commerce is posed to develop rapidly in the Gulf.[15] One sign is the purchase of the United Arab Emirates online retailer Souk.com by e-commerce giant Amazon in May 2017 for US$ 583 million.[16]

The time therefore appears ripe for the Sultanate of Oman to seize the opportunity to reap the opportunities available through e-commerce. The level of e-commerce in the Sultanate is significantly below where it should be given the degree of Internet usage, payment instrument penetration and per capita income. Ample scope exists to boost e-commerce with consequent downstream impacts on the financial, transport, warehousing, and IT industries, increasing diversification of the economy and helping to reduce the country's traditional reliance on oil. Though a relatively small market of 4.4 million people, Oman also has tremendous potential for e-commerce due to its strategic location. As the first point of entry on the Arabian Sea on shipping lanes from Asia, Oman is an ideal fulfilment point for cross-border e-commerce to other Gulf nations as well as East Africa.

1.2 Purpose and methodology of the strategy

The national e-commerce strategy was developed by UNCTAD's ICT Policy Review (ICTPR) Programme based on the request of the Omani government. The UNCTAD team has liaised with the Ministry of Transport and Communications and specifically Asyad in preparing this strategy. The strategy aims to assist the government's National Program for Enhancing Economic Diversification (Tanfeedh), which has the objective of reducing reliance on oil through the development of key sectors. Goals include creating jobs, fostering entrepreneurship and providing new opportunities for MSMEs.

The strategy has been informed by desk research and analysis; fact-finding missions to Oman, involving interviews with key organizations including government agencies, e-commerce merchants, banks and payment providers, telecommunication operators and academics (See Figure 1-2). A stakeholder workshop and briefing for the national e-commerce committee were organized to solicit feedback.

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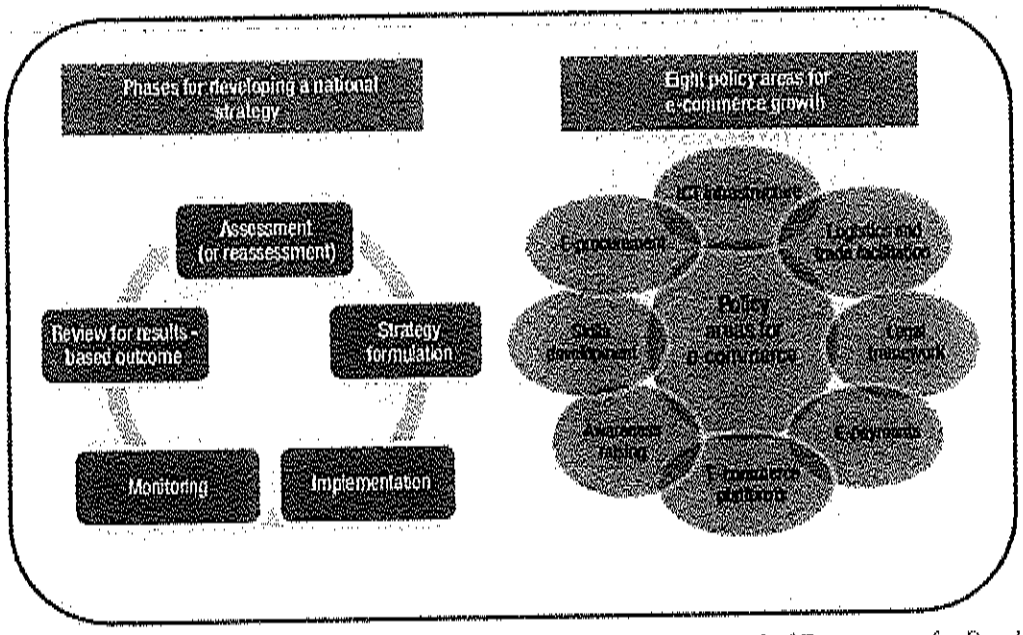
[15] A.T. Kearney. 2016. *Getting in on the GCC E-Commerce Game*. http://www.middle-east.atkearney.com/documents/787838/8908433/Getting+in+on+the+GCC+E-Commerce+Game.pdf

[16] Amazon. 2018. *Form 10-K 2017*. http://services.corporate-ir.net/SEC.Enhanced/SecCapsule.aspx?c=97664&fid=15414896

Figure 1-2: Organizations met

The strategy has been guided by UNCTAD's framework for boosting the e-commerce sector with a focus on the key enabling areas that form part of the ecosystem (Figure 1-3). For this strategy, business facilitation has been added, and skills development and awareness raising have been combined.

Figure 1-3: Strategic Framework for Promoting E-Commerce



Source: UNCTAD. 2015. *Information Economy Report: Unlocking the Potential of E-commerce for Developing Countries*. http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=1146

Chapter 2 offers an overview of Oman's e-commerce market. The e-commerce ecosystem is reviewed in Chapter 3. The vision and goals of the strategy are highlighted in Chapter 4. This is followed by the strategy itself in Chapter 5 and strategy implementation in Chapter 6.

2. E-COMMERCE MARKET IN OMAN

This chapter looks at the current situation of e-commerce in Oman. It examines Oman's e-commerce market from the perspective of the different players involved: consumers, businesses and government.

Table 2-1: Types of e-commerce

	Government	Business	Consumer
Government	**G2G** e.g., Central to local	**G2B** e.g., e-government services	**G2C** e.g., e-government services
Business	B2G e.g., e-procurement	B2B e.g., Alibaba	B2C e.g., Amazon, AliExpress
Consumer	C2G Typically, not remunerated	C2B e.g., Upwork	C2C e.g., eBay

2.1 Consumer

Despite a relatively high level of Internet penetration, consumer adoption of online shopping is low in Oman. According to a 2016 ITA survey, 70% of the population age 5 and older had used the Internet in the last three months.[17] The survey also found that just 1% of Internet users had purchased goods or services. This is in stark contrast to the 2013 ITA survey[18] finding that 15% of Internet users had made an online purchase with eleven per cent doing so in the last year. The 2016 ITA survey results also differ from data retrieved from the Facebook Ad Engine[19] in March 2018 reporting that there were 280,000 "engaged shoppers" in Oman, equivalent to 11% of Internet users or 8% of the population.[20] Oman ranks lowest in the GCC in both Internet use and online shopping (Table 2-2).[21] There is a notable divide between the UAE, where over half the population shops online, and the other countries in the Gulf (in all the other GCC countries less than one quarter of the population shops online).

Table 2-2: Internet shoppers as a share of Internet users and of population, 2017

	Internet users		Online shoppers		
	Total (m)	As % of population	Total (m)	As % of population	As % of Internet users
Bahrain	1.1	98	0.284	25	26
Kuwait	2.6	80	0.65	20	25
Oman	2.4	71	0.276	8	11
Qatar	2.1	95	0.35	16	17
Saudi Arabia	22	92	5.99	25	27

[17] ITA. 2017. *ICT HH Survey 2016 Results.*

[18] ITA. 2014. *Survey on Access to and use of Information and Communication Technology (ICT) by Households and Individuals in Oman.*

[19] Consulted in March 2018. See: https://www.facebook.com/business/learn/facebook-ads-basics

[20] Oman along with Qatar are the only two Gulf countries that did not participate in the World Bank's 2017 FINDEX survey. That survey included the question "Used the internet to buy something online in the past year (% age 15+)" and is the first internationally comparable indicator on online shopping. The survey included other indicators relevant for analyzing e-commerce such as credit and debit card ownership. See: https://globalfindex.worldbank.org/#data_sec_focus. It would be useful for Oman to be included in future surveys. The government should explore this with the World Bank.

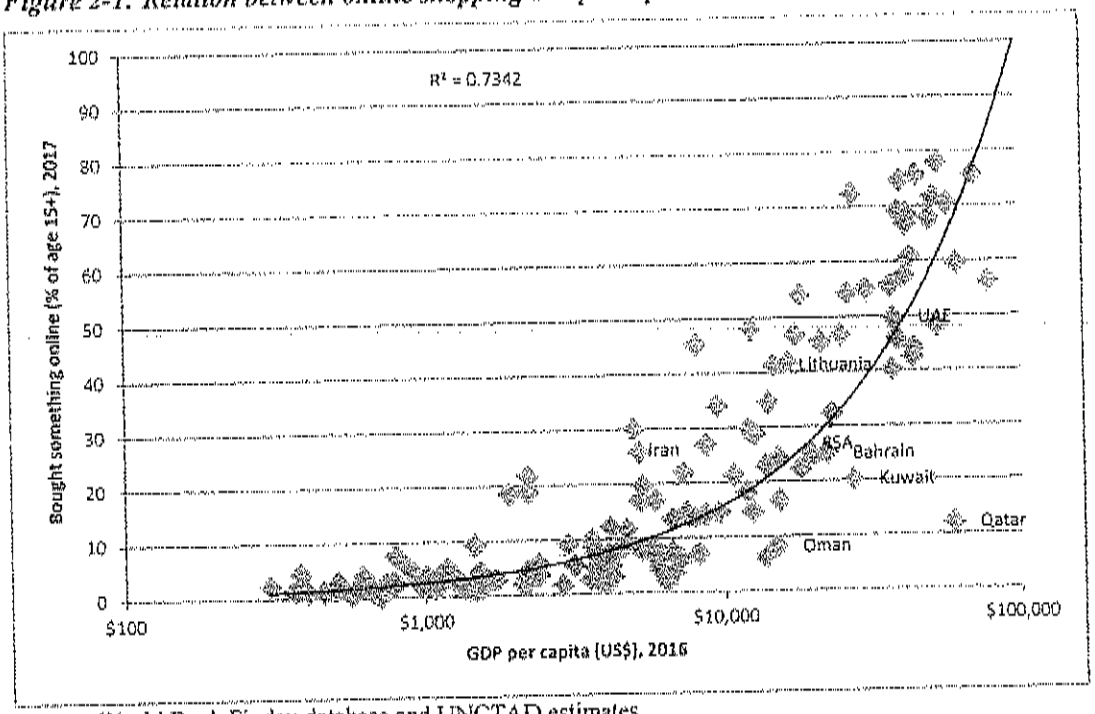
[21] Note that the expatriate population is included in all the GCC surveys unless they do not speak Arabic or English. It should be noted that according to the United Nations, Oman had the second lowest proportion of expatriates in its population among the GCC in 2017. See: "International Migrant Stock: The 2017 Revision" at: http://www.un.org/en/development/desa/population/migration/data/estimates2/estimates17.shtml

	Internet users		Online shoppers		
	Total (m)	As % of population	Total (m)	As % of population	As % of Internet users
United Arab Emirates	7.4	93	3.96	50	53

Source: World Bank and UNCTAD estimates derived from national statistics.

Online shopping is related to per capita income and given that Oman has the lowest per capita income in the GCC, it is perhaps not surprising it also has the lowest online shopping penetration. Oman's level of online shopping penetration is also significantly lower than other countries in the region with much lower per capita incomes such as the Islamic Republic of Iran as well as nations in other regions that have a similar per capita income such as Lithuania (Figure 2-1). **Given Oman's per capita income, online shopping penetration should be 22% of the population.** The underdevelopment of Oman's B2C e-commerce market is apparent when contrasted with Lithuania, a country with which it shares some economic and demographic characteristics (Box 2-1).

Figure 2-1: Relation between online shopping and per capita income



Source: World Bank Findex database and UNCTAD estimates.

One challenge in analysing the online shopping market in Oman is the lack of recent and detailed official survey data. As a result, there is no definitive information about the specific shopping sites Internet users in Oman access, the types of products they purchase and barriers to online shopping. Instead, information must be gleaned from various sources, which often are based on vague methodologies and conflicting information. One outcome is that it is difficult to gauge whether Oman's relatively low level of B2C e-commerce is due to a lack of online shopping opportunities or there are limited online shops in Oman because of the small number of online shoppers. Similarly, it is difficult to ascertain consumer concerns about online shopping. In the discussions carried out for developing the strategy, some felt issues of trust and security were a major impediment while others did not consider this to be a major barrier and instead awareness seemed to be more of a barrier.

According to MOCI, 284 enterprises identified their main activity as carrying out "Retail Sale Over the Internet" (of which 183 or 64% were SMEs).[22] However only one has its own dedicated online shop. The others are using platforms such as eBay, classified ad portals such as OLX, or advertising on social

[22] Special data set provided by MOCI.

media sites. Most are technically not carrying out e-commerce since by definition orders must be placed online.

There is just one pure play online retail store with its own website based in Oman, Roumaan (https://www.roumaan.com), selling some 200,000 branded products in over 60 categories. Per the Ministry of Commerce and Industry online registration service for companies (InvestEasy), Roumaan is the only pure play e-commerce business registered in the country in the category "Retail via mail order houses or television advertisement on the Internet."[23] Roumaan was registered in 2013 and by 2017 it had around 20,000 visitors a day a five-fold increase. Inventory is held in UAE and shipped to Oman as ordered. Airborne, fetchr and Aramex are used for delivery with a flat OMR 2 delivery charge to Muscat and OMR 3 to other locations with a 3-5 day delivery window. Roumaan uses cash on delivery for around three fourths of payments (including people swiping their debit card on the handheld Point of Sale (POS) device used by the courier). Roumaan has indicated a desire to broaden its platform for other sellers to use.

Online food ordering is also available in Oman. Talabat offers online food ordering from over 100 restaurants in the country.[24] The company operates throughout the Gulf and Jordan. The Kuwaiti start-up was acquired by German based Delivery Hero, which launched an IPO in 2017. In addition, large retailers such as Lulu sell online.[25]

There are a few online shopping related sites among the top 50 web sites in Oman. The fourth most popular web site is Facebook from where products can be browsed. The 23rd most popular site in the country was OLX, a global online classified ads company with dedicated sites in 45 countries. The 26th most popular site was e-commerce giant Amazon suggesting a high level of online purchases from overseas sites. The 34th most popular site was the Bank of Muscat most likely for online banking. The 43rd top site was Oman Air, from which airline tickets can be purchased.

Site rankings for mobile applications offer another insight into popular online shopping sites used by smartphone users in Oman. According to one source[26], the top iOS shopping sites in Oman are JollyChic (a Chinese fashion shop)[27], OLX, AliExpress, OpenSooq (a Jordanian-based classifieds site) and Shein (a US-based women's fashion site). Namshi, a women's fashion site from the UAE is ranked 7th, Amazon is ranked 10th and the UAE's Noon and Souq ranked 15th and 16th. Android has a similar ranking with one notable exception of having local site Roumaan included at 20th rather than 42nd (see below).[28]

The most popular shopping site by the amount spent is that of the national airline Oman Air. According to MasterCard, online shoppers in the country spend the most on airlines[29] and Oman Air is the most commonly visited web site for online shopping.[30] Anecdotal evidence suggests that local online ticket purchases account for around 20% of Oman Air's scheduled service revenue or OMR 100 in 2017 (Table

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[23] https://www.business.gov.om/wps/portal/ecr/integration/openData

[24] https://www.talabat.com/oman

[25] https://www.luluwebstore.com

[26] https://www.similarweb.com/apps/top/apple/store-rank/om/shopping/top-free/iphone

[27] https://www.prnewswire.com/news-releases/jollychic-to-introduce-cash-on-delivery-cod-service-in-middle-east-300105956.html

[28] https://www.similarweb.com/apps/top/google/store-rank/om/shopping/top-free

[29] "Oman shows promise for online shopping growth: MasterCard Survey." *Press Release*. https://newsroom.mastercard.com/mea/press-releases/oman-shows-promise-for-online-shopping-growth-mastercard-survey/

[30] "Online Shopping Witnesses Continued Steady Growth in Oman: Mastercard Survey." *Press Release*, 21 April 2015. https://www1.mastercard.com/content/intelligence/en/research/press-release/2015/online-shopping-witnesses-growth-in-oman.html

2-3).[31]

Table 2-3: Oman Air estimated B2C e-commerce revenue

	2015	2016	2017
Oman Air services revenue	424	429	501
Estimated on line ticket sales	64	77	100

Note: The proportion of Oman Air's e-commerce sales to total revenue are estimated at 15% in 2015, 18% in 2016 and 20% in 2017.
Source: Oman Air Annual Report 2017 (https://www.omanair.com/en/about-us/corporate-governance/annual-reports).

There is scarce information about the popularity of consumer-to-consumer (C2C) e-commerce. OLX, an online classified ad portal with operations in several countries, is active in Oman (https://olx.com.om/en/). According to Alexa, it was the 25th most popular site in the country in March 2018. eBay also seems to have some traction and according to a local newspaper, "Omani potato chips have become a big hit on eBay."[32]

Social media marketing leading to offline sales is quite popular in the country. For example, many sellers are using Instagram as a marketplace. Knowledge of these services spreads by word of mouth in the highly social Omani culture. Omani Market, in operation since 2012 has 183,000 followers on Instagram.[33] Sellers list products—ranging from cosmetics to food, real estate to mobile phone accessories and personal services such as hairdressing and English lessons—along with a phone number to be contacted. Instagram recently released a shopping feature that links tagged products to a web site for purchase, but this feature is not used in Oman. In any case, it would not be of much value since most sellers are small and do not have shopping websites. Omani Market is developing a new platform that would have similar functionality. An Omani Market representative estimated that there were around 9,000 sellers using its Instagram account.

Purchases from overseas web sites account for a significant and growing proportion of B2C in Oman. One factor driving cross border imports are schemes providing users with overseas addresses:

- Aramex, a Dubai headquartered company and one of the leading couriers in Oman, offers a "Shop & Ship" service whereby online shoppers can purchase from overseas web sites in 24 countries using a local address in those countries for shipment to Oman.[34] Aramex charges by weight for this service as well as the location of the shopping web site split into two zones. A one kilo package from zone one countries costs OMR 9.20 (US$24) and from zone two countries OMR 5.50 (US$14).
- Oman Post recently launched Matjar, providing users with a US address for ordering from web sites in that country.[35] Users can accumulate purchases for up to one month. The price per kilo is OMR 7 (US$ 18) payable upon delivery. Oman Post is working on a similar scheme for China from where a growing number of B2C shipments are originating.

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[31] For example, this was the figure cited by Salah Air in discussions. In the United States, the Air Transportation sector earns 30% of its revenue from e-commerce. See "Table 9: Estimated E-Commerce Revenue for Employer Firms" at: https://www.census.gov/data/tables/2016/econ/services/sas-naics.html

[32] "Omani potato chips have become a big hit on eBay." *Times of Oman*, June 12, 2017. http://timesofoman.com/article/111111/Oman/Omani-potato-chips-have-become-a-big-hit-on-eBay

[33] https://www.instagram.com/omanimarket/?hl=en

[34] https://www.shopandship.com

[35] https://www.matjar.om

According to TRA, there were 389,333 "Ecommerce incoming" non-documents in 2016.[36] The related figure for 2017 is 574,759.[37] Assuming an average shipping price of OMR 7 per kilo, it is estimated that around OMR 4 million was spent on shipping fees by Omani customers ordering online from overseas sites (Table 2-4).[38]

Table 2-4: Estimated shipping costs paid by customers in Oman for overseas B2C e-commerce purchases

	2015	2016	2017
Ecommerce incoming parcels	102,559	389,333	574,759
Estimated shipping costs (OMR)	717,913	2,725,331	4,023,313

Note: Estimated shipping costs based on OMR 7 per kilo.
Source: TRA and UNCTAD estimates.

Shoppers to overseas web sites often need to pay customs duty. The minimum value of a product for duty free entry (i.e., "di minimis") into Oman is OMR 100 (US$260). However bulk shippers often aggregate packages and thus surpass the *di minimis* level incurring customs duties. The customs duty is then typically passed on to the recipient. There is a common 5% customs tariff upon entry of a product into the GCC. Purchases made from GCC shopping websites theoretically enter duty free. In practice, shippers are often charged the excise duty again and must later claim a refund. In addition, all packages incur an OMR 5 per OMR 100 of value service charge or 5%. Note that from 2019, VAT of 5% will also be assessed. Assuming that customs duties are paid on all e-commerce packages due to the practice of aggregating shipments it is estimated that OMR 1.5 million was paid for import fees (including the administrative fee) in 2017 (Table 2-5).

Table 2-5: Estimated import related fees from B2C overseas purchases

	2015	2016	2017
Ecommerce incoming parcels	102,559	389,333	574,759
Estimated average purchase price (OMR)	28	27	26
Total import value (OMR)	2,839,243	10,478,898	15,027,649
Customs duty revenue (OMR)	141,962	523,945	751,382
Customs administrative fee revenue (OMR)	141,962	523,945	751,382
Total import fees (OMR)	**283,924**	**1,047,890**	**1,502,765**

Source: TRA and UNCTAD estimates.

There is no official data on the value of the B2C e-commerce market in Oman. NCSI does not survey enterprises on the value of their e-commerce sales due to the lack of a UN standard although the OECD[39] and Eurostat[40] have developed methodologies used by a growing number of countries. Several estimates exist for the value of B2C e-commerce in Oman, and they vary tremendously. For example, A.T.

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[36] TRA. 2017. *Annual Report 2016*. p. 44.

[37] Special data set provided by TRA.

[38] Note that 70% of incoming international non-documents in 2017 weighed less than 2 kilos. It is likely that shippers have aggregated many packages weighing more than one kilo and therefore contain a significant number of smaller weight packages ordered by multiple customers.

[39] The OECD has published a model survey for ICT in business that includes a module on e-commerce.

[40] See: "Community Survey on ICT Usage and E-Commerce in Enterprises 2019" at: https://circabc.europa.eu/sd/a/d9b1ab6e-a38f-485b-aeb5-8f7e2ce8d153/ICT-Entr%202019%20-%20Model%20Questionnaire%20V%202.0%20-%20after%20WG.pdf

Kearney estimated B2C e-commerce at around US$50 million in 2015 or 0.5% of retail sales in the country.[41] That figure excludes travel, which accounts for a significant portion of B2C. At the other extreme, the Qatar Ministry of Transport and Communications estimates that Oman's B2C market was worth US$3.2 billion, which translates into 28% of retail sales. This seems extremely high given that the world average was 7.4% in 2015.[42] Market researcher BMI estimated B2C e-commerce at US$ 513 million in 2015.[43] Given the lack of detailed methodology for how these estimates were obtained, their reliability is questionable. It is imperative that the Omani government conduct a survey to determine the value of e-commerce in the country.

Another estimate, attributed to Omani online shop Roumaan, values B2C e-commerce in the country at OMR 130 million for 2017, up around OMR 25 million over 2016.[44] This would imply that online ordering of airline tickets Oman Air accounts for the bulk of B2C e-commerce. Other sales to consumers from web sites located in Oman account for an estimated OMR 30 million, up some OMR 10 million since 2015. Given the high degree of estimation, these figures should be treated with caution.

One caveat in estimating the B2C market in Oman is the large proportion of purchases from overseas web sites. The standard practice for calculating B2C revenues is sales by domestic companies to both residents and people abroad. Therefore, B2C e-commerce sales for a country do not include purchases by residents from overseas websites as these would already be included in the e-commerce sales of the country they were purchased from. There are no official figures for B2C imports to Oman. The TRA publishes data on parcel traffic including an indicator "e-commerce shipments". This is multiplied by the estimated average online spend for domestic goods (excluding air travel) to derive an estimate for imports.

Table 2-6: Estimated B2C e-commerce sales, OMR millions

	2015	2016	2017
Domestic B2C e-commerce sales	83	104	130
of which: tickets	64	77	100
of which: other	20	27	30
% of GDP	0.3%	0.4%	0.5%
Excluding tickets	0.1%	0.1%	0.1%
B2C e-commerce imports	3	10	15

Source: UNCTAD estimates.

2.2 Businesses

ITA carried out the last official survey regarding ICT use in firms in 2012.[45] At the time, just 19% of enterprises reported having Internet access and 6% reported having a web site. 9% received business orders over the Internet. Some 10% of enterprises reported placing orders over the Internet. Albeit dated, these figures are far below more recent data from peer countries (Table 2-7). In addition, Oman has the lowest penetration of national domain names (e.g., OM) in use compared to peer countries. Apart from

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[41] A.T. Kearney. 2016. *Getting in on the GCC E-Commerce Game*. http://www.middle-east.atkearney.com/documents/787838/8908433/Getting+in+on+the+GCC+E-Commerce+Game.pdf

[42] eMarketer. 2016. "Worldwide Retail Ecommerce Sales Will Reach $1.915 Trillion This Year." https://www.emarketer.com/Article/Worldwide-Retail-Ecommerce-Sales-Will-Reach-1915-Trillion-This-Year/1014369

[43] Oman Post. "e-Commerce Development in Oman." https://chamberoman.om/economic-information/research-studies-working-papers/

[44] "Y Investigation: Do we have more shopping malls than needed in Oman?" *Y Magazine*, 18 January 2018. https://www.y-oman.com/2018/01/49506/

[45] https://www.ita.gov.om/ITAPortal/MediaCenter/Documentdetail.aspx?NID=66. The survey was carried out in February-March 2012 with a reference year of 2011. 1,748 enterprises were surveyed out of a base of 64,201.

the low level of ICT use by enterprises in the country, another factor might be the high cost of registering an OM domain.

Table 2-7: Enterprises with Internet, web sites and engaged in e-commerce, 2015 and country domain name registrations

	Internet use				Country domain name	Domain name registrations (latest available data)		
Country	Using Internet	With web site	Receiving orders	Placing orders	Name	Total (000s)	Per 100 people	Annual price (US$)
Oman (2012)	19%	6%	9%	10%	OM	3,397	0.1	270
Bahrain	96% (87%, 2011)	66% (80%, 2011) *	28% (14%, 2011)	34% (14%, 2011)	BH	NA	NA	NA
Kuwait	83%	44%	59%	61%	KW	NA	NA	NA
Qatar	70%	39%	12%	8%	QA	20,291	0.8	50
Saudi Arabia (2014)	65%	34%	7%	10%	SA	54,597	0.2	250
UAE	96%	69%	22%	25%	AE	175,000	1.9	60
Lithuania	100% (since 2011)	77%	19%	27%	LT	191,539	6.6	25

Note: Data refer to all enterprise sizes and sectors except UAE (more than 10 employees) and Lithuania (excluding finance and more than 10 employees). * The drop is attributed to growth in small and medium size enterprises, which have a lower adoption rate of web sites. NA= Not Available.
Source : ITA, 2012 ; TRA (UAE), 2016 ; TRA (Bahrain), 2016 ; MOTC (Qatar), 2016 ; CAIT (Kuwait), 2016 ; CITC (KSA), 2014 ; Eurostat.

There is a clear need to get more businesses to use the Internet and participate in e-commerce. It will be important to demonstrate to them the value of becoming digitally-enabled since according to the ITA survey, the main reason cited for not having the Internet or a web site was that it was not needed (75% for Internet and 87% for a web site).

Like B2C, there is scarce publicly available information about the B2B market in Oman. There are a few so-called B2B portals, but it is not clear they have widespread recognition. There is a B2B portal that lists five Omani companies.[46] There is no country supplier channel for Oman listed on Alibaba's B2B web site.[47]

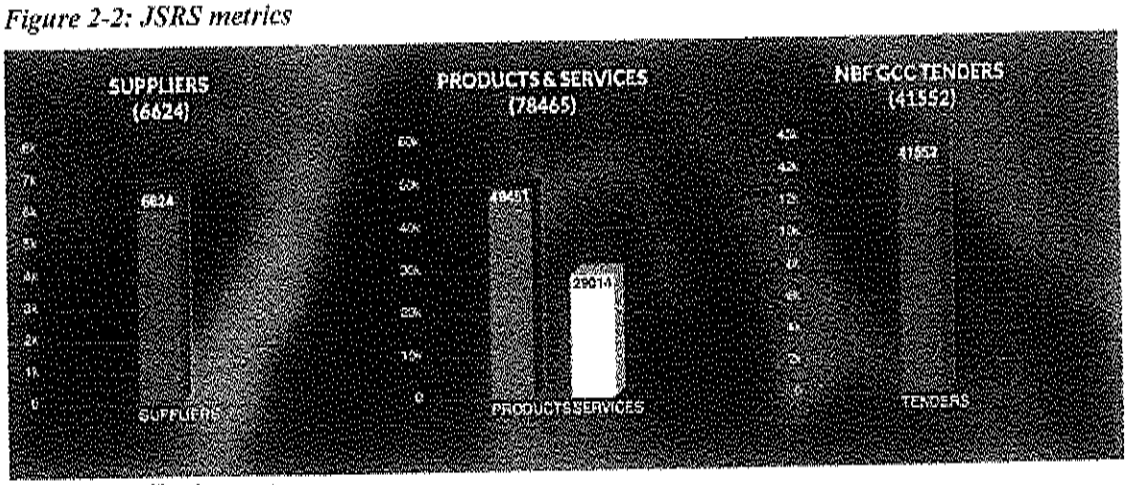
There does seem to be some traction with B2B e-commerce in the oil and gas sector. The Joint Supplier Registration System (JSRS) links buyers and sellers in the country's oil and gas industry.[48] JSRS has been extended to include companies operating in other sectors through a buyers' e-marketplace. According to the JSRS, there are over 6,000 suppliers on the system offering almost 80,000 goods and services (Figure 2-2). Moreover, Petroleum Development Oman (PDO) has its own e-procurement system.

[46] http://www.tradeboss.com/default.cgi/action/b2b/marketplace/Oman/countryid/159/

[47] http://www.alibaba.com/countrysearch/continent.html?spm=a2728.8519359.j1dcd0zj.24.4731704bdEHfZl

[48] https://businessgateways.com

Figure 2-2: JSRS metrics



Source: https://businessgateways.com.

2.3 Government

The Omani government is steadily providing online services, and, in some respects, it is the most advanced sector in e-commerce (compared to consumers and businesses). There are almost 1,000 services for businesses and consumers from 60 government agencies available through the Official eGovernment Services Portal "Omanuna."[49] Online services range from paying taxes or parking fines online to obtaining a passport or renewing a residence visa. In December 2017, Omanuna had 17,150 visitors.[50]

The government has had the ability to accept payments online since 2008. Transactions soared following the launch of the OmanNet payment network in 2016 enabling the use of domestic debit cards. In 2017, there were 1.9 million e-payments with a transaction value of OMR 385 (US$ 949) million. This can be interpreted as the value of G/C&B e-commerce.

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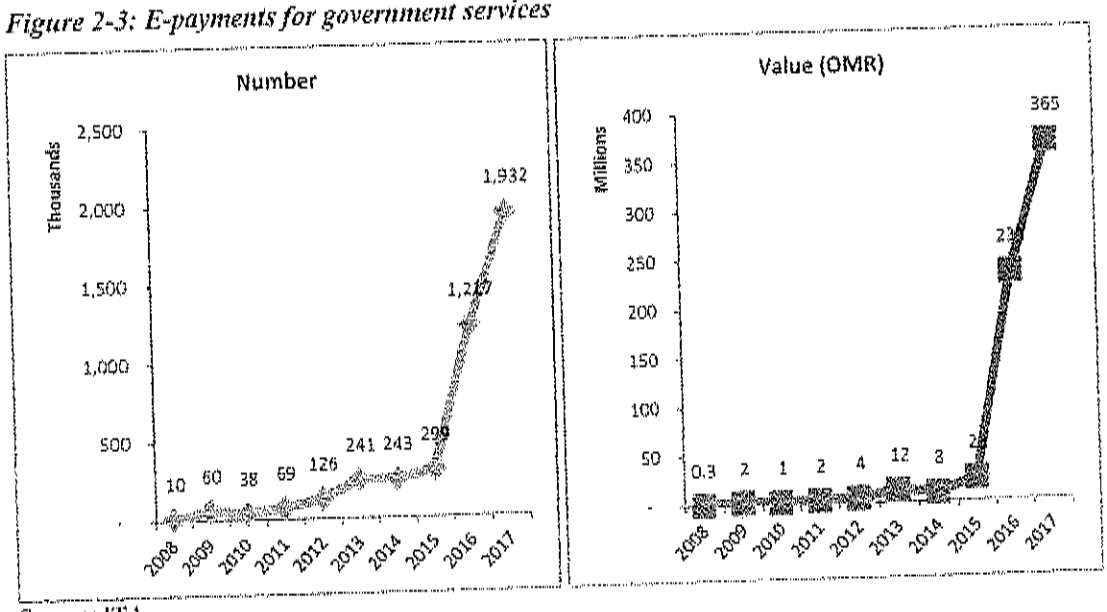
[49] http://www.oman.om

[50] See the Omanuna Portal Statistics at:
http://www.oman.om/wps/portal/index/statistics/!ut/p/a1/04_Sj9CPykssy0xPLMnMz0vMAfGjzOKDvbydgj1NjAwMjP2cDTx9fZ2C_bw8DYKdzIEKIoEKDHAARwNC-sP1o8BKjA3cDQz8LT19vUN8HQ2MjMPcvCx9zIxdXEygCvBYEZyap1-QG2GQZeKoCAA9ERsh/dl5/d5/L0lKQSEvUUt3RS80RUkhL2Vu

Figure 2-3: E-payments for government services



Source: ITA.

Online tendering for businesses was launched in 2013. It is now used by more than 45 government agencies. By April 2018 more than 2,000 tenders had been issued through the Electronic Tendering Services portal.[51] There are some 6,700 companies registered on the site.

2.4 Conclusions

Oman's level of online shopping is low compared to peers. The B2C market is small and undeveloped although there is notable degree of using social media to advertise products that are then ordered and purchased offline. Businesses digitization is low compared to other countries another factor constraining e-commerce in the country. There are B2B portals for the oil and gas sector that can serve as a model for other industries. Government is the most advanced sector in adopting e-commerce with a notable rise in online payments for public services and the availability of online tendering.

There is considerable scope to boost B2C e-commerce in the country if the thousands of sellers advertising goods and services on social media move to online marketplaces. This would entail business reorganization and involve other costs such as paying for a web site or online presence on a platform. However, it would expand their market reach, increase productivity and make them more competitive. The challenge is convincing them that the benefits of moving to a more formalized structure outweigh the costs.

There also may be scope to build up online retail within the country to sell products consumers are currently purchasing from abroad. Omani residents are paying a high delivery fee for such products that they would not incur if the products were purchased from local site. Despite the *di minimis*, import duties are likely paid on many of these products for the reasons explained earlier and the import administrative charge is also applied. Scope likely exists to exploit the high delivery costs and the import fees by locally stocking at least some popular categories of overseas products for sale online from Oman. Another alternative is to attract overseas e-commerce firms to establish in Oman.

Official statistics relating to e-commerce are scarce. Those that are available date from several years ago and there are some methodological concerns. It is imperative for the government to conduct annual individual and business surveys on ICT use including detailed information on e-commerce. Guidelines and methodologies for this are available from OECD and Eurostat.

[51] https://etendering.tenderboard.gov.om/product/publicDash#

The UNCTAD B2C e-Commerce Index uses several indicators to benchmark how well countries are prepared for online shopping. The Index considers the following key enabling factors: Internet use, transactions enabled web sites, payment ability and logistics. Oman ranks last in the Gulf region in the index, signalling considerable scope for improvement (Table 2-8). Enabling factors are examined in more detail in the next chapter.

Table 2-8: UNCTAD B2C E-commerce Index

World Rank	Economy	Share of people using Internet (2016 or latest)	Share of people with an account (15+, 2014 or latest)	Secure Internet servers per 1 million people (Index, 2016)	UPU postal reliability score (2016)	Index Value (2016 data)
23	UAE	91	84	79	96	87
32	Bahrain	98	82	72	72	81
46	KSA	74	69	59	75	69
57	Kuwait	78	73	74	25	63
58	Qatar	94	66	75	14	62
64	Oman	70	74	65	31	60

Source: UNCTAD. 2017. UNCTAD B2C E-Commerce Index.
http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=1882

Box 2-1: E-commerce facilitation in Lithuania

Apart from being in different regions of the world, Oman and Lithuania have a few similarities. They have roughly the same per capita income, populations are relatively small and while Oman has a larger land area, Lithuania has a higher proportion of people living in rural areas. Internet penetration is also somewhat close between the two, 78% in Lithuania and 71% in Oman. Yet, Lithuania is far ahead in e-commerce metrics. Its rate of online shopping is five times higher, the number of pure play retail Internet shops is 10 times more and the proportion of B2C e-commerce in GDP is four times higher.

Table Box 2-1.1: Key socio-economic and e-commerce indicators

	Lithuania	Oman
Population (m), 2016	2.9	4.4
GDP per capita (US$), 2016	$14,913	$14,982
Land area (km2), 2016	62,650	309,500
Rural (% of total pop.), 2016	33	22
Internet use (% of population 15+), 2017	78	71
Shopping online (% of population 15+), 2017	41	8
B2C e-commerce (% of GDP), 2017	1.2%	0.5%
Number of enterprises engaged in retail sale over the Internet	2,824 (2015)	284 (2018)
Number of employees engaged in retail sale over the Internet	5,126 (2015)	Not available

Source: World Bank, Eurostat, MOCI (Oman) and UNCTAD estimates.

The main reason is that Lithuania has introduced several e-commerce facilitation measures that are helping to instil trust in users and encouraging merchants to open shops. The government has developed some while others have arisen from the private sector that has been quick to seize opportunities from e-commerce.

Regarding enhancing **trust**, the State Consumer Protection Rights Agency collaborates with consumer organization Saugu Pirkti ("Safe Buy") providing a **trust-mark** for web shops that have been certified.[52] In terms of legislation, the government incorporated in the **Consumer Protection law** European Union Directive 97/7/EC on distance selling (DSD) in 2000. The DSD covers consumer protection issues arising from e-commerce. The DSD has since been superseded by Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights that further harmonizes consumer protection aspects of e-commerce including cross border sales.[53]

There are several measures making it easier for digital entrepreneur to run online shops. Verskis has been providing a **shopping cart plug in** for online shops since 2008.[54] There are four **super merchants** providing online payment acceptance for Internet shops, so the owners do not need to have their own merchant account.[55] The central bank also created a payment sandbox for FinTech companies to test payment innovations.[56]

[52] http://www.saugupirkti.lt

[53] Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32011L0083

[54] https://www.verskis.lt/

[55] See the list of payment facilitators at: https://www.mastercard.us/en-us/merchants/start-accepting/payment-facilitators.html

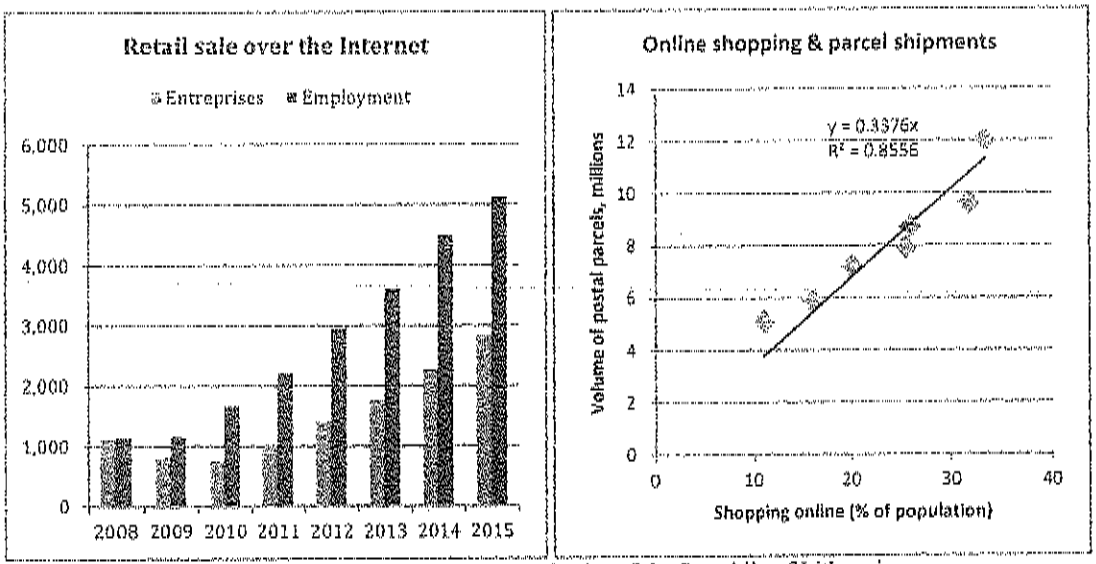
[56] See "Lithuania takes another step in the field of Fintech: Create your own sandbox" at: http://www.esinvesticijos.lt/en/news/lithuania-takes-another-step-in-the-field-of-fintech-create-your-own-sandbox

Box 2-1: E-commerce facilitation in Lithuania continued

By 2015, there were 2,824 online shops carrying out retail sales over the Internet employing 5,126 people (Figure: B.2-1.1, left). The largest, Pigu, established in 2007 has since branched out to other Baltic States and has an annual turnover of around US$100 million.[57] It received US$12 million in **venture capital funding** in 2015 to help fund expansion.

Lithuania has had **100% home delivery** of post for several years. The market is competitive with incumbent postal operator, Lietuvos Paštas, joined by at least eight other companies in the market. The postal regulator has noted the tight correlation between **parcel volumes and the growth in online shopping** in the country;[58] each percentage point increase in the proportion of online shoppers results in over 300,000 additional parcels (Figure: B.2-1.1 right). Some 12 million parcels were processed in 2016 (compared to less than one million in Oman).[59] The **logistics infrastructure for e-commerce is strong** with companies handling customs clearance, storage, packing and picking, shipping and returns.[60]

Figure: B.2-1.1: Retail sale over the Internet and relation between online shoppers and parcels, Lithuania



Source: Eurostat and Communications Regulatory Authority of the Republic of Lithuania.

Another notable difference is the **wealth of official data about the e-commerce market** in Lithuania compared to Oman. Statistics Lithuania follows Eurostat guidelines for ICT household[61] and business[62] surveys, collecting various e-commerce indicators on an annual basis. It also compiles monthly data on retail sales from Internet shops in the country.

[57] https://mci.prowly.com/19916-pigu-lt-as-one-of-the-largest-e-commerce-stores-in-the-world-to-accept-ether

[58] The Communications Regulatory Authority of The Republic of Lithuania. 2015. *Overview of Postal Sector.*

[59] http://www.rrt.lt/en/reviews-and-reports/lithuanian-communications-sector.html

[60] http://www.wuliuair.com/e-commerce-fulfillment/

[61] http://ec.europa.eu/eurostat/cache/metadata/en/isoc_i_esms.htm

[62] http://ec.europa.eu/eurostat/cache/metadata/en/isoc_e_esms.htm

3. E-COMMERCE ECOSYSTEM

The e-commerce ecosystem consists of the various elements that enable, support and enhance the full process of buying and selling online. E-commerce transactions require payment (whether online or offline); delivery (for goods); ICT infrastructure for users to access e-commerce platforms and companies to provide e-commerce services; and enabling laws that legitimize online transactions and protect consumers. Procedures that simplify the creation and operation of an e-commerce company and that increase trust and awareness among buyers and sellers are also essential to grow the market.

3.1 ICT infrastructure and services

ICT networks and services are fundamental for e-commerce. Buyers need access to an electronic network to place an online order while sellers need hosting services for their online shop. Telecommunications infrastructure should be widespread to enable nationwide access to electronic commerce. Prices need to be affordable for users as well as for hosting services. In addition, broadband is essential for delivering digital products such as music and video services with an acceptable level of quality. Related infrastructure such as data centres and cloud computing is also critical for supporting seller web shops.

3.1.1 Telecommunications

The Omani telecommunications market is diverse in terms of geography, competition and customer demographics. Over recent years, the domestic telecom sector continues to advance towards a stronger competition and regulatory tightening, at the backdrop of rising penetration levels, falling prices, a generally prevailing economic slowdown and a more price sensitive customer than ever.

The telecommunications sector is dominated by Omantel and Ooredoo. However, there are two MVNOs (mobile resellers) who have a small but increasing market share. Oman Broadband Company is responsible for providing a dark fibre infrastructure to other licensees.

There is a high level of basic mobile and mobile broadband subscriptions in Oman. Mobile service penetration has reached saturation with more subscriptions than people. Mobile subscriptions are overwhelmingly prepaid at 91%, a figure that has remained steady over the last five years. Mobile broadband coverage is high but not yet ubiquitous. In 2015 population covered by 3G stood at 95% and 4G at 86%;[63] by March 2018 Ooredoo reported that it covered 90% of the population with 4G.[64] Mobile broadband penetration is high at 94 subscriptions per 100 people. Fixed broadband penetration reaches 55% of households.

Table 3-1: Mobile, mobile broadband and fixed broadband subscriptions

	2012	2013	2014	2015	2016	2017
Mobile subscriptions (000s)	5,278	5,617	6,194	6,647	6,866	6,944
Postpaid	465	496	529	585	614	650
Prepaid	4,813	5,122	5,665	6,062	6,252	6,293
Mobile penetration	160%	155%	155%	154%	151%	150%
Active mobile broadband subscribers (000s)	1,646	2,443	2,894	3,254	3,938	4,352
Per 100 people	50%	67%	73%	76%	87%	94%
Fixed broadband subscriptions (000s)	113	154	177	233	267	349

[63] https://unstats.un.org/sdgs/indicators/database/?indicator=9.c.1

[64] https://www.telegeography.com/products/commsupdate/articles/2018/03/02/ooredoo-lte-coverage-reaches-90-of-oman/

	2012	2013	2014	2015	2016	2017
- Residential						321
- Business						
Residential fixed broadband subscriptions (% of households)	28%	38%	44%	41%	46%	55%
Households	401	401	402	574	575	585

Source: TRA Quarterly Reports on Telecom Sector Indicators.

At US$13, the price of prepaid mobile broadband offering at least 1 GB of data in Oman is cheapest among other countries in the Gulf (Table 3-2). However, Oman has the second highest tariffs when the price is taken as a proportion of per capita income (1.1%). Nevertheless, at 1.1% of per capita income for 1GB of mobile broadband per month, Oman is below international guidelines of 2%.[65] Note that most operators in the Gulf offer more than 1GB in their lowest cost monthly prepaid packages. Thus, while Bateleco of Bahrain or STC in Saudi Arabia offer 10 GB per month, Omantel only includes 2 GB. Thus, on a $/GB basis prices in Oman are relatively high compared to most other Gulf countries. This can have an impact on start-up digital businesses operating on a tight budget, but which need to use the Internet quite intensively to test and refine their products.

Table 3-2: Mobile broadband prices, 2018

	Monthly price (at least 1 GB)		Data included (GB)		Source
	US$	As % of GDP pc	GB	$/GB	
Bahrain	$16	0.8%	10	$2	Batelco
Kuwait	$17	0.7%	5	$3	Zain
Oman	$13	1.1%	2	$7	Omantel
Qatar	$16	0.3%	3	$7	Ooredoo
Saudi Arabia	$29	1.8%	10	$3	STC
United Arab Emirates	$27	0.9%	1	$27	Etisalat

Note: Data extracted from websites of operators shown under "Source" in June 2018. Converted to US$ using 2017 annual average exchange rates. World Bank GDP per capita data for 2016 used to calculate the relative cost (i.e., As % of GDP pc).

Fixed broadband services are priced differently for business and consumer (Table 3-3). Prices for a fibre broadband connection appear to be relatively high for consumers and high to the point of constraining use for businesses. For families, use of fixed broadband is likely to be a better option than mobile broadband, which may be why fixed broadband is now growing rapidly.

Table 3-3: Comparative fixed broadband access pricing, Awasr

Speed (Mps)	Consumer (OMR/mo)	Business (OMR/mo)
10		50
20	29	100
50	50	250
150	70	580
250		980
1000	149	

Ooredoo and Omantel provide the following business services:

- Multi-Protocol Label Switching (MPLS) network services that enable businesses to have their own virtual private networks (VPN) running over an IP network at access speeds up to 34Mbps and with an availability of typically 98% but for the gold service 99.9% up time

[65] http://a4ai.org/un-broadband-commission-adopts-a4ai-1-for-2-affordability-target/

3. E-COMMERCE ECOSYSTEM

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The Omani telecommunications market is diverse in terms of geography, competition and customer demographics. Over recent years, the domestic telecom sector continues to advance towards a stronger competition and regulatory tightening, at the backdrop of rising penetration levels, falling prices, a generally prevailing economic slowdown and a more price sensitive customer than ever.

The telecommunications sector is dominated by Omantel and Ooredoo. However, there are two MVNOs (mobile resellers) who have a small but increasing market share. Oman Broadband Company is responsible for providing a dark fibre infrastructure to other licensees.

There is a high level of basic mobile and mobile broadband subscriptions in Oman. Mobile service penetration has reached saturation with more subscriptions than people. Mobile subscriptions are overwhelmingly prepaid at 91%, a figure that has remained steady over the last five years. Mobile broadband coverage is high but not yet ubiquitous. In 2015 population covered by 3G stood at 95% and 4G at 86%;[63] by March 2018 Ooredoo reported that it covered 90% of the population with 4G.[64] Mobile broadband penetration is high at 94 subscriptions per 100 people. Fixed broadband penetration reaches 55% of households.

Table 3-1: Mobile, mobile broadband and fixed broadband subscriptions

	2012	2013	2014	2015	2016	2017
Mobile subscriptions (000s)	5,278	5,617	6,194	6,647	6,866	6,944
Postpaid	465	496	529	585	614	650
Prepaid	4,813	5,122	5,665	6,062	6,252	6,293
Mobile penetration	160%	155%	155%	154%	151%	150%
Active mobile broadband subscribers (000s)	1,646	2,443	2,894	3,254	3,938	4,352
Per 100 people	50%	67%	73%	76%	87%	94%
Fixed broadband subscriptions (000s)	113	154	177	233	267	349

[63] https://unstats.un.org/sdgs/indicators/database/?indicator=9.c.1

[64] https://www.telegeography.com/products/commsupdate/articles/2018/03/02/ooredoo-lte-coverage-reaches-90-of-oman/

	2012	2013	2014	2015	2016	2017
- Residential						321
- Business						
Residential fixed broadband subscriptions (% of households)	28%	38%	44%	41%	46%	55%
Households	401	401	402	574	575	585

Source: TRA Quarterly Reports on Telecom Sector Indicators.

At US$13, the price of prepaid mobile broadband offering at least 1 GB of data in Oman is cheapest among other countries in the Gulf (Table 3-2). However, Oman has the second highest tariffs when the price is taken as a proportion of per capita income (1.1%). Nevertheless, at 1.1% of per capita income for 1GB of mobile broadband per month, Oman is below international guidelines of 2%.[65] Note that most operators in the Gulf offer more than 1GB in their lowest cost monthly prepaid packages. Thus, while Bateleco of Bahrain or STC in Saudi Arabia offer 10 GB per month, Omantel only includes 2 GB. Thus, on a $/GB basis prices in Oman are relatively high compared to most other Gulf countries. This can have an impact on start-up digital businesses operating on a tight budget, but which need to use the Internet quite intensively to test and refine their products.

Table 3-2: Mobile broadband prices, 2018

	Monthly price (at least 1 GB)		Data included (GB)		Source
	US$	As % of GDP pc	GB	$/GB	
Bahrain	$16	0.8%	10	$2	Batelco
Kuwait	$17	0.7%	5	$3	Zain
Oman	$13	1.1%	2	$7	Omantel
Qatar	$16	0.3%	3	$7	Ooredoo
Saudi Arabia	$29	1.8%	10	$3	STC
United Arab Emirates	$27	0.9%	1	$27	Etisalat

Note: Data extracted from websites of operators shown under "Source" in June 2018. Converted to US$ using 2017 annual average exchange rates. World Bank GDP per capita data for 2016 used to calculate the relative cost (i.e., As % of GDP pc).

Fixed broadband services are priced differently for business and consumer (Table 3-3). Prices for a fibre broadband connection appear to be relatively high for consumers and high to the point of constraining use for businesses. For families, use of fixed broadband is likely to be a better option than mobile broadband, which may be why fixed broadband is now growing rapidly.

Table 3-3: Comparative fixed broadband access pricing, Awasr

Speed (Mps)	Consumer (OMR/mo)	Business (OMR/mo)
10		50
20	29	100
50	50	250
150	70	580
250		980
1000	149	

Ooredoo and Omantel provide the following business services:

- Multi-Protocol Label Switching (MPLS) network services that enable businesses to have their own virtual private networks (VPN) running over an IP network at access speeds up to 34Mbps and with an availability of typically 98% but for the gold service 99.9% up time

[65] http://a4ai.org/un-broadband-commission-adopts-a4ai-1-for-2-affordability-target/

- Ethernet circuits running to 16Mbps
- Leased circuits to 155Mbps.

These products appear to be at the low end of what is now available in terms of performance in Europe and the USA. For example, advertised availability levels in other countries of 99.99% with speeds ranging up to 1Gbps for MPLS access to 10Gbps for Ethernet and at least 622Mbps for SDH based leased circuits. Also, so called Layer 2 (Ethernet) VPNs are available in other markets. Further, European operators can build international IP VPNs thereby placing all computing facilities in an international company on a single network.

The size of the market is of course an issue. Nevertheless, both Ooredoo and Omantel are international firms with presence in several countries. Services available from Ooredoo Qatar, but not Ooredoo Oman include: Wavelength services derived from wave division multiplexing which can deliver of the order of 10Gbps and enable synchronisation of systems between data centres for example with very low latency and very high-speed transmission, Layer 2 VPNs and internet-based VPNs at access speeds up to 1Gbps which provides another alternative private network option.

We understand from statements made during the discussions that pricing of leased circuits, particularly high-speed circuits, are very high. Further, we were told that MPLS performance was variable and suffered from latency and reliability problems. Service availability varied by city. High prices coupled with lack of universal coverage and performance problems meant that disaster recovery centres could not be located at sufficiently distant locations and operational problems were created at branch offices reliant on data centre based computer services. Overall, the services needed to link offices to data centres are inadequate. The reason cited for these problems was the lack of redundancy in the operators' networks. It was suggested by others that the presence of two main infrastructures overcame these problems of redundancy. However, it would be difficult to combine such infrastructures in a private data network without starting at a very basic leased circuit level. This would be beyond the capacity of most private sector customers of the telecommunications operators and would likely be expensive to deliver.

The likely reasons for the lack of high performance business services is probably that (1) Oman is a two player market for business telecommunications services, and (2) the market is relatively small and unsophisticated. Nevertheless, Qatar is no bigger and state of the art services are available there.

The sector is regulated by the Telecommunications Regulatory Authority under the Telecommunications Act.[66] A new telecommunications law is being drafted currently. The licensing framework includes a class licence for the licensing of value added services. Thus, the TRA has exercised its authority in this area by blocking unlicensed voice services delivered over the Internet such as Skype and WhatsApp that can be used as substitutes for licensed voice services. The main issue for e-commerce is how to distinguish between an OTT public service that falls within the TRA's scope and one that doesn't. The issue is to determine when an OTT service is a public telecommunications service and when it is not. The definitions provided in relevant law do not provide a clear answer. It seems possible that the TRA's scope includes any public service, which conveys data and can therefore include service offered by one entity to another that uses telecommunications. This could include e-commerce services such as payment services.

3.1.2 IT

The Information Technology (IT) sector is critical for supporting business use of e-commerce. Purchasing or selling products online requires underlying computer systems and for those selling, this includes web hosting, cloud computing and software development.

Unlike the telecommunications sector, there are no official data available on the IT sector (hardware and computer software and information services) making it difficult to gauge the size and dynamics.

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[66] https://www.tra.gov.om/legal-framework/the-telecom-act

Official statistics are not available on the number of enterprises operating in the sector, value added or employment.[67] This makes it difficult to gauge whether the IT industry is of appropriate size to meet the needs of enterprises wanting to engage or already engaged in e-commerce.

Data centres are essential for providing local hosting and other services such as Internet traffic exchange and cloud computing. There are, currently, two data centres in the country:

- **Oman Data Park**[68], a partnership between Omantel and 4 Trust, an Omani systems consultancy and systems integrator. Oman Data Park provides Microsoft and other public and private cloud products from its data centre as well as other forms of hosting.
- **Cloud Acropolis**[69], a data centre with Tier IV power supply, offering a comprehensive set of services including cloud services.

There are a few local firms on the market providing services relevant for e-commerce. GULFCYBERTECH, launched in 2003, is one of the leading IT companies providing web hosting and e-commerce solutions.[70] Its clientele ranges from B2C company Roumaan to Muscat Municipality. Services provided include shopping carts and payment gateways as well as web site design and digital marketing.

Several companies provide web hosting including the two data centres. Indicative prices for Windows operating system hosting are shown below which are significantly different.

Table 3-4: Web hosting prices, 2018

	Cloud Acropolis	Oman Data Park
Package	SME Package	Webhosting Plesk - L
Storage	10GB	8 GB
Traffic	50GB	100
Price (per month)	OMR 2	OMR 20.9

Source: https://www.omandatapark.com/product/webhosting and https://cloudacropolis.com/windows-webhosting/

Despite the availability of data centre services relevant to e-commerce in Oman, discussions with stakeholders suggested that these services were not attractive in comparison with those available in other countries. Reasons varied but included pricing, service packaging particularly for the MSME market and the degree of integration with payment services.

In addition to hosting, e-commerce companies need other IT-related services such as payment and shopping cart plug-ins, SSL certificates, graphic design and digital marketing. While some of these services are available in Oman, potential e-commerce companies may not be aware of them. A portal linking relevant services and which companies they are available from would make it easier for e-commerce companies.[71]

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[67] International standards classifying and defining the ICT sector, including information technology sub-sector are available and compiled by several countries. See "B. Alternative aggregation for the information economy" at: https://unstats.un.org/unsd/cr/registry/docs/i4_information_economy.pdf

[68] https://www.omandatapark.com

[69] https://cloudacropolis.com

[70] http://www.gulfcybertech.com

[71] For example, see: https://www.go-ecommerce.my/platform-providers

3.1.3 Conclusions

Mobile broadband is widely available throughout the country at reasonable prices. Fixed broadband is lower among the population with just over half of households having a connection. Availability of advanced telecom services for businesses is lacking and prices for the business-oriented services that are available are perceived to be high.

A fully shopping cart and payment website provided as a service not widely available or publicized. GulfCybertech appears to offer these services but pricing is not available on the company's web site and there is not widespread awareness. It would be useful for e-commerce companies to have access to a portal that lists all available providers of different services.[72]

3.2 Trade and logistics

3.2.1 Trade

This section reviews Oman's trade environment and then considers the various logistics elements associated with the supply of goods using e-commerce.

Oman has a strategic location at the southeast tip of the Arabian Peninsula. It is bisected by the Persian Gulf and Indian Ocean.

Oman has various international, regional and bilateral trade agreements that facilitate the exchange of products across its borders. It has been a member of the World Trade Organization (WTO) since November 2000. Oman is a member of the Gulf Cooperation Council (GCC), which allows for duty-free trade between its members and with other countries with which it has a free trade agreement. The GCC has Free Trade Agreements with the United States (2009) and Singapore (2014) and the EFTA (Iceland, Liechtenstein, Norway, and Switzerland) countries (2010). Oman also has a free trade agreement with the USA (2009).

Oman's principal export is oil which has provided a sustained balance of payments surplus subject to the variation in the price of oil. Excluding oil, Oman runs a significant trade deficit amounting to OMR 4.4 billion in 2016. Exports are roughly divided between Omani exports and re-exports.

Overall non-raw material trade, exports and imports, are shown in Table 3-5 below. Middle East and North Africa dominate both exports and imports, although sub-Saharan Africa, South and East Asia - Pacific provide markets for consumer goods and intermediate goods. Imports are sourced largely via the UAE which accounts for the large import value for goods imported from the Middle East and North Africa. Utilisation of UAE as a port of entry is a threat to the development of an e-commerce hub in Oman. However, there is an opportunity for Oman to divert some of this trade so that it enters Oman directly.

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[72] For example, the Malaysia Go eCommerce portal lists providers of web hosting, marketplaces, payment gateways and other services as well as the prices. The platform was developed by the Malaysia Digital Economy Corporation and SME Corporation Malaysia. See: https://www.go-ecommerce.my/about-us

Table 3-5: Imports and exports (2016), excluding raw materials by value and by trading partner region[73]

2016 (US$ m)	Exports				Imports			
	Consumer	Intermediate	Capital	Misc	Consumer	Intermediate	Capital	Misc
World	4,057	3,688	555	2,559	7,902	5,867	5,074	3,465
East Asia & Pacific	84	994	53	17	1,038	796	886	128
Europe & Central Asia	142	180	141	8	594	488	962	195
Latin America & Caribbean	118	60	20	0.38	4	49	21	5
Middle East & North Africa	2,549	1,398	278	81	5,383	4,208	2,503	447
North America	71	238	18	4	135	93	545	59
Other Asia	77	47	25	0.027	21	6	9	2
South Asia	463	631	9	10	720	224	145	19
Sub-Saharan Africa	547	138	11	4	6	3	3	0.49

3.2.2 Logistics

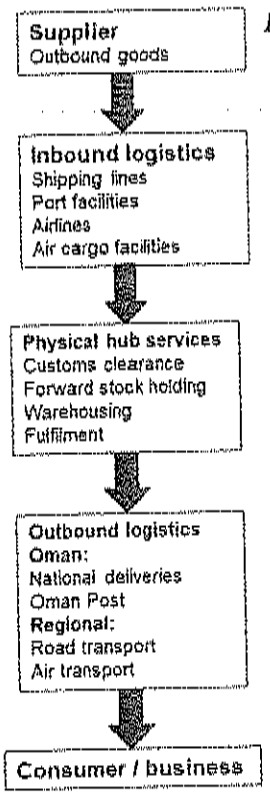

Figure 3-1: E-commerce supply chain

The UAE, Saudi Arabia and Oman together accounted for about 79% of the total value of GCC logistics market in 2015. All these countries have witnessed significant growth in logistics capacity in the last decade. The UAE, for instance, overtook countries such as the UK, Germany, Italy, Spain and Belgium, with more than 19.3 million 20-foot equivalent units (TEUs) of container traffic shipped in 2013. Other GCC countries also witnessed strong growth in logistics demand. From 2000 to 2013, Saudi Arabia's container traffic shipment grew 4.5-fold, while that of Oman grew 3.4-fold.

Firms engaged in e-commerce, particularly those trading goods, need a well-developed logistics infrastructure for delivery and fulfilment. Further, there is an intention to develop an e-commerce hub under Tanfeedh. A logistics infrastructure is required for this hub. This hub would build on the Sultanate of Oman Logistics Strategy 2040 (SOLS 2040) which aims to make the country one of the world's top ten logistics locations by 2040.[74] Revenues from the logistics sector were US$7.9 billion in 2013 and forecasted to reach US$12 billion in 2017 contributing 4.9% to the Sultanate's GDP in 2015. The industry includes multinationals offering a comprehensive range of sophisticated logistics services, down to smaller national freight forwarders offering the simple storage and shipping of merchandise. Key drivers are investments in ports, free zones, industrial estates, roads, airports and rail network; economic diversification efforts and trade with GCC states, Asia and Sub-Saharan Africa. It is forecast there will be 80,000 logistics jobs in 2020 rising to 300,000 by 2040.

Figure 3-1 shows the elements in the supply chain for e-commerce that are considered here.

[73] ibid

[74] Unless otherwise noted, this section largely adapted from "Briefings from Oman: Logistics" on the Public Authority for Investment Promotion & Export Development (Ithraa) web site at: https://ithraa.om/Media-Hub/Briefings-from-Oman

3.2.3 Sea transport

The GCC has become a central node in the worldwide circulation of goods arising from the Arabian Gulf's location along the Asia-Europe trade route and the availability of funding for large infrastructure development. Developments in ports has been and is still being complemented by developments in other infrastructure such as logistic cities, and in advantageous regulatory regimes such as special economic zones in which ordinary import duties and taxation may not apply. This infrastructure development has also enabled GCC ports to become feeder ports to smaller East African Ports.

The key features of the development of logistics infrastructure in the Gulf region include:

- A large degree of duplication in port infrastructure in the region;
- Increasing competition among internationally dominant port operators looking to gain access to the GCC maritime port market. [75]
- The development of free zones that enable assembly and repackaging of goods for re-export without incurring customs dues, thereby embedding individual ports in global supply chains.

For the past 10 years, Oman has stood as the third largest regionally in terms of container throughput, and there are plans for massive expansion in its maritime and logistical infrastructure.

The major ports at Sohar, Salalah an Duqm all have links to port consortia which have links to major shipping lines. Therefore, the linkages are in place for increased inbound traffic to Omani ports.

3.2.4 Air transport

Air facilities have received considerable investment recently. This includes investment in the Muscat, Salalah, Sohar and Duqm airports. Oman Air, leveraging the new airport in Muscat, plans to significantly increase destinations and passenger traffic. By the end of 2018 the company will fly to around 50 international and three domestic destinations with a fleet of around the same number; the fleet is projected to increase to 66 by 2022.[76] Due to the large number of expatriates, Oman Air has extensive connections to South Asia.

Oman Air launched cargo services in 2009. It has created a joint venture with SATS, a Singaporean based freight specialist, for cargo handling at the Muscat hub. The new airport has a dedicated cargo terminal with state-of-the-art facilities including seamless and automated handling of containers and pallets using elevating transport vehicles.[77] The terminal is fully air-conditioned and has a large cold room storage facility for perishables.

Oman Air partnered with Cargolux (Luxembourg) giving Cargolux access to the cargo hold capacity of the Oman Air passenger fleet with the potential to enhance shipments between Europe and Oman and on to other destinations. [78]

3.2.5 Fulfilment

One reason for UAE's high market share in the GCC logistics market is the development of the infrastructure around Jebel Ali Port in Dubai. Jebel Ali's development model can be a prototype that is being replicated across the GCC for an integrated logistics infrastructure. One core feature of this model is an emphasis on intermodal transport and automation, with the movement of commodities seamlessly

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[75] Ziadah, Rafeef, "Constructing a logistics space: Perspectives from the Gulf Cooperation Council", SOAS, University of London

[76] https://www.omanair.com/en/about-us/corporate-information/oman-air-profile

[77] http://omanairsatscargo.com/about-new-cargo-terminal/

[78] http://www.cargolux.com/media-room/media-releases/media-releases/archives-2015/cargolux-completes-cooperation-agreement-with-oman-air

between free trade zones and different kinds of transport networks. Jebel Ali, for example, contains a free zone and Logistics City connected to Dubai's World Central complex and Al Maktoum Airport in one large customs-free area. This integration is aimed at speeding up the turn-over time of commodities through Dubai, the wider Gulf, and global markets, with the logistics sector acting as the underlying substratum for this circulation. Included in this arrangement is a "one stop shop" approach to taking a basket of logistics services, with a single point of contact to set up a business and start trading. [79]

This model is being adopted by Oman with its aim to exploit the position of its ports outside the Strait of Hormuz to establish itself as a regional logistics hub. Oman has three key transport ports at Sohar, Salah and Duqm two of which are linked to duty free zones:

- **Sohar Free Zone:** 100% foreign ownership is permitted, and there is a 10-year tax exemption that is extendable depending on the rate of 'Omanization' the company undertakes. A logistics services complex has been built in the Freezone by Al Siraj Investment Holding for the distribution of vehicles and spare parts. Local agencies for car products including Suhail Bahwan Automotive (handling Nissan and BMW) and Oman Trading Establishment (Hyundai), will be the main groups to benefit from this space (Times of Oman, 2012: n.p.).
- **Duqm Special Economic Zone (DSEZ):** DSEZ will cover an area of 1777 square km and 80km of coastline along the Arabian Sea. DSEZ will be the largest free trade zone in the Middle East and North African region. It is and 'integrated economic development comprising a seaport, industrial area, fishing harbour, tourist zone, a Ziadah logistics centre and an education and training zone. Benefits will include 100% freehold for international corporations, tax exemption for up to 30 years renewable for a similar period and minimal labour regulations.
- **In addition, South Al Batinah Logistics Area (Khazaen)** located in Barka, between Muscat and Sohar, it will provide a customs bonded inland port and intermodal rail terminal, warehousing, distribution facilities, cold storage and other facilities suitable for light industry such as textile production, electronics manufacturing, food processing, bakeries, equipment repair and processing. [80] **The Mazyounah economic free zone,** Located close to the Yemen border inland from Salalah, Mazyounah provides facilities for industrial development with similar terms to the freezones linked to the ports of Sohar, Salalah and Duqm.[81]

While Oman is developing infrastructure rapidly, UNCTAD received reports concerning the performance of the ports and airports, and the lack of any fulfilment hub suitable for e-commerce. Performance and fulfilment services will need to be addressed.

3.2.6 International delivery

Delivery within the GCC can be undertaken by road or air. The proposed GCC rail network will not be available during the period of this strategy, and indeed, the rail network in Oman will be used for extractive industries rather than carriage of passengers or cargo.

The road network in GCC countries is very good. However, Oman only has road crossings to UAE and Yemen. The prospective direct route to Saudi Arabia has yet to open despite being ready on the Oman side of the border. It is not clear when or even whether Saudi Arabia will open the road on their side of the border, or indeed whether it has been finished. Nevertheless, potentially, this road extends to Qatar before reaching any major conurbation, and therefore its value as an e-commerce resource except to bypass border checks from neighbouring countries is not clear.

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[79] Ziadah, Rafeef, "Constructing a logistics space: Perspectives from the Gulf Cooperation Council", SOAS, University of London

[80] "Briefings from Oman" – Logistics, Ithraa, December 2016

[81] "Briefings from Oman" – Logistics, Ithraa, December 2016

Hence, international delivery to the GCC, and to Iran is likely best undertaken by air. Oman Air is developing a cargo strategy that will include e-commerce. Hence this strategy will need to be consistent with the Oman Air Cargo strategy.

International couriers have a significant role to play in international delivery. Many major international couriers are represented in Oman and can arrange collection from major population centres. No major courier currently hubs in Oman. It would be advantageous to e-commerce in Oman if one did.

3.2.7 National delivery

National delivery of e-commerce packages is ordinarily reliant on the availability of postal services and courier services. Oman's postal market, including couriers and express services, has been liberalized. The TRA is responsible for regulating the market. At the end of 2016 there were 16 licensed providers (see Table 3-6 below). Oman Post is the designated postal operator established by Royal Decree No. (48/2005) and remains the sole provider of traditional letter services. Muscat is by far the main distribution point for the companies.

Table 3-6: Licensed postal service providers, 2016

Company	No. of Branches	Number of Workers		
		Omani	Expat	Total
Oman Post	80	499	4	503
DHL	10	59	25	84
Aramex	4	38	60	98
Elite Enterprises	3	15	27	42
Oman Postal Express (FedEx)	5	23	16	39
Gulf Agency Company (TNT)	3	19	10	29
Falcon Air Services & Transport (UPS)	1	13	4	17
Moon Express Cargo L.L.C	1	10	21	31
United Travel (OCS)	1	3	4	7
Muscat Post	1	-	1	1
Blue Moon Inland Cargo Express LLC	3	2	7	9
ATS	1	2	4	6
Ramda Trading & Cont. Est. (Skycom)	1	1	2	3
AL Faghra Trading & Cont. (SkyNet)	1	2	2	4
First Flight Logistics L.L.C	1	1	1	2
The Best Solution	1	2	4	6
Total	**117**	**689**	**192**	**881**

Note: Only Oman Post carries traditional letter mail.
Source: TRA Annual Report 2016

Postal services are provided by Oman Post. Currently Oman Post offers a delivery service to post office boxes at its 80 post offices. In some places, Oman Post also provides door step delivery via partner delivery agents. The number of post offices per region varies from 16 in Muscat to 2 in Al Wusta in 2016. There are currently 67,000 private post office boxes across the country, which suggests that there is one post office box for every sixty-six people or one per 7 to 10 households. However, there is a large variation in the population per private post office box, with one for every 50 people in Muscat, and one per 100 people in Am Batinah North and Al Wusta. Thus, coverage of post offices and private post office boxes is low and variable across the country. For post office boxes to be used for e-commerce, there will need to be an increase in the number of post offices and hence boxes, or alternative methods of providing post office boxes will be needed.

International courier services have arrangements with delivery agents in Oman to provide a door step delivery service. These delivery services, and Oman Post, use buses for city to city transportation in many cases. However, bus companies offer only a pre-emptive service for packages, bus passengers take priority, hence the service can be unreliable, and a track and trace system is not easily provided.

A door step delivery service is reliant on street addressing and digital maps. These will be available by 2020 via the National Centre for Statistical Information (NCSI).

3.2.8 National collection of packages

The small number of post offices and courier branches makes the collection of packages from e-commerce vendors outside major cities difficult. Stimulation of e-commerce in rural areas will require attention to this collection function.

3.2.9 Customs

The Directorate General of Customs[82], an agency of the royal Oman Police, is responsible for customs services. The Directorate operates a single window system (BAYAN) for electronic processing of trade documents and this enables many shippers including international couriers to clear customs electronically. However, Oman Post uses the UPU declaration system and the Customs Directorate does not have access to that. Therefore, Oman Post cannot undertake pre-clearance and delays may occur.

Customs duty is levied on inbound goods typically charged at a rate of 5% of value. However, there is a de minimis level of OMR 100 below which customs duty is waived. However, courier operators often clear shipments as one import, total the value of the goods in the shipment and then apportion the duty across the various packages making up the shipment. This means that small value packages are still subject to duty which is collected by the couriers on delivery of the packages. Further duty should be levied on entry to the GCC and not on trans-GCC shipments. However, shippers often collect duty on these trans-GCC shipments as well as direct imports from outside the GCC. For e-commerce to flourish in Oman, these irregularities will need to be addressed.

There are however, facilities for re-exporting of goods. Bonded warehouses and bonded routes are available in Oman.

3.2.10 Conclusions

1. Oman could be an e-commerce hub for the Gulf region, including GCC countries and Iran as well as for Oman itself and for East Africa. It aspires to extend such an e-commerce hub to Central Asia. Oman has an advantageous geographic position for importing and exporting by ship and air, shipping lines that already call at Omani ports and air transport sufficient for e-commerce parcel delivery. The scale to make this a reality could be delivered by establishing an e-commerce park that aggregates domestic e-commerce companies, attracts international ones and clusters supporting businesses such as shipping and warehousing.
2. E-commerce associated with finished goods would be reliant on imports from Asia. Oman needs to import directly from product suppliers in Asia instead of using ports in UAE otherwise it will risk losing such e-commerce hub traffic to UAE.
3. Regarding its position as a hub for the GCC countries and Iran, it lacks direct road links with countries other than UAE and Yemen and would generally have to use air transport to meet delivery time requirements. Rail links will not be available in the strategy period.
4. It would be advantageous to Oman and particularly to e-commerce if a courier service used Muscat airport as a hub for the Middle East.
5. E-commerce companies would benefit from a packaged fulfilment service. There is a need for intermediaries that can receive, store, pick, pack and deliver inventory and provide this as a service to e-commerce companies. (This exists in Lithuania where WuliuAir provides a variety of e-commerce fulfilment services that are customized for its e-business clients.[83] The Go eCommerce portal in Malaysia lists numerous companies that provide warehousing and shipping as a service from which e-commerce companies can easily pick and choose.[84])

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[82] https://www.customs.gov.om/portal/en/esw/eservices/

[83] https://www.wuliuair.com/e-commerce-fulfillment/

[84] https://www.go-ecommerce.my/efufillment-providers

6. National delivery of e-commerce packages needs improved reliability of courier and postal services. The unreliability is to some extent a consequence on courier and postal service reliance on buses for city to city transportation. Improved reliability of the parcel carriage service provided by buses or an alternative, affordable service is required.
7. The street addressing system needs to be completed on time in 2020 to facilitate efficient package delivery.
8. Oman Post needs to be able to clear customs on behalf of its customers and that requires the ability of the Customs Directorate to access the UPU customs declaration system to do so.
9. Oman Post's transformation to an efficient postal operator needs to be completed and door step delivery by Oman Post needs to be extended.
10. If possible, additional Post Offices provided through an alternative Post Office model such as a franchise would be advantageous for the picking up and delivery of parcels thereby enabling remote e-commerce businesses and an alternative to door step delivery.

Box 3-1: E-commerce parks

A dedicated facility supporting e-commerce has been implemented in several countries. Such a facility enables interaction within the e-commerce ecosystem such as e-commerce businesses, payment providers and logistics operators. They are generally located close to transport hubs and often offer streamlined customs services. They may include elements such as warehouses, incubation for e-commerce start-ups and offices for established e-commerce businesses. They are attractive to small e-commerce companies due to scalability while can also be relevant for international ones due their strategic location.

Three such facilities in different regions of the world are discussed below.

Digital Free Trade Zone (DFTZ), Malaysia

The DFTZ was launched in 2017 and is overseen by the Malaysia Digital Economy Corporation (MDEC) a government-owned agency. DFTZ supports the country's strategic roadmap which has the target of increasing the share of e-commerce in GDP to 6.4% by 2020 and getting 80% of SMEs online.

The first phase is being implemented by the national postal service, Pos Malaysia. It involves converting a former air terminal at the Kuala Lumpur airport into a cargo terminal. Pos Malaysia spent around RM 60 **(US$ 15)** million to convert the terminal.

The second phase is a greenfield project between Alibaba's logistics arm and Malaysia Airports where Alibaba will host its regional fulfilment hub. The airport forms part of a multimodal transport solution, including sea freight at Port Klang, excellent road connections and a railway cargo facility.

The government **has allocated RM 83.5 (US$21) million** to DFTZ for 2018.

DFTZ adds value in three areas that aim to promote the Malaysia brand and its appeal as a trade destination:

- Improve ease of doing business
  - Increasing overall goods movement and clearance process
  - 24×7 customs presence and faster clearance
  - Streamlined registration and licensing services for SMEs
- Presence of leading global companies & brands
  - Large global/regional companies with their regional fulfilment centres in Malaysia
  - Leading fulfilment service providers operating in the DFTZ
- Improving productivity of business
  - Automation in operations to improve overall throughout/volumes handled

A key feature of DTFZ is that, while SMEs **can handle their entire fulfilment a DTFZ, they do not need to physically locate there**. DFTZ has an online portal for SMEs to monitor all import, export and transhipment activities.

Dubai CommerCity

Dubai CommerCity is an AED 2.7 billion **(US$ 235 million)**, joint venture between Dubai Airport Free Zone Authority (DAFZA) and wasl Asset Management Group, in the Umm Ramool area **near the airport.** Announced in October 2017, the 427,000m^2 facility is the first free zone dedicated to e-commerce in the Middle

East and North Africa, intended to promote Dubai's position as a centre for international e-commerce as well supporting economic diversification.

The park features **three clusters** to be built over two phases:

- The Business Cluster has 13 office buildings with leasable area of 108,000 m2.
- The Logistics Cluster consists of 84 logistic units including technology-enabled warehouses. The leasable area is 68,000m2
- The Social Cluster will feature art galleries and luxury restaurants and cafés to "...meet the expectations of e-commerce companies wishing to establish regional headquarters in Dubai."[85]

CommerCity is under construction and details are not available about launch date. It is too early to know about the type of companies that will participate and specific operational details. Meanwhile an MoU has been signed with Emirates SkyCargo to support air freight requirements in the facility.[86]

E-commerce Park of Sweden[87]

The Park was launched in 2015 and is located near the port in Helsingborg, in the south of the country. The location is strategic, situated at the intersection of two main highways, the city port (which is one of the major container harbours in the Nordics), there are good railroad connections and the Ängelholm Helsingborg Airport is around 35 km away. Helsingborg is near Denmark and has excellent transport connections to Norway, which along with Sweden, boast close to 20 million online shoppers. The three countries all rank among the top five nations in the world in terms of the share of individuals who have purchased something over the Internet. **One attraction for smaller e-commerce companies is the economy of scale** due to shared warehousing, logistics and knowledge.

The park consists of **four main areas**: office space, community and network coordinating, warehouses and logistics centre, and an incubator (Sweden's only e-commerce dedicated incubator). This complements the region's high density of e-commerce companies with a strong ecosystem of marketing, tech, legal and administration support. There are partnerships with digital marketing, translation and logistical companies, as well as lawyers and accountants with e-commerce specific experience.

3.3 Payments

The Omani banking sector comprises of 7 local banks, 2 specialized banks, 9 foreign commercial banks and two Islamic Banks. Data about the number of bank accounts, credit cards and mobile money accounts is limited. These data are not available on the Central Bank of Oman (CBO) web site. While the World Bank included Oman in its Global Findex survey in 2011, the country was not surveyed in in 2014. Bearing in mind the lag in the data, Oman has a relatively high level of formal bank accounts (74% of ages 15+ in 2011). Credit card penetration in 2011 was a little over one fourth of the population while debit card possession was higher at just over half the population. Discussions with stakeholders suggest that today, debit card ownership is nearly universal particularly with the Ministry of Manpower Wages Protection System (WPS) mandating employers to deposit salaries into bank accounts.[88]

The CBO has deployed a payment gateway for local debit cards. In 2016, the OmanNet Debit Card E-Payment Gateway was launched. It supports payments for online transactions using domestic debit cards. There have been difficulties with the bank "acquirers" getting some of their merchants to implement the new system for debit cards. The intention is to use OmanNet for debit cards and bank card payment systems (Cybersource for Visa and Mastercard's Internet Gateway Service (MIGS)) for credit card processing. There is an incentive for merchants to implement OmanNet since the transaction

[85] http://www.dubaicommercity.ae/#

[86] http://www.skycargo.com/media-centre/emirates-skycargo-signs-mou-with-dubai-commercity

[87] http://ecommercepark.se

[88] See "About WPS" at:
https://www.manpower.gov.om/Portal/DynamicContentPage1.aspx?Pagename=ABOUTWPS

fees are lower. The dual payment systems in operation in the country provide resiliency.[89] Three banks provide online payment solutions for merchants: Bank Muscat, National Bank of Oman and Oman Arab Bank.

Merchant account fees-registration, monthly fee and transaction charges--are important for both online sellers and payment service providers (PSPs). If fees are too high, merchants would likely prefer to accept cash on delivery despite the inconvenience. High fees may also discourage potential businesses from entering the market, particularly where the business model is based on having credit/debit card information stored for on-demand purchases. On the other hand, if transaction fees are too low, it may discourage PSPs from entering or surviving in the market. There is a large difference in prices between Bank Muscat and National Bank of Oman (Table 3-7).

Table 3-7: Merchant account fees using OmanNet (OMR)

Bank	Registration fee	Monthly fee	Transaction fee
Bank Muscat		15	2.25%
National Bank of Oman	200	50	2.75%

Source: https://www.ita.gov.om/itaportal/Pages/Page.aspx?NID=7&PID=41&LID=17

The Mobile Payment Clearing and Switching System (MpClear), deployed in 2017, offers interoperability and a unified switching and clearing services between different mobile banking systems. MpClear is particularly relevant given the high level of mobile penetration in the country, although mobile money services do not appear to be as popular as other countries. This is partly because unlike many other countries, mobile money initiatives in Oman are bank rather than telecom operator driven.

Bank Muscat launched the country's first mobile wallet ("bm Wallet") in July 2017.[90] bm Wallet can be used to transfer funds to other bm Wallet users by using their mobile numbers. Funds can also be transferred to non-Bank Muscat customer's wallets by using their mobile number / alias if they are registered with the Central Bank of Oman's MpClear (Mobile Payment and Clearing) system. Funds can also be transferred from the bm Wallet to the user's Bank Muscat account. The app is available for both Android and Apple's iOS. Other banks have followed suit such as Nizwa with its e-wallet in October 2017[91] and the National Bank of Oman mobile wallet.[92]

Several online payment systems are available in the country. The Oman Investment and Finance Company (OIFC) has a service called *Khedmah* that can be used to recharge prepaid phones and pay electricity, water and telecommunication bills.[93] This simplifies bill payment for users since they can pay several bills through one application instead of having to go to each service provider and pay separately. Users link the account to their debit card. Khedmah can be used online or through the mobile app available for Android and Apple smartphones.

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[89] The importance of redundancy is highlighted by the failure of the Visa payment network in Europe in June 2018. See: Patrick Collinson. 2018. "Visa card payments system returns to full capacity after crash and agency." *The Guardian*, 2 June. https://www.theguardian.com/money/2018/jun/01/visa-card-network-crashes-and-sparks-payment-chaos?CMP=Share_iOSApp_Other

[90] http://www.bankmuscat.com/en-us/PressReleases/Pages/BankMuscatlaunchesOman'sfirstelectronicwallet-bmWallet.aspx

[91] http://www.banknizwa.om/news/2017/october/30/bank-nizwa-delivers-convenience-on-the-go-with-launch-of-e-wallet-solution/

[92] https://www.nbo.om/en/Pages/Personal-Banking/Support/Mobile-Wallet.aspx

[93] https://www.oifcoman.com

Thawani is a mobile payment app that was recently launched after a long delay to obtain online payment processing permission.[94] It has partnered with Oman Arab Bank as its payment processor. Thawani enrols both purchasers and merchants. The former link their Thawani account to their debit or credit card while the advantage for the latter is that they do not need a merchant account. Consumers can pay bills as well as other services using either the seller's Thawani account or mobile number of by scanning a QR code. For now, the only fee users pay is to load their Thawani wallet-1% of the value for a debit card and 1.5% for a credit card; they can also load from their bank account for free. Merchants pay 1.5% of the transaction value. Like Khedmah, Thawani is available for both Android and Apple smartphones.

The Omani government has been accepting online payments since 2008 through the ePayment gateway launched by ITA. The volume and value of transactions has grown steadily. Values jumped in 2016 following the use of ePayments in paying customs duties by ROP and the launch of the Omannet payment gateway. This suggests that there is not an inherent bias against using debit cards for online payments when the vendor (i.e., Omani government) is trusted. Almost two million e-payment transactions were made for government services in 2016 with a value of OMR 365 (US$ 949) million. This translates into C/B2G e-commerce.

Omantel and Ooreedoo also accept online payment for their telecommunications services.

Conclusions

Both quantitative and anecdotal evidence suggests that there is a relatively high degree of payment instrument penetration for residents of Oman. It is fairly straightforward for residents to open an account and another motive is the trend in salary payments being made to bank accounts. Once a person has a bank account it is easy to then obtain a debit card. These debit cards are branded by the major payment networks Visa and Mastercard and can be used internationally.

A degree of risk adversity has delayed merchants and fintech start-ups from launching e-commerce related services. Long approval times for them to accept online payments—sometimes stretching into years—is inhibiting the development of online shops in the country and frustrating innovation. The criteria for granting permission should be streamlined, trading some risk for the benefits of a more innovative e-commerce market. The option of "super merchants" facilitating payment acceptance for smaller merchants also merits exploration. Some companies have indicated a willingness to do this. Another action that would help merchants is availability of a standardized software plugin for e-commerce sites that streamlines access to OmanNet and other payment gateways. Transaction fees merit review since they may discourage merchants from accepting cards while if they are too low, it may affect development of the PSP market.

3.4 E-Commerce enabling legislation

Laws relating to electronic commerce are essential to not only legitimize the online transaction process but also foster trust among both buyers and sellers. The process of purchasing products online is broadly like buying from a physical store. However, there are nuances with electronic commerce that require new legislation and adaption of existing laws. The areas of law often considered with respect to e-commerce are:

- E-transactions including e-signatures
- Consumer protection
- Intellectual property
- Privacy and protection of personal data
- Cybercrime
- Protection of children

[94] https://www.thawani.om/en/

UNCTAD has reviewed Omani law against sources of model law and legislative requirements including those developed by the OECD, Council of Europe, EU, UN and the ITU. The law reviewed comprised:

- The Electronic Transactions Law issued by Royal Decree no. 69 of 2008
- The Consumer Protection Law promulgated by Royal Decree No.66/2014
- The Industrial Property Law of Oman (IP Law)
- Law of Author's Copyrights and Related Rights
- The draft Data Protection Act
- Cyber Crime Law issued by Royal Decree no. 12 of 2011

Omani e-commerce related law meets many of the requirements defined in model law and other specifications of requirements. There are some gaps however. These are listed below.

3.4.1 E-transactions including e-signatures

E-transactions and e-signatures are governed by ITA under the Electronic Transactions Law. This largely meets requirements in this area. Nevertheless, the validity of digital certificates issued by foreign authentication service providers is not certain since such service providers must be recognized by a ministerial decision. This could lead to delay and lack of comprehensive coverage of such authentication service providers, meaning that the Law may not apply to contracts or e-signatures reliant on digital certificates issued by them.

3.4.2 Consumer protection

The Public Authority for the Consumer Protection is responsible for consumer protection under the Consumer Protection Law. This law makes no reference to e-commerce, and therefore e-commerce specific requirements are not covered. A determination that the Consumer Protection Law applies to e-commerce transactions needs to be made and the following gaps need to be filled.

- Technology neutral prohibition of spamming and the specification of effective enforcement action
- A requirement for effective and easy to use procedures to allow customers to choose if they wish to receive SPAM with functional opt-out procedures as minimum
- Prohibition of the supply of goods with demand for payment without a consumer ordering them beforehand and exemption for the consumer from providing consideration in case of unsolicited supply
- Cross border application
- Fair contract terms including standard terms, and protection of vulnerable consumers
- The product safety regime needs to be extended to the supply of products via the internet.

3.4.3 Intellectual property

The Industrial Property Law (IP Law) and the Law of Author's Copyrights and Related Rights (Copyright Law) are applicable. Various agencies are responsible under the IP Law as follows: patents – the Oman Patent Office, Trademarks – the Industrial Property Directorate, Ministry of Commerce and Industry (MoCI), and registered designs – MoCI. MoCI is also responsible, under the Copyright Law for unregistered designs and copyright. It is not clear that these laws apply to IT based intellectual property or the use of ICT for the communication of intellectual property. In particular, it is not clear that it applies to the use of digital rights management technologies and the use of musical or other media online. Overall,

3.4.4 Privacy and protection of personal data

There are no specific data protection laws in Oman. However, the following laws are relevant.

- The Basic Law, issued by Royal Decree 101/1996, provides for the individual's right to privacy in communication. Article 30 of the Basic Law prohibits any interference with or monitoring

of an individual's telephone calls or written correspondence and guarantees the confidentiality of their contents, except in certain circumstances.

- Individual privacy is also protected in the Penal Procedure Law promulgated by Royal Decree 97/1999, as amended ("CPL"). Article 90 of the CPL provides that correspondence and cables may not be confiscated or perused; newspapers, publications and parcels may not be confiscated; conversations taking place in private may not be recorded; telephone conversations may not be tapped; and dialogue may not be recorded without the permission of the Public Prosecutor of Oman. The permission specified in Article 90 of the CPL may only be issued by the Public Prosecutor, who would only permit audio or video recording of an individual if there is enough evidence of an offence or misdemeanour punishable by imprisonment for a period exceeding three months. Once granted, the permission is valid for a renewable period not exceeding 30 days, during which the audio or video evidence must be obtained.
- The Electronic Transactions Law provides for protection of personal data and regulates the transfer of personal data outside of Oman.[95] The Electronic Transactions Law safeguards the confidentiality of information or data contained in electronic transactions although it does allow the disclosure of personal data under certain conditions: prevention or detection of crime, otherwise authorised by any law, the assessment of taxes or fees and the protection of the vital interests of an individual about whom the information is being collected.

A draft data protection act is currently being considered. This needs to take account of the UN Guidelines for the Regulation of Computerized Personal Data (1990), the EU Directive 2002/58/EC, and ultimately the EU General Data Protection Regulation (GDPR) which came into force in 2018. The GDPR is particularly important since it applies obligations to all those who hold data about people within the EU and EU citizens and potentially raises extra-territorial obligations on organisations holding such data outside the EU. Any e-commerce venture selling to consumers in the EU will need to be aware of its obligations under GDPR.

The GDPR approach may in some respects however provide a model for data protection in Oman that would help promote the adoption of cloud services in general and e-commerce cloud services in particular. The GDPR creates a distinction between a data controller and data processor and allows the data processor to be in any country provided that the GDPR rules for data processors are enforced through the agreement that the processor has with the controller. This provision enables the use of cloud services and other ICT services located outside the EU. If applied in Oman, it would enable e-commerce enterprises to use cloud services located outside Oman legally. There are cases in which Omani businesses have relocated to other countries to avoid the restrictions placed on them by Omani data privacy legislation. This relocation would no longer be necessary under a GDPR-like regime, enabling Oman to act as an IT hub for e-commerce and other data services, and stimulating the use of IT by business in Oman.

3.4.5 Cybercrime

The ITA is the authority for cybercrime under the Cyber Crime Law. The Law largely sets punishments related to a closed set of forbidden activities. UNCTAD believes that this approach has limited application. UNCTAD believes that a better approach is to consider the application of general criminal law in an ICT environment and modify that law accordingly to take account of new factors. The cybercrime law should be limited to specific cyber related issues that do not arise more generally. The law covers such ICT specific activities. It does not enable international cooperation however. Further it does not require the retention of traffic and location data to identify subscribers as required under the EU Directive 2006/24/EC.

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[95] https://uk.practicallaw.thomsonreuters.com/w-007-5872?transitionType=Default&contextData=(sc.Default)&firstPage=true&bhcp=1, accessed 9th May 2018

3.4.6 Protection of children

The ITA is the authority for the protection of children under by the Cyber Crime Law. This law does not encourage measures to facilitate user choice regarding content without unduly infringing protected liberties. Further, it does not prohibit advertisements that directly exhort children to buy products or persuade adults to buy products for them.

3.4.7 Law and regulation in other countries that places obligation on Omani e-commerce companies

Law in other countries needs to be monitored for its effect on Omani e-commerce enterprises. Omani enterprises may find themselves holding data about individuals and businesses in other countries, and those countries may have specific requirements for data held. Examples from the EU include GDPR as mentioned above and the EU regulations for e-commerce[96].

3.4.8 Conclusions

1. There is a need for law in Oman to be reviewed for its consistency with the use of IT and telecommunications and any necessary modifications made. Several alternative approaches are possible including the development of e-law in each area or the amendment of each affected law. Development of separate e-law, such as the cybercrime law runs the risk of a failure in consistency and completeness in relation to law applicable where IT is not in scope. Therefore, an approach that IT and telecommunications are in scope in each law is to be prepared. Such an approach would enable specific IT and telecommunications issues to be addressed while maintaining consistency and completeness.
2. Cross border issues need to be addressed. These include:
    a. Extension of law to cover parties from outside Oman contracting with parties in Oman
    b. The ability to hold data outside Oman but with a specification of the requirements to be met by service providers that are ultimately handling the data. An obligation could be placed on the Omani company to ensure that such requirements are met.
    c. Awareness campaigns about requirements of foreign law that must be met by Omani merchants if they are to contract online in other countries.
3. Amending present law as mentioned in this chapter.
4. Consider the adoption of GDPR-like regulatory environment to provide a strong framework for data privacy and data protection while enabling the outsourcing of data processing within the regulatory framework.

3.5 Skills and awareness

There are four groups affected by skills related to and awareness about e-commerce:

- **People**: While awareness is important for those who do not know about e-commerce, trust and security is a more pressing barrier for those who might want to use e-commerce.
- **IT industry & academia**: Relevant IT skills are needed to support e-commerce companies. In addition, there is need for specific skills related to operating a digital business: Content description, graphic design, data analytics, digital marketing and understanding how to leverage Internet for business
- **Entrepreneurs**: Need mentoring skills.
- **Established businesses**: Need to be aware of e-commerce and know what they need for an e-commerce shop and where to obtain pre-packaged IT solutions from the local market.

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[96] https://ec.europa.eu/growth/sectors/tourism/business-portal/understanding-legislation/legal-regulations-e-commerce_en

It is estimated that almost three quarters of Oman's population uses the Internet. However online shopping is estimated to be relatively low at around 11% of Internet users (and just 8% of the population), the lowest in the GCC. There are many more using the Internet, particularly social media applications, to find out about goods and services that are subsequently ordered offline. Awareness is particularly relevant given that "no need" was by far the main reason in both individual and business surveys about why the Internet was not used in Oman. This was cited by 55% of non-Internet users and 87% of companies not using the Internet. The lack of need for using the Internet is the precursor to lack of awareness of e-commerce since most Internet users would know about the possibility of shopping online.

The main reasons inhibiting placing orders online has not been officially surveyed in Oman. Discussions with various stakeholders suggest that trust is a key factor with Internet users reluctant to provide credit card details online or questioning the reliability of the vendor to deliver the products in a timely fashion. The success of social media platforms to sell products offline suggests there is a latent demand for online shopping. For example, there has been significant growth in direct import solutions where users can order from well-known overseas web sites using an address in the country of the online shopping platform for re-shipment to Oman. The lack of local B2C shopping sites is also a major inhibitor.

Raising awareness about the benefits of e-commerce and overcoming trust and payment concerns are thus vital for growing e-commerce in the country. At the same time there is need to make businesses aware of opportunities in e-commerce such as greater volume and the potential for expanding sales opportunities abroad. There is potential for a trustmark label, but none exists. The logos of well-known institutions such as banks or government agencies on payment pages might make online shopping more palatable.

There are several awards ceremonies in the country that likely raise awareness about e-commerce. The annual Oman Tech Awards have various categories including best e-commerce app and website.[97] In 2017, the gold award for best e-commerce web site went to Oman Air, the silver to Roumaan.com and the bronze to mydhl.dhl.com.[98] The gold e-commerce app award went to Roumaan, the silver to Ooredoo and the bronze to Ramadan App.

Conclusions

In respect to individuals' attitudes towards online shopping, there is a need for raising awareness through marketing campaigns that promote the availability, convenience and security of using web shops. Trustmarking domestic e-commerce sites can also increase confidence among consumers.[99] This might be overcome through a trusted domestic marketplace. The concept of an Oman "Trustmark" merits exploration as it could overcome trust concerns among the public.

Clarity is often lacking regarding IT skills. The primary focus of an e-businesses is selling products They are not supposed to be legal or accounting experts and outsource this. Similarly, they should not be expected to be IT experts and requirements in this area--marketplace, web hosting, web design, shopping cart and payment integration, digital marketing--should be outsourced to experts. These skills exist in the Omani market, but they are poorly linked to those that require them. There is a need for an online directory that lists providers of these services.[100] Specific e-commerce requirements (marketplace, web hosting, web design, shopping cart and payment integration, digital marketing) should be provided through an e-commerce program at university level consistent with international best practice.

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[97] http://omantechawards.om/pdf/E-Brochure.pdf

[98] http://omantechawards.om/winners-list.php

[99] For example, see Trust Ecommerce Europe at: https://www.ecommercetrustmark.eu

[100] https://www.go-ecommerce.my/platform-providers

Entrepreneurial e-commerce start-ups need support and encouragement. This includes a digital tech ecosystem that encourages e-commerce businesses and provides access to co-working space, incubation, mentoring and seed funding. Publicizing successful e-commerce entrepreneurship stories can foster interest to become involved in this area. A regular events program would help to strengthen the e-commerce community.

3.6 Business facilitation

Currently, most e-commerce businesses are informal (advertising products via social media apps, classified ads sites or web sites that are not online shopping enabled) or they are using platforms in other countries. It is not clear why the informal businesses do not formalize themselves, but issues associated with starting to trade as an e-commerce company are possible inhibitors. While trading informally is acceptable for micro businesses, an informal business will not be able to scale to a significant size. The reasons for using platforms in other countries is more readily explicable in terms of the relative ease of setting up a business and start trading in another country and then proceeding to sell services into Oman. There are few barriers in trading into Oman from another GCC country, typically UAE, whereas there are significant administrative barriers to setting up an e-commerce enterprise in Oman itself.

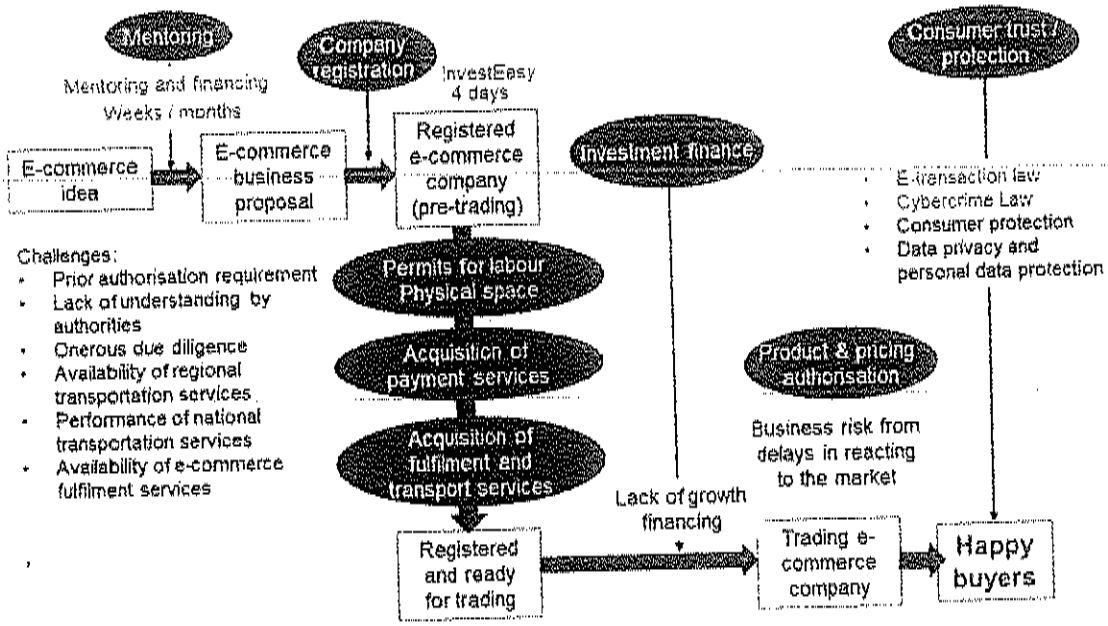

Figure 3-2: Issues associated with setting up an e-commerce business and trading on-line

Figure 3-2 shows in outline the life cycle of a start-up e-commerce business to the point where it starts trading identifying some of the issues encountered along the way.

3.6.1 Mentoring and investment financing

Mentoring and investment financing can occur at any stage of the business life cycle.

Government has established a few programmes that provide mentoring support and investment support using sovereign funding. These include:

- The Public Authority for small and medium enterprises development (Riyada)
- The Oman Technology Fund
- The SME Development Fund
- ITA SAS incubation centres associated with mobile applications, virtual reality and 3D printing and product development

- MoCI support for SMEs and for export promotion

Some private sector organisations also provide support to micro and small businesses including the Zubair Small Enterprises Centre.

Funding organisations have limited capacity and support some tens of micro and small businesses each year. Some of these are technology oriented, notably the OTF and the ITA SAS incubation centres. All the programmes are well structured and linked internationally, providing excellent advice to start-ups. The real need is to expand their capacity so that more prospective Omani businesses can be helped. A programme specifically for e-commerce may help do that within the ITA SAS programme or the OTF.

Mentoring alone could be supported for a larger number of established MSMEs through Riyadh or partnerships that it has developed with private sector organisations.

The MoC export promotion fund could support exporting e-commerce businesses.

3.6.2 Company registration

Oman scores well on comparative measures of ease of setting up a business, scoring the highest of GCC countries and above the OECD high income level[101]. Indeed, it is possible to register a business within four days using the government InvestEasy platform, and e-commerce is a recognised business activity.

The Ministry of Commerce and Industry (MOCI) launched the InvestEasy business registration portal[102] in December 2015. This portal is integrated with a growing number of other government agencies to reduce the paperwork and time required for business registration and licensing. InvestEasy includes a programme of simplification and streamlining of processes – simplifying the information needs and streamlining the processes. There is a programme in place to migrate all government, government agency and municipality processes for licence and permit applications to InvestEasy.

InvestEasy's goal is to provide a single window for the business environment to interact with government based on the e-transformation national plan. It is a "whole government" approach. All government entities are obliged to collaborate. The intention is to provide fully online and end to end processes for setting up and managing a business without visiting a government office.

InvestEasy has a service level agreement with each government entity guaranteeing InvestEasy's rights, client's rights and the entity's rights.

Service level agreement specifies for example, the length of time to respond to a licence application. When the response is overdue, InvestEasy has the right to approve the application without recourse to the authority.

The cost of registration is between 33 Riyals to 1500 Riyals pa depending on the legal type, capital base and ownership (foreign or domestic) of the business and the location within or outside specific free zones (Duqm only at present).

The InvestEasy platform is gradually being extended so that it will be possible to obtain necessary licences and permits to operate a business and to provide access to resources through the platform. Currently five ministries and three divisions within MoCI are implemented within the InvestEasy licence application system. By end 2019, 18 entities will be included with all ministries included by 2020.

3.6.3 Acquisition of required services

A few programmes are aimed at simplifying, streamlining or even removing regulation.

Apart from InvestEasy, described above, which aims to simplify and streamline acquisition of necessary permits and licences, there are initiatives in individual ministries, such as the Ministry of Manpower

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[101] World Bank, Doing Business 2018

[102] https://business.gov.om/wps/portal/

project to improve transparency of its processes, and the Business Environment Initiative in the Diwan. The Ministry of Manpower is building a portal for interacting with businesses. This will probably be linked to the InvestEasy portal. The Business Environment Initiatives is a public private partnership chaired by His Excellency, Minister for Economic Affairs to identify quick interventions to improve Oman's global competitiveness. These interventions are then managed by the Tanfeedh Initiative Support and Facilitation Unit (ISFU).

Despite these initiatives to improve access to required services, the following have proved to slow down or prohibit the development of e-commerce enterprises in Oman.

- Merchant accounts: the complexity of the process and the amount of information required to complete due diligence which in some cases results in months of delay;
- Premises: the need for business premises and then the need to obtain permission to use them for a particular purpose; the premises must be leased before permission is given, leading to a very high degree of regulatory risk;
- Personal data and location data: the requirement to host personal and location data within Oman; in some cases this may lead to higher costs since hosting in Oman is more costly; in other cases it may be impossible since the required applications and hosting services are not available; in other cases, it may not be possible to serve foreign companies delivering to Oman, because of the restrictions on sending location data and personal data to them; this is apparent for Omani delivery agents working with foreign companies;
- Labour: the need to obtain permission prior to the recruitment of expatriate workers, which is constraining business activity associated with skills that are lacking amongst Omanis in IT and in certain other skills;

3.6.4 Product pricing

There is a requirement for the Public Authority for the Consumer Protection to authorize pricing in some circumstances. Such pricing authorization stops businesses rapid introduction of new products or price changes in reaction to competition from other businesses. As e-commerce businesses are competing on a regional or even a world basis, such ability to react quickly to changing market conditions is important for success.

3.6.5 Consumer trust and protection

Much of the law needed to build consumer trust is present. However, the consumer protection law needs to be extended to e-commerce, and some requirements for data privacy or protection of personal data, as mentioned above, give rise to onerous requirements which are sometimes nearly impossible to satisfy.

3.6.6 Conclusions

Oman's ability to set up new e-commerce businesses is being damaged by the current administrative hurdles that must be overcome to start operating a business. The following consequences arise:

1. The environment slows down the formation of new businesses and the launch of new products and services. In some cases, it means that new ways of doing business or new products and services just do not happen. Oman then does not benefit from new the new businesses.
2. It leads to businesses relocating to other countries, which means that Oman does not gain from the business activity. Examples of this happening include Roumaan.com
3. In the longer term, there are fewer entrepreneurial role models, and prospective entrepreneurs are discouraged from attempting to start businesses. With respect to e-commerce, the difficulty of establishing a formal business may lead many informal e-commerce businesses selling over social media to remain as they are, rather than taking the steps towards formalising their business, thereby enabling them to scale up their activities.

There is, therefore, a need to reduce the administrative hurdles associated with setting up and running a business.

Oman does have a few well-defined and successful public and private sector programmes to mentor and finance new businesses. The scale and structure of the mentoring and advice services provided by Riyada and its partners are such that many MSMEs can be supported. The capacity of the financing organisations is somewhat less, and it would be useful if promising e-commerce start-ups could be supported through a special fund.

4. VISION AND GOALS

E-commerce can help diversify Oman's economy, contribute to growth and employment and provide direct and indirect opportunities for MSMEs. The impact can be *moderate*—boosting development of the domestic e-commerce market—or more *substantial*—creating an e-commerce park that would among other things be a hub for cross-border e-commerce within the wider region of the wider Gulf region and East Africa. The substantial and more ambitious goal could significantly increase in-country value and better leverage the capacity of the country's growing logistics sector. An e-commerce park could also provide the impetus to lead the domestic market to a tipping point by vastly increasing awareness such as raising the profile of e-commerce entrepreneurship, providing seamless support for budding domestic e-commerce companies and serving as an attractive location for international e-commerce companies.

A vision for e-commerce in Oman is defined below along with high-level goals to be achieved by 2025.

4.1 Vision

The vision for e-commerce is set in line with the context of the 9th Five-Year Development Plan (2016-2020) that was issued under Royal Decree No. 1/2016. This Development Plan is a step towards a vision for Oman in 2040 currently under development. The Development Plan stresses the importance of economic diversification and the need to accelerate economic growth. The implication of the Development Plan is a reduction in dependency on oil through the development of other sectors of the economy, particularly manufacturing, transport and logistics, tourism, fisheries and mining. The responsibility for implementing the Development Plan has been given to a new organisation Tanfeedh (The National Program for Enhancing Economic Diversification). Tanfeedh, while aligned with the Development Plan, is also taking account of existing strategies for the focus sectors, thereby creating an overarching approach to the development of the five sectors.

The development of Oman as an e-commerce hub is one of the initiatives arising from Tanfeedh in the logistics sector. That initiative is intended to help Oman kept pace with the rapid growth of e-commerce and to overcome challenges through partnerships between the public and private sectors. The tacit assumption is that the adoption of e-commerce will lead to economic diversification and growth.

The strategy has the high-level vision of:

By 2025, Oman is a regional hub for e-commerce with a flourishing national e-commerce industry.

4.2 Mission

This strategy is intended to put structure to the Tanfeedh initiative and to enable the development of e-commerce more generally. In particular it is intended to:

Promote and facilitate the development of e-commerce in Oman by addressing supply- and demand-side issues and promoting awareness amongst business and consumers.

This strategy is aimed at Oman competing successfully with other regional hubs and providing transportation, logistics / fulfilment, digital marketing and IT services for e-commerce businesses. It aims for increasing adoption of e-commerce by businesses in Oman and using it to extend their market within the country as well as into export markets promoted by an enabling legal and regulatory environment. The strategy also aims to boost e-commerce adoption by consumers across the Sultanate.

4.3 Overarching goals

The overarching goals of the strategy cover the use of e-commerce in Oman, the adoption of e-commerce by retailers and others, and the overall economic impact.

4.3.1 Increased use of e-commerce

This strategy is intended to increase online shopping through measures to increase awareness and trust, and measures to increase the availability of e-commerce retail and wholesale outlets. Therefore, the first goal of this strategy is:

By 2020 25 percent (3 times present levels) and by 2025, 60 percent of Omanis over the age of 15 years will have bought something online in the last year.

4.3.2 Increased business adoption of e-commerce

Increased availability of e-commerce will come mainly from existing businesses moving online and the migration from informal e-commerce using social media, email and cash on delivery to formal e-commerce. The large retail and wholesale sector will exploit e-commerce opportunities provided that the opportunities are known and understood, that the sector has access to the necessary knowledge and skills, that IT, fulfilment and payment services are readily accessible, and that the regulatory requirements are minimised. This strategy contains measures associated with each of these areas that should boost employment. Therefore:

By 2025, 8,000 people will be employed in B2C e-commerce businesses.

4.3.3 An e-commerce logistics hub

Oman's regional strength in transportation and logistics generates an opportunity for Oman to take a key role in e-commerce fulfilment for the GCC countries, Iran, Central Asia and East Africa. E-commerce fulfilment will complement existing and emerging transport and logistics services and will support and strengthen those sectors in Oman, increasing Oman's importance in international trade. Therefore:

By 2025, Oman will be the number one e-commerce logistics hub in GCC for re-exporting to East Africa, and the number two for intra-GCC cross-border re-exporting in terms of the volume of fulfilment services provided and will have entered the re-exporting market to Central Asia.

4.3.4 Better e-commerce performance

As enabling industries adapt to better support e-commerce, adoption and performance will improve. This includes areas such as digital finance and package delivery. Combined with growing consumer and business adoption of e-commerce, this will result in an increasingly efficient e-commerce sector. Therefore:

By 2025, Oman will rank in the top 30 in the UNCTAD B2C E-commerce index.

4.3.5 Impact on the economy

The whole economy will benefit from the development of e-commerce. It will lead directly to increased growth in the distribution and communication sectors (transport, storage, communication, wholesale and retail trade). It will, in addition, through their use of e-commerce, lead to growth in manufacturing, transport, tourism, fisheries and mining sectors. The widespread adoption of e-commerce by Omani businesses will result in the following outcomes:

- **Expansion in Oman's market reach.** E-commerce will enable businesses in Oman to reach customers in locations where they have no physical presence, and indeed customers in export markets. This reach will lead to greater revenue opportunities and overall to additional economic activity in the supply chain.
- **Cost reduction.** – increased labour efficiency, reduction in the number of employees in the medium term, reduced requirements for buildings, concentration of economic activity in a smaller number of specialist firms leading to the increased labour efficiency
- **Reduced supply chain costs.** E-procurement and other forms of b2b e-commerce increase choice of supplier and the range of available goods and services to buyers. E-procurement can as well increase the efficiency of the procurement function through automation. Increased choice of

suppliers, goods and services will ultimately lead to lower prices paid, and these lower prices and increased efficiency in procurement leads to an overall reduction in supply chain costs.

- **Reduced distribution costs** due to improved total factor productivity in distribution. E-commerce has been a stimulus for process improvement and investment in high technology in fulfilment. The high volumes and the opportunity for outsourcing to efficient specialist companies has given rise to investment in new warehousing technologies giving rise to very high labour productivity and improved throughput.
- **Innovation in business activity.** The disruption arising from e-commerce is leading to new business models. While difficult to quantify, innovations must provide some advantage to survive. The focus on new business start-ups and the new ideas that they bring, will give rise overall to additional benefit to the economy in ways that have yet to be determined.

It is essential that businesses in Oman invest in e-commerce. The impact of not investing will be that purchases by consumers and businesses in Oman from e-commerce sites outside the country will continue to increase rapidly. This will lead to loss of business for wholesalers and retailers in Oman, negatively impacting their supply chains. It would also increase the value of imports, since goods would be purchased at their final price rather than at a wholesale price. In terms of export performance, businesses in Oman will need to leverage B2B e-commerce to participate in increasingly digitally driven global supply chains.

Analysis undertaken for this strategy suggests that B2C e-commerce in Oman is currently valued at OMR 130 million. Implementation of this strategy is likely to boost Oman's B2C e-commerce to the level of Lithuania (Box 2-1). By 2025, it is estimated that B2C e-commerce will have a value of over OMR 800 million or 3.1% of non-oil GDP.[103] In addition, there will be significant downstream value added created in sectors such as delivery and finance as well as digital industries such as IT services companies in areas including data centres, web hosting, online advertising, data analytics and graphic design.

The value in 2025 arises from:

- Natural growth in e-commerce
- The e-commerce hub itself including the support it provides which has been estimated in the Tandfeedh Handbook at OMR 200 million p.a.
- The additional business activity associated with e-commerce arising from the stimulation provided by the strategy measures.
- **By 2025, B2C e-commerce will contribute OMR 800 million (3.1%) to non-oil GDP[104].**

These overarching goals will be achieved through projects to develop e-commerce directly, and through projects to establish the conditions conducive to its development in Oman.

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[103] Non-oil GDP at constant 2010 prices is anticipated to grow at the average rate of 3.9% experienced from 2013 to 2016, to reach OMR 25.424 million by 2025. The contribution to overall GDP would be of 2%.

[104] Non-oil GDP at constant 2010 prices is anticipated to grow at the average rate of 3.9% experienced from 2013 to 2016 to reach OMRm 25.424 by 2025

5. THE STRATEGY

The strategy provides measures intended to facilitate the development of e-commerce in the following areas:

- E-commerce park
- ICT infrastructure and services
- Transport, logistics and trade facilitation
- E-procurement
- Payments
- Legal and regulatory framework
- Skills and awareness
- Business facilitation

In addition, the "top measures", those that are critical to the development of e-commerce, and "quick wins", those that are relatively straightforward to implement, are identified.

5.1 E-commerce park

Current situation

A high proportion of goods purchased in Oman are imported. While many arrive through Omani ports, imports originate largely through other ports in the GCC. Goods purchased via cross-border e-commerce enter Oman via another country, either in the Gulf or elsewhere. The Aramex Shop and Ship service and courier deliveries are generally made via airports outside Oman. The main reason for this is that the goods people in Oman wish to order online are either not available in the country (either at bricks and mortar or online retail shops) or they are more expensive. The consequence of this servicing of Oman from other countries is a loss of value to the logistics sector in Oman since much of the processing, including the final picking and packing services associated with e-commerce is being undertaken elsewhere.

The first goal of this strategy is therefore concerned to put in place the enabling infrastructure and services that will allow e-commerce firms to undertake distribution from Oman.

Goal: By 2020, plans are underway for an e-commerce park providing all needed services for e-commerce companies within a "free zone" with light touch regulation.

The objective would be to establish Oman as an e-commerce park for the Gulf Region and East Africa in addition to Oman itself.

The e-commerce park would provide several services for national and international e-commerce. The services would comprise:

- Warehousing, in-bound and outbound logistics services;
- Customs services with a single window environment for importing and where appropriate exporting goods;
- Incubator space for start-up e-commerce companies;
- Office space for larger e-commerce companies;
- Access to banking services.

The park would also have a virtual / digital element with:

- IT platforms for e-commerce and e-procurement including an electronic marketplace enabling multiple retailers to coexist on the same platform, sell-side and buy-side applications linked to payment services;
- Links to the warehousing, fulfilment and transportation services to enable in-bound and out-bound logistics integrated into the buy and sell-side applications;

- Digital marketing services including catalogue creation and management tools, tools for integrating sell-side e-commerce with social media and digital advertising services.

There are two principal options for the provision of this e-commerce park.

1. Encourage one or more international e-commerce businesses to build such a park in Oman. Examples include Amazon and Alibaba. This approach would enable Oman to benefit from the expertise and intellectual property in e-commerce that these companies have built up and if interested, they would be able to build an e-commerce park rapidly. However, there would be loss of control of the zone to the foreign company and there may be some favouring of e-retailers from outside Oman. Thus, while they may provide an opportunity for Omani e-retailers, they would find themselves in competition with non-Omani retailers on the same platform.
2. Sponsor the development of an e-commerce park and recruit an international team with up to date expertise in delivering the proposed services to implement the park. This approach would most likely become a public private partnership that could ultimately become a private company. The implementation management team would need to bring in organisations in Oman with an appropriate skill set including air, sea and road transportation companies, warehousing and fulfilment services, IT services (through one or more data centres), one or more payment service providers, one or more digital marketing agencies, and prospectively e-commerce retailers that would like to provide services to smaller e-retailers. Oman Air and Oman Post are both interested in providing an e-commerce park. While this approach may be slower to implement, control would remain in Oman and it could be used to provide advantage to Omani retailers over those outside the country.

Both options would require close involvement from customs.

In addition to the provision of e-commerce related services, the park could also establish a light-touch regulatory zone where streamlined and simplified regulations could be trialled in advance or prospective adoption on a country-wide basis.

Table 5-1: E-commerce park measures

No.	Measure	Timing	Importance	Responsibility
1.	Establish an e-commerce park in Oman. The park will include logistics facilities (e.g., warehouses, transport services, etc.), office space, incubator and event centre. The park would be a light touch regulatory zone, with simplified and streamlined business regulations. Establish an entity to manage the park and determine the location (likely close to the Muscat airport), draw up plans and secure funding for constructing the park. Devise a marketing strategy to attract domestic and international e-commerce firms to establish in the park. Working with Ithraa, attract one or more international e-commerce companies as anchor tenants.	Immediate	Essential	Asyad / Ithraa Ministry of Commerce and Industry Oman Aviation Group

5.2 ICT infrastructure and services

Current situation

E-commerce is dependent on the availability of IT and telecommunications and it is important therefore that ICT infrastructure and the services provided meet requirements and that take up of internet access by consumers and business is high.

Oman lags behind its peers in a few ways critical to e-commerce.

1. Fixed broadband penetration levels are below those of peer countries
2. While data centres have excellent facilities, they are few and there is little competition, with high prices for services. The range of applications available is limited, although e-commerce applications are available. Consequently, there is a tendency to use data centres in other countries where possible. This use of foreign data centres conflicts with data protection and privacy regulation when personal data and data about government locations is stored outside Oman.
3. The IT development sector is small and reliant on skills from other countries. There is a moratorium on recruitment of IT professionals forcing IT firms to outsource to foreign companies. This moratorium means that individual IT firms and the IT sector are constrained when attempting to innovate and move into new service offers.
4. The Telecommunications sector suffers from lack of competition. Two operators dominate the telecommunications sector and being vertically integrated through their own data centres, they have developed an unhealthy dominance on both telecommunications and IT services. This dominance is demonstrated by:
    a. The very high prices for business broadband, national and international managed network and transmission services;
    b. Managed network services and transmission service offers that lag behind those in other countries including in Qatar, the home country for one of the operators, with the consequence that commercial real time distributed applications cannot be operated reliably, and it is not possible to implement bulk data transfer mechanisms necessary for business continuity and disaster recovery.
    c. Coverage and service quality issues associated with business telecommunications services which make the services inadequate for distributed businesses.
5. A fibre roll-out timetable does not reflect required urgency

Goal 1: By 2020, telecommunications services enable distributed businesses to work reliably in real time from any site within populated areas of Oman using cloud based or data centre based IT services.

Table 5-2: Telecommunications sector measures

No.	Measure	Timing	Importance	Responsibility
1.	Implement measures designed to ensure that required business telecommunications services are available in Oman at prices consistent with those in other countries in the medium term.	As below	Essential	TRA
1.1	In the short term, investigate the competitiveness of particular business services product and geographic markets. • Carry out market reviews of transmission and network services product and geographic markets, including national and international services, to determine the market power of licensed network operators in those markets. • Introduce measures to ameliorate this market power preferably at a wholesale level to enable market entry by telecommunications service providers who may provide services over network operator provided infrastructure.	Immediate	Essential	TRA
1.2	Undertake a competition related market review of the fixed broadband services market(s) and impose	Immediate	Essential	TRA

No.	Measure	Timing	Importance	Responsibility
	remedies on those operators with significant market power.			
1.3	Benchmark Oman against GCC members and other developed countries to identify how to increase competition in fixed services. The business telecommunications market in Oman is dominated by two players. The project will investigate how markets are regulated in other GCC members and other developed countries to determine how to increase competition. Identified measures will then be implemented.	Medium term	Essential	TRA
2.	Accelerate OBC network roll out to enable rapid extension in fixed broadband coverage by: • Prioritizing OBC network roll out funding; • Using fibre derived from the electricity transmission and distribution networks to extend coverage and provide redundancy when feasible; • Prioritizing fibre roll out in business areas to enable access to very high-speed transmission and network services.	Immediate	Essential	Oman Broadband Company, MoTC, Ministry of Finance

Goal 2: Telecommunications and IT services are available at prices at levels found in markets with competition in equivalent services elsewhere.

Table 5-3: IT services sector measures

No.	Measure	Timing	Importance	Responsibility
1.	Encourage the development of private data centres by using private sector data centres for new government IT projects where possible.	Immediate	Important	ITA, ISFU
1.1	Attract a major cloud service provider to achieve scale and lower costs	Immediate	Important	TRA, data centres,ISFU
1.2	Ensure that the current regulatory environment for data centre services is fit for purpose. Review the IT and digital services regulatory environment against reasonable requirements and against regulatory environments in peer countries to determine the potential for simplifying and streamlining requirements.	Immediate	Essential	ITA, ISFU
2.	Raise the IT skill level in the country so that an increasing number of projects can be undertaken without the need for recourse to foreign IT specialist companies.	Continuous programme	Important	ITA
2.1	Allow foreign experts to be recruited with specialist IT knowledge in areas such as AI and data science to enhance local skills in specific areas	Immediate	Important	Ministry of Manpower

No.	Measure	Timing	Importance	Responsibility
2.2	Encourage partnerships and collaborative arrangements with foreign firms • Swapping of staff to enable Omanis to work in development environments elsewhere • Short term assignments by foreign experts on individual projects with the intention of building capacity as well as meeting the short-term project needs	Ongoing	Important	ITA, ISFU, Ithraa
2.3	Each university IT department to form links to the IT sector so that students and faculty can benefit from exposure to development projects.	Ongoing	Important	MoHE, MoMP, ITA

5.3 Transport, logistics and trade facilitation

Current situation

Logistics and transportation are essential to e-commerce. Bulk goods need to be stored in warehouses, broken down into individual packages, and delivered to customers in Oman or elsewhere. Some goods need to be cleared by customs.

This strategy therefore considers national as well as international in-bound and out-bound transportation, customs clearance, warehousing in Oman, fulfilment and delivery.

National fulfilment and delivery

Several national courier services provide door step delivery across Oman and deliver. Oman Post has a nascent door step delivery services, but ordinarily delivers to a post office box. All these delivery services are reliant on bus companies for city to city parcel transport. The bus companies provide a useful service on a marginal cost basis. This basis does not allow them to offer a performance guarantee since carriage of paying passengers may pre-empt the carriage of packages. Consequently, it is not possible for courier services to offer performance guarantees, and this is a major problem for e-commerce. Also, the use of buses to carry packages creates a potential risk since it is unlikely that the bus companies know what they are carrying. These problems need to be addressed to enable reliable national e-commerce services to develop. In addition, there is a need for warehousing and fulfilment services for SME e-commerce businesses that would otherwise need to develop their own.

The efficiency of door step delivery suffers from the current lack of a universal addressing system and building geocoding. Such an addressing system and digital maps that identify every building is planned to be available by 2020 in time for the e-census in that year.

International fulfilment and delivery

International fulfilment and delivery in the Gulf region and the parts of East Africa served by ports and fulfilment centres in the Gulf is dominated by the UAE. This dominance extends to Oman, most imports by value originating or transiting in UAE. Shipping lines have relationships with ports in UAE. Air cargo is mainly centred on UAE. For Oman, a small change in the proportion of traffic transiting UAE in favour of Oman would have a major impact on ports, airports, fulfilment centres and transport companies. Continued growth in cargo traffic therefore represents an opportunity for Oman, one that has been recognised in the development of the ports of Sohar, Duqm and Salalah, and Sohar, Muscat and Salalah airports.

Issues have been identified with the facilities and performance of these ports, airports and logistics facilities as well as with customs clearance and the road networks in neighbouring countries which constrains the opportunity for Oman to act as a hub for the Gulf region. Plans for improving facilities

and performance are being developed and include the Sultanate of Oman Logistics Strategy 2040 (SOLS), the Sultanate of Oman Air Cargo Strategy, the Oman Post Strategy, and Tanfeedh itself. The Air Cargo Strategy and Post Strategy have yet to be published. Many of the resultant measures will benefit the development of e-commerce.

It is important that the measures within these strategies reflect the requirements of e-commerce. They need to reflect the goal of developing Oman as an e-commerce hub and the requirements for national and international fulfilment and delivery and efficient and rapid customs clearance.

Factors that influence this e-commerce strategy

- **International courier services** are well represented but none has a regional hub in Oman, favouring either Dubai or Bahrain. Nevertheless, capacity issues elsewhere in the Gulf region suggest that there are opportunities for Oman in providing hub services for courier services.
- **Ports and shipping lines** have established linkages that may be exploited.
- **Roads** within Oman are and will continue to be excellent, but roads bordering Oman may be problematic in creating international corridors.
- **Regional rail services** will not be available in the strategy period.
- **Customs** provides a fast track for trusted shippers.
- **Bonded corridors** already exist between ports
- **Online customs declaration** is available through the Bayan system

Goal 1: By ٢٠٢١, the establishment of an e-commerce logistics hub serving Oman, the Arabian Gulf region, East Africa and Central Asia, and by 2030 becoming a global hub.

Such hubs would provide facilities to enable Oman to compete with ports in Dubai and elsewhere to serve the Gulf region. An e-commerce hub served by Sohar port and Muscat airport would provide facilities for inbound goods deliveries from Asia, warehousing by wholesalers and retailers, processing orders and shipping locally by road and over longer distances by air freight.

Oman's ports have the advantage of being located on the Indian Ocean rather than in the Arabian Gulf. Therefore, sea journeys, particularly those to East Africa, are reduced and the risks associated with the Straits of Hormuz are minimised. It has been reported that the cost of handling shipments in Oman are lower than those in what would be Oman's major competitors, but access by shipping lines, air freight carriers and performance in the facility would need to be to the standard set by its competitors. The development of facilities at the ports and the Sultanate of Oman Logistics Strategy 2040, the linkage of ports with major carriers, and Oman Air's Air Cargo strategy support the attainment of this goal.

The Gulf region is accessible to Oman, if customs delays at borders are minimized and roads in Saudi Arabia and UAE from their borders with Oman are to an acceptable standard. The Oman government would need to ensure that these conditions were met through diplomatic action.

Table 5-4: Regional logistics hub measures

No.	Measure	Timing	Importance	Responsibility
1.	Ensure that logistics hubs planned or under development take account of the opportunity for e-commerce fulfilment services. Assess the feasibility of two regional logistics hubs to include forward stock holding and fulfilment with a focus on e-commerce: - Sohar Port and Airport / Muscat Airport serving the GCC, Iran and Oman	Immediate. The study should feed into the Oman Air Cargo and Oman Post strategies	Essential	Asyad prospectively with Oman Aviation Group, Oman Post and e-commerce service providers

No.	Measure	Timing	Importance	Responsibility
	– Salalah Port and Airport serving East Africa, Yemen and Oman – Build cold chain facilities to enable fisheries and agricultural produce export – Enable goods to be moved in bonded form between different transportation modes. – Enhance regional air and sea cargo links The feasibility assessment needs to identify partners to develop the hubs and anchor tenants that would provide its initial business. The anchor tenants will need to be major e-commerce retailers in order to establish the necessary base load. The feasibility assessment will need to include an outline business case for each element of the hub value chain and the investment required in total and by each party. This will include capacity building at the hubs, benchmarking against best practices in the region. The feasibility assessment will therefore need to be undertaken in conjunction with the prospective parties to the hubs.			
2.	Government to encourage the Kingdom of Saudi Arabia to expedite the opening of the Oman – KSA road to enable direct access from Oman to Saudi Arabia.	Immediate	Important	Ministry of Transport / Ministry of Foreign Affairs
3.	Develop KPIs and measurement tools so that the performance of the logistics hub can be measured.	Immediate	Important	Asyad

Goal 2: By 2020 the availability of next day delivery services across Oman for packages with door step delivery and delivery to a local collection centre chosen by the customer.

E-commerce is reliant on rapid, predictable and reliable delivery. There are several issues that reduce the quality of delivery services in Oman. The measures here are intended to address them with the aim of achieving the goal.

Table 5-5: Measures to improve national fulfilment and delivery services

No.	Measure	Timing	Importance	Responsibility
1.	Complete and implement Oman Post's transformation strategy to enable it to provide efficient, reliable and affordable postal services including: • Door to door e-commerce fulfilment and delivery services. • Use of Oman Post offices as drop off locations, with the possible use of alternative ownership models to enable additional post offices to be opened thereby increasing access in smaller towns and village.	Immediate	Essential	Oman Post
2.	Implement geocoding system being developed by NCSI / Supreme Council for Planning specifically providing	Immediate	Essential	NCSI

No.	Measure	Timing	Importance	Responsibility
	street addresses and geocoded locations for individual buildings for inclusion on digital maps.			
3.	Formalize services currently provided by bus companies. The carriage of cargo by bus companies may be pre-empted and is therefore unreliable. However, the volume of cargo transported in this manner means that a competitor providing a service with a quality guarantee cannot operate profitably. There are also safety and security issues associated with mixing cargo and passengers in the same vehicle. Options for formalizing the bus company cargo services should be reviewed. These might include a requirement for placing packages in a trailer or in a separate luggage compartment. The formal service should provide a quality of service guarantee.	Immediate	Important	TRA MOTC
4.	Facilitate the development of fulfilment services by couriers and delivery agents through fast track regulatory authorisation.	Immediate	Important	InvestEasy / Ministry of Transport
5.	Reduce royalty payments for national licences to an administrative cost recovery level. Courier services are required to pay a royalty of 10% of revenue. This is applied to all licensed courier businesses. This measure would improve the opportunity for start-up delivery businesses.	Medium term	Useful	Ministry of Finance
6.	Enforce Omanisation requirements across all licensees. While this measure will have a negative effect on couriers and delivery agents, it is important that the regulatory environment is fair and transparent and does not discriminate between regulated entities.	Medium term	Important	Ministry of Manpower
7.	Review the process for determining customs duty on e-commerce shipments cleared by couriers to ensure customers are charged in a fair and transparent manner. The current method used by couriers to clear customs results in the duties paid by individual customers being unpredictable and possibly unfair. Courier services and Customs authorities need to work together to resolve this issue.	Medium term	Important	Customs, couriers
8.	Enable Oman Post to undertake customs clearance including shipment pre-clearance by enabling Customs to access to the UPU customs declaration system.	Immediate	Essential	Customs

5.4 E-procurement

Current situation

E-procurement related services are offered by:

- The Oman Tender Board electronic tendering portal with some 2,200 tenders and 6,800 companies registered;

- Petroleum Development Oman (PDO) which has its own tendering portal
  - Business Gateways International, which operates a B2B oriented portal with a Supplier Registration System, a buyers' community and career bank for the oil and gas services sector.

In addition, other large companies (e.g., Oman Air) also use e-procurement.

The extension of e-procurement services to other companies would and the development of a B2B marketplace would be advantageous to the Omani economy.

Goal: By 2020, an e-procurement portal (e.g., B2B marketplace) is available to all SMEs with user friendly facilities for creating online catalogues and means of placing a business online.

Table 5-6: E-procurement measures

No.	Measure	Timing	Importance	Responsibility
1.	Develop a e-B2B portal and e-tendering service available to any Omani company. PDO, the Government Tender Board and Business Gateways International each has a portal that may form the basis such a service. As well as a e-tendering for major projects, the service would contain supplier catalogues with the possibility of buyers entering into call off contracts for a selected set of goods and services from different suppliers out of the catalogues or purchasing in an ad hoc manner as required. The project would first identify options for developing the service, including the possibility of utilizing one or more of the existing portals. Following on, parties would need to form a joint venture with the potential to float as a separate private company offering the services. The service would include e-catalogues and might form a service delivered within the e-commerce hub or on a commercial cloud service provided in an Omani data centre. An important element of the new service would be the marketing campaign around the launch of the service that would increase awareness amongst business of e-procurement and e-tendering.	Medium term	Important	ITA with the support of PDO, the Tender Board and / or Business Gateways International

5.5 Payments

Current situation

Both quantitative and anecdotal evidence suggests that there is a relatively high degree of payment instrument penetration for residents of Oman. It is straightforward for residents to open an account and another motive is the trend in salary payments being made to bank accounts. Once a person has a bank account it is easy to then obtain a debit card. These debit cards are branded by the major payment networks Visa and Mastercard and can be used internationally.

A degree of risk adversity has delayed merchants and fintech start-ups from launching e-commerce related services. Long approval times for them to accept online payments—sometimes stretching into years—is inhibiting the development of online shops in the country and frustrating innovation. The criteria for granting permission should be streamlined, trading some risk for the benefits of a more innovative e-commerce market. The option of "super merchants" facilitating payment acceptance for smaller merchants also merits exploration. Some companies have indicated a willingness to do this. Another action that would help merchants is availability of a standardized software plugin for e-

commerce sites that streamlines access to OmanNet and other payment gateways. Transaction fees merit review since they may discourage merchants from accepting cards while if they are too low, it may affect development of the PSP market. CBO could contemplate establishing a regulatory "sandbox" to foster innovation in the financial technology area.

Goal: By 2020, there is a thriving and innovative payment environment in Oman supportive of e-commerce where online shops can easily accept payments and buyers have a variety of payment options, which they use with a high degree of trust.

Table 5-7: Payment measures

No.	Measure	Timing	Importance	Responsibility
1.	In relation to the expected new banking law, review the process for setting up a merchant account with banks that meets financial services safeguarding requirements but also sets a rigid time limit for setting up the account. Best international practice for "Know Your Customer" processes should be adopted. Enhanced Due Diligence should be limited to larger customers rather than start-ups if this is not already done. The target of four days for completion of the KYC process should be the aim.	Immediate	Essential	CBO
2.	Facilitate Payment Service Providers (PSPs) in Oman. The CBO will investigate the reasons for the lack of PSPs in Oman and change conditions so that it is legally and commercially feasible for an Omani PSP to be formed. Such a PSP would enable e-commerce merchants to accept electronic payments without having a merchant account of their own. KYC processes adopted by the PSP should enable customer (the merchant in this case) acceptance within four days.	Immediate	Essential	CBO
3.	Revise the regulatory regime associated with transaction fees. Benchmark and review transaction fees with other countries regularly and ensure that transaction fees in are attractive for PSPs and super-merchants to become established while bearing in mind that high transaction fees will discourage online sellers from accepting electronic payments. Once, a market for payment services has been established, review the need for continued ex ante regulation of transaction fees with the intention to move towards ex post regulation based on competition law.	Immediate	Essential	CBO
4.	Enable electronic payments to standard business accounts. CBO to examine methods used elsewhere to make electronic payments into standard business chequing accounts and determine a regulatory environment for such payments to be made in Oman, thereby removing the need for a separate merchant account.	Medium term	Important	CBO
5.	Facilitate the establishment of one or more "super" merchants that would assume risk for new and smaller merchants. Having created an environment in which a PSP may operate on a commercially attractive basis, work with e-commerce merchants that wish to provide "marketplaces" for other merchants including PSP services to overcome any regulatory hurdles that they	Medium term	Essential	CBO

	may face.			
6.	Support development of a standard payment solution that online shops can use to access OmanNet and credit card payment gateways for online shops. A list of solution providers should be provided in an online directory of business facilitation for e-commerce.	Immediate	Essential	OmanNet and payment Gateway providers
7.	Establish a supportive environment to encourage innovation in the use of financial technology. This would include guidelines on the use of regulatory "sandboxes" allowing innovators to test new products with minimal rules.	Medium	Important	CBO, ITA
8.	Carry out ongoing awareness campaigns to promote the use debit cards for online transactions with merchants in Oman, noting that acceptance of payments from debit cards is safe.	Immediate	Important	CBO, ITA, banks

5.6 Legal and regulatory framework

Legal and regulatory measures are those concerned with the development of a regulatory environment for e-commerce. This includes the laws that legalize electronic transactions and protect consumers. Measures associated with simplification and streamlining of the regulatory environment are covered in Section 5.8 concerning the business facilitation environment.

Current situation

Oman already has an electronic transactions law, a consumer protection law and a cyber-crime law. Therefore, it has many of the regulatory elements for e-commerce in place already. However, it is lacking a data protection law and the other laws require some modification to bring them in line with international best practice. Once these steps are undertaken, trust will be enhanced for both online buyers and sellers.

Existing e-commerce laws

The existing laws covering e-transactions, cybercrime and Intellectual Property require some tweaks to bring them in line with international best practice. The Consumer Protection Law makes no explicit mention of the applicability to e-commerce, reducing trust in shopping online. It should be modified to incorporate new areas of consumer protection necessitated by the use of e-commerce.

Data privacy and data protection

A draft data protection law is under preparation. This draft law would require that certain data, personal data and location data of government entities, must be kept in Oman. This protects data from the possible dangers of being stored abroad where Oman would have little legal recourse in case of misuse. It also helps to support the national data ecosystem including data centres. On the other hand, the laws might rule out the use of cloud services outside Oman in some instances increasing the cost to Omani businesses. In some cases, there are only a few providers of specialized applications that are only available only online and hosted only in a small number of countries. The cost to an Omani company of developing such applications would be prohibitive.

Other countries have similar extra-territorial requirements. Indeed, the EU General Data Protection Regulation imposes extra-territorial data protection requirements. However, the GDPR seeks to address these requirements without stopping businesses from hosting elsewhere if they have data protection laws like the GDPR or have a safe harbour agreement imposing strict limitations on how the data can be used. Thus, GPDR can be a model for Oman particularly since any Omani company wanting to use personal data of individuals located in the EU would have to abide by it anyway.

Regulation of services delivered digitally

As the range of digitally delivered services grows, there will be an increasing need to consider whether regulation is necessary and sufficient for this new digital environment. Ride hailing applications, short term property lets, and video on demand are examples of the extension of the range of services that are delivered in whole or in part by digital means. There are differences in opinion as to whether digital businesses should be treated differently than other businesses. For example, some countries have applied lenient taxation to some aspects of digital businesses. The view taken here is that all enterprises are treated equally without undue preference given to digital businesses. Similarly, it is assumed that generic inputs, requirements and processes are equivalent across many types of businesses whether digitally oriented. It is up to the government whether it wants to make legal comprises in some areas (e.g., taxation, labour regulation, etc.) to encourage the digital economy. Nevertheless, the starting point assumed in this strategy is equivalence of regulation between digital businesses and traditional businesses, with differences in regulation limited to the special needs of each. For example, consumer protection associated with e-commerce requires measures to take account of the differences arising from buying "at a distance" from the seller without the ability to see or try the goods or services before purchase. Further, it is important that any regulation or regulatory environment does not inhibit innovation or impose limits on the use of emerging technologies and standards or subject these to extended reviews and approval processes. It is a critical element of this strategy to ensure that Oman and Omani companies and professionals are free to innovate and develop novel solutions and products within limits associated with a consensus regarding personal and national security and privacy.

Consistency in regulation of cargo and post

There is also a need to create regulatory certainty by aligning definitions of cargo and post to avoid regulatory uncertainty associated with the carriage of parcels and pricing of services.

Goal: A legal and regulatory framework that fosters e-commerce providing protection for e-commerce buyers, sellers and intermediaries.

This framework needs to be consistent in outcomes with that provided for other forms of commerce but should take account of any special requirements arising from e-commerce. It should not otherwise increase the regulatory burden on retailers.

Table 5-8: Regulatory and legal measures

No.	Measure	Timing	Importance	Responsibility
1.	Revise Consumer Protection Law to incorporate issues raised by e-commerce.	Immediate	Essential	PACP
2.	Update existing e-commerce related laws (i.e., e-transactions, computer crime and Intellectual Property) to incorporate best international practices.	Medium term	Important	ITA/Ministry of Commerce and Industry
3.	Review best practice and model law covering privacy and data protection for individuals and implement a data privacy and protection law that represents best practice. The law should feature adequate safeguards to protect the personal data of individuals residing in Oman while considering the implications of cross-border data flows.	Immediate	Essential	ITA
4.	Regulation of services delivered digitally Develop and maintain a regulatory framework for services delivered wholly or in part by digital means through the adaption of existing law and regulation and the introduction where necessary of new law or regulation. Such law and regulation would establish, in the first instance, establish regulatory equivalence	Continuous activity	Essential	All business focused ministries

No.	Measure	Timing	Importance	Responsibility
	between the digital business and the traditional business, with differences in regulation reflecting the differences between the digital environment, goods and services, and the traditional business. It is expected that the same ministry or regulatory authority will have responsibility for both the digitally enabled version of a business and the non-digitally enabled version. It is also expected that the adaptation of existing law will not increase the regulatory burden.			
5.	Create a consistent definition of cargo and post to avoid regulatory uncertainty. TRA and MoTC will consider the differences in the way cargo services and postal services are defined in statute and the consequences of such differences, and make appropriate amendments to law or regulation, or resolve the differences in other ways.	Medium term	Useful	TRA/Ministry of Transport
6.	Policies to regulate anti-competitiveness practices of major e-commerce companies	Medium term	Important	MoCI Chamber of Commerce Competition Protection and Monopoly Prevention Center

5.7 Skills and awareness

Current situation

There are four groups affected by skills related to and awareness about e-commerce:

- **People**: While awareness is important for those who do not know about e-commerce, trust and security is a more pressing barrier for those who might want to use e-commerce.
- **IT industry & academia**: Relevant IT skills are needed to support e-commerce companies. In addition, there is need for specific skills related to operating a digital business: Content description, graphic design, data analytics, digital marketing and understanding how to leverage Internet for business
- **Entrepreneurs**: Need mentoring skills.
- **Established businesses**: Need to be aware of e-commerce and know what they need for an e-commerce shop and where to obtain pre-packaged IT solutions from the local market.

In respect to individuals' attitudes towards online shopping, there is a need for raising awareness through marketing campaigns that promote the availability, convenience and security of using web shops. Trust-marking domestic e-commerce sites can also increase confidence among consumers.[105] The concept of an Oman "Trustmark" merits exploration as it could overcome trust concerns among the public.

[105] For example, see Trust Ecommerce Europe at: https://www.ecommercetrustmark.eu

Clarity is often lacking regarding IT skills. The primary focus of e-businesses is selling products. They are not expected to be legal or accounting experts and just as they outsource these functions the same should be true IT expertise. Requirements in this area—marketplace, web hosting, web design, shopping cart and payment integration, digital marketing—should be widely available from relevant companies. These skills exist in the Omani market, but they are poorly linked to the e-businesses that require them. There is a need for an online directory that lists providers of these services.[106] Specific e-commerce requirements (e.g., marketplace, web hosting, web design, shopping cart and payment integration, digital marketing) should be provided through an e-commerce program at university level consistent with international best practice.

Entrepreneurial e-commerce start-ups need support and encouragement. This includes a digital tech ecosystem that encourages e-commerce businesses and provides access to co-working space, incubation, mentoring and seed funding. Publicizing successful e-commerce entrepreneurship stories can foster interest to become involved in this area. A regular events program would help to strengthen the e-commerce community.

SMEs need training in e-commerce opportunities, how to set up web site (including possibly financial support and/or affordable package) and how to use online shops or an Omani marketplace.

Goal: By 2020, training and skills in marketing, law, payments, logistics and technology necessary for the development of e-commerce businesses are widely available to entrepreneurs and micro, small and medium sized enterprises with widespread awareness and trust in online e-commerce amongst the public.

The measures here are intended to address awareness and trust concerns among the public as well as provide the expertise necessary for e-commerce to take off amongst SMEs. ITA, Riyada, Chamber of Commerce (or a dedicated e-commerce association), the e-commerce park and universities also have roles to play.

Table 5-9: Skills and awareness measures

No.	Measure	Timing	Importance	Responsibility
1.	Develop a partnership between ITA and Riyada to provide capacity building to SMEs in all aspects of the development of an e-commerce business. One element of this capacity building would be focused on enabling ordinary retailers to become e-retailers either through the e-commerce zone or by other means. As part of the development of this partnership ITA and Riyada will identify and recruit mentors for e-commerce start-ups.	Immediate start	Essential	Riyada / ITA
2.	Improve the capacity of SMEs and start-ups to provide e-commerce services through partnerships between private funding agencies, business incubators and Riyada covering training, business advice and knowledge exchange. The aim of the partnerships will be to improve the capacity of such enterprises to provide e-commerce services and in addition to provide access to private and public funding. The model for these partnerships will be the partnership agreement signed between Riyada and the	Immediate start	Essential	Riyada

[106] https://www.go-ecommerce.my/platform-providers

No.	Measure	Timing	Importance	Responsibility
	Al Raffd Fund to support MSMEs in the tourism sector.			
3.	Organize an annual exhibition and conference for e-commerce in Oman. Provide MSMEs opportunities to present proposals to invited angel investors, venture capital firms and other investors and otherwise showcase their e-commerce businesses. Showcase the facilities and services of the e-commerce hub, logistics and transport providers and IT services providers. Feature international experts and e-commerce companies presenting advice on how to create a successful online business. This exhibition could be part of Comex Technology Week.	Annual	Important	Riyada & ITA
4.	Publicize e-commerce success stories. Public and private sector incubators and start-up funding agencies to provide news media and other outlets with information about e-commerce start-ups within their programmes.	Medium term, then continuous	Important	ITA
5.	Provide awareness and skills training associated with the benefits and opportunities arising from e-commerce and the services it provides for e-commerce businesses. This training to include B2B, B2C and C2C e-commerce and the IT, digital marketing, payment services, and logistics and fulfilment services necessary for service delivery.	Continuous once the hub is built	Essential	E-commerce park
6.	Build best practice guides – do's and don'ts – for starting and growing an e-commerce business. These guides will include straightforward explanations of the law and regulation around e-commerce, particularly associated with consumer protection, data protection and privacy and payments.	Immediate start	Essential	Chamber of Commerce (or E-Commerce Association)
7.	Universities in Oman to provide courses in e-commerce related disciplines including e-commerce law and regulation, the e-commerce value chain, the e-commerce distribution chain, digital marketing, and e-commerce related IT.	2019/20 academic year	Essential	Universities
8.	Develop or adopt a trust mark scheme for e-commerce websites. This may be done in conjunction with the CBO, linking it to the provision of a merchant account or use of a PSP that is permitted to operate in Oman. The trust mark would specify the conditions related to the consumer that had to be fulfilled by the merchant to obtain a payment service and provide an ombudsman (or woman) for dispute resolution between consumers and e-commerce merchants.	Immediate	Useful	ITA / CBO
9.	Monitor the outlook of possible employment disruption as a result of mass adoption of e-commerce and recommend remedies to potential unemployment issues	Medium term	Important	MoMP ITA NTF

5.8 Business facilitation

Current situation

Business facilitation is concerned with the creation of an environment in which businesses can be started and can grow. In this case, it is concerned particularly with the development of e-commerce businesses. Some businesses are starting from an idea and have no trading history. Others are adopting e-commerce to develop their existing business further or to enter into a new business. At the same time, there will be other businesses, newly created or existing, whose core function may not specifically be e-commerce but which are part of the e-commerce ecosystem. These include businesses providing payment services, ICT services, logistics services and digital marketing services.

The three areas of business facilitation of importance here are the ease of doing business, access to finance and access to support services (e.g., mentoring, training, working space, incubation, etc.). These last two areas are often provided in a single package but may be provided separately.

Ease of doing business

Ease of doing business is concerned with the regulatory environment, and the ease with which businesses can start and maintain a business. In Oman, it is relatively straightforward and quick to register an e-commerce business, but once registered, a business must obtain permission to use a particular property for the business, to engage expatriate staff (licences are not required retail sales over the Internet).

The two government streamlining and simplification initiatives, InvestEasy and the Business Environment Initiative, are vehicles that may be used to facilitate ease of doing e-commerce businesses.

Another initiative, the Business Environment Initiative, in the Diwan is concerned with the reduction in regulation itself. This Initiative may make the operation of an e-commerce business easier, but its remit is wide, and it is unlikely to be able to focus on e-commerce per se. Therefore, this strategy proposes that as part of the e-commerce hub there is a "freezone" where e-commerce companies can establish and operate in a de-regulated environment. This measure is specified in Section.

Another aspect strongly related to the ease of doing business is having information and prices about companies that provide specific services critical for operating an e-commerce business. While there are some companies currently providing relevant services such as web hosting, shipping and payments there is no central portal to identify these businesses.

Access to finance

Finance for start-ups is available in Oman through public financing initiatives such as the Oman Technology Fund, the SME Development Fund, the ITA Sas initiative, and through private funding organisations including, for example, the Zubair Small Enterprises Centre. Support is also provided for SMEs through Riyada (measures for Riyada to undertake are specified in Section 5.7 above).

These are concerned more with the development of the capacity in SMEs to undertake e-commerce, rather than the funding of start-ups, although there is overlap between the two sets of measures notable by the degree of capacity building and mentoring undertaken by the organisations considered here.

While there are several organisations providing supports for start-ups, the number of businesses and prospective businesses helped is measured in the tens of businesses. These organisations cannot be expected to finance the thousands of businesses needed to achieve the stated goal. It is to be expected that most of these will be financed privately, and will, if necessary, use the capacity building measures outlined in Section 5.7, greatly aided by the increased ease of doing business arising from the measures specified in this section.

Nevertheless, the need to provide finance for promising ideas is apparent, and it is therefore proposed to increase funding through the public sector organisations while encouraging angel investors and venture capital investors to come forward too.

Goal: By 2025, 5,000 formal e-commerce businesses will be active through the growth in financial and mentoring support for start-ups at the ideation, seed and growth stages, and by minimising regulatory hurdles through the simplification and streamlining of requirements for licensing and permits.

The measures are intended to encourage businesses that are already trading informally using social media to migrate to a more formal and automated process, enabling them to move from serving tens of customers each day to hundreds and possibly thousands. To make this change, a business may need funding to set itself up and to grow, it may need guidance in planning its business and then executing, and it will also need to establish itself as a registered business and obtain all the permissions necessary to employ staff and use acquired premises for its business. It will also need to obtain permission for the way in which it holds personal and location data and it may in some circumstances need permission to set prices. Elsewhere in this strategy are measures to eliminate unnecessary regulation. Nevertheless, it is to be expected that simplification and streamlining of licence and permit issue will occur faster than changes in the underlying regulation. Therefore, the measures here are concerned to ensure that within the InvestEasy framework, e-commerce organisations can start trading quickly.

Measures

The measures listed here are mainly concerned with start-ups. Measures listed in Section 5.7 concerned with skills and awareness will also be important in achieving this goal.

Table 5-10: Business facilitation measures

No.	Measure	Timing	Importance	Responsibility
1.	Strengthen seed funding for start-up businesses through existing initiatives and consider a dedicated e-commerce fund. Extend the network of angel investors and VCs in Oman for early and growth stage funding and to whom the start-up businesses can pitch. Support the creation of a Private Equity/ Venture Capital Association for Oman (see also Skills and Awareness measure 2 concerning development of partnerships with private funding agencies and business incubators)	Continuous	Essential	ITA SME Development Fund, OTF, Riyada
2.	Simplify and streamline general business regulation and thereby support the development of start-ups of all kinds including e-business start-ups	Immediate	Important	InvestEasy
2.1	Develop guidelines that support business registration and approval associated with the unique situation of start-ups such as home working, co-working spaces or incubators.	Immediate	Useful	Ministry of Manpower
2.2	Liberalize authorization requirements for expat recruitment for e-commerce businesses	Immediate	Important	Ministry of Manpower
3.	Create a digital portal listing providers and prices for services needed to operate an e-commerce business (i.e., marketplace, web hosting, web design, shopping cart and payment integration, digital marketing).	Immediate	Essential	ITA, Riyada, Ministry of Commerce
4.	Create an E-Commerce Association to represent e-commerce service related businesses. The Association would represent e-commerce businesses to Government and municipalities, with working parties on law and regulation, logistics, payments and IT. It would promote the sector and provide capacity	Medium term	Important	MOCI / Oman Chamber of Commerce

No.	Measure	Timing	Importance	Responsibility
	building events and publications. The Association, when formed, would participate in, or as appropriate take responsibility for, many of the measures associated with skills and awareness capacity building.			

5.9 Top initiatives

The following have been identified as the most important and impactful initiatives:

1. Establishing an e-commerce park (including attracting key anchor tenant(s))
2. Create an online directory portal of e-commerce service providers (i.e., shipping, fulfilment, hosting, payment, etc.)
3. Support establishment of national B2C marketplace(s) with a trustmark
4. Implement geocoding and addressing system
5. Lower cost of ICT services (broadband, web hosting, domain name, etc.)
6. Facilitate the establishment of PSPs and super merchants
7. Enhance trust by updating appropriate laws (e.g., consumer protection)
8. Partnerships to stimulate e-commerce skills and awareness
9. Simplify regulations to become more digital business friendly
10. Collect e-commerce statistics based on international standards

5.10 Quick Wins

The following have been identified as key measures that can be implemented rapidly:

1. Reduce price of OM domain name registration
2. Formalize bus package delivery services
3. Fast track regulatory authorization allowing fulfilment services by couriers
4. Enable Oman Post to pre-clear customs through access to the UPU system
5. Allow electronic payments to business checking accounts
6. Develop standardized payment interface for Omani e-commerce sites
7. Revise Consumer Protection Law to incorporate e-commerce
8. Facilitate process of establishing a digital business by allowing home addresses
9. Develop national e-commerce marketplace(s)
10. Create an online directory of providers of e-commerce business services

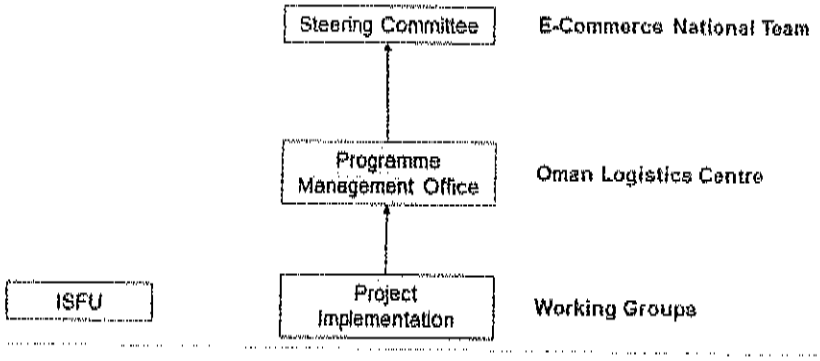
6. STRATEGY IMPLEMENTATION

This chapter describes the governance framework for implementing the strategy and monitoring and evaluation. In addition to overall governance responsibility, it discusses other potential bodies that would likely enhance success. Key performance indicators (KPIs) for tracking the results of the strategy are discussed within the context of monitoring and evaluation.

6.1 Governance

Governance of the strategy follows the Tanfeedh model[107] and would comprise a Steering Committee, Project Management Office, individual project / initiative related Work Groups, and an E-Commerce Association. The Tanfeedh Implementation Support and Follow-up Unit would be peripherally associated with the Strategy. Figure 6-1 shows this governance framework.

Figure 6-1 Implementation Support



Steering Committee

The E-commerce National Team will have overall responsibility for the implementation of the strategy and will assume the responsibility of the E-Commerce Steering Committee. The Steering Committee may co-opt other organisations as necessary for efficient and smooth implementation of the strategy.

Programme Management Office

Asyad's Oman Logistics Center (OLC) will provide a Programme Management Office responsible for day to day programme management and oversight of implementation projects and other activities for implementing the measures described above.

Work Groups

Each measure will have its own Work Group responsible for its implementation. This Work Group will provide the resources for project management and for implementation itself. The Work Groups will reside within the implementing organisations whether in the public or private sector. Work Groups will report to the E-commerce PMO and as appropriate and agreed within the implementing organisation.

Tanfeedh Implementation Support and Follow-up Unit

The Implementation Support and Follow-up Unit (ISFU) will provide overarching support where necessary.

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[107] See p22 and p23 of the Tanfeedh Handbook

6.2 Implementation

Figure 6-2 Strategy Implementation

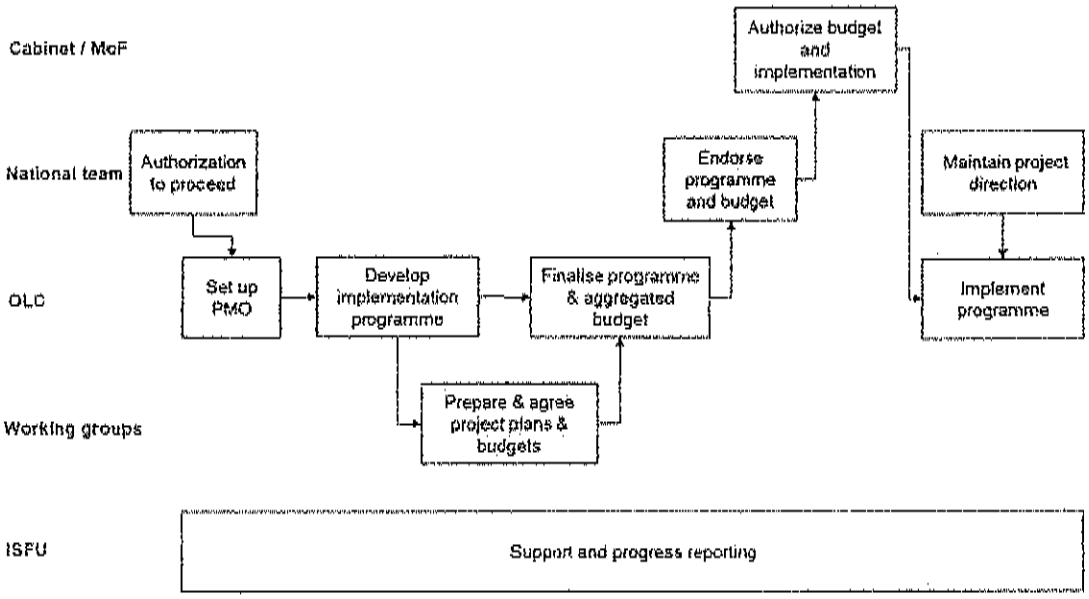

Figure 6-2 shows the process for implementing the strategy. This implementation is in two parts, planning and the implementation itself.

Planning phase

The first phase is concerned with initial implementation planning. The outcome of this phase is an Action Plan covering the whole programme. This will include an outline plan and budget for each of the projects and other activities. These plans will inform the resource requirements, budgeting and timing of the overall programme. The Action Plan will be submitted to Cabinet for approval.

A Work Group will be formed for each measure, and the Work Group in combination with the PMO will define the activity to be performed, its resources and outcome.

The Action Plan will be prepared by the PMO in consultation with Work Groups by aggregating project and activity plans at a programme level taking account of related strategies and plans including the Oman Air Cargo Strategy and the ICT Strategy, The Action Plan including resource and funding requirements will be submitted to Cabinet for approval.

Implementation phase

The Implementation Phase will start once Cabinet has approved the strategy and the associated Action Plan. In this phase, Work Groups will provide detailed plans based on the outline plans and implement these plans. During this phase, Work Groups will report on progress and any issues arising to the PMO and within their own organisations. The PMO will report periodically to the Steering Committee on progress in implementation.

6.3 Monitoring and evaluation

The strategy, which covers the period 2018-2025, needs to be monitored on a regular basis. This will require a set of key indicators to track implementation of the strategic measures. The indicators will be collected and reviewed on an annual basis. When progress is not on track to meet the 2025 goals, measures will be reviewed and adjusted accordingly.

6.4 Key Performance Indicators (KPIs)

The availability of indicators relating to the Omani e-commerce market are limited and where they are available, quite dated. The last survey relating to ICT use in businesses was carried out in 2012. While

an individual survey on ICT use was carried out in 2016, some of the results appear problematic. In both cases, surveys did not devote much coverage to e-commerce activities. Eurostat, the statistical office of the European Union (EU), has model questionnaires covering both individuals[108] and business[109] with special modules on e-commerce that could be used as templates for carrying out such surveys in Oman. Some questions can be tailored to Omani circumstances (e.g., instead of asking about purchases from other EU countries the question might refer to GCC countries). The model questionnaires are used by all 28 EU members as well as a few non-members.

Another problem is that Oman has lagged in terms of implementing ISIC Rev. 4 for national accounts and business surveys (Table 6-1). As a result, there is no official information on the size, dynamics and employment in the ICT or retail e-commerce sectors. Implementing ISIC Rev. 4 down to the four-digit level would dramatically increase understanding of the digital economy and e-commerce. The NCSI should be encouraged to carry this out as soon as possible.

Table 6-1: Categorization of some digital businesses according to the International Standard Industrial Classification of All Economic Activities, Rev.4

Industry	Explanatory Note
4791 - Retail sale via mail order houses or via Internet	This class includes retail sale activities ... via Internet, i.e. retail sale activities where the buyer makes his choice based on information provided on a website... and places his order ... over the Internet (usually through special means provided by a website). The products purchased can be either directly downloaded from the Internet or physically delivered to the customer.
5820 - Software publishing	This class includes: - publishing of ready-made (non-customized) software: · operating systems · business and other applications · computer games for all platforms
60 - Programming and broadcasting activities	This division includes the activities of creating content or acquiring the right to distribute content and subsequently broadcasting that content, such as radio, television and data programs of entertainment, news, talk, and the like. The broadcasting can be performed using different technologies, over-the-air, via satellite, via a cable network or via Internet.
61 - Telecommunications	...provision of Internet access
631 - Data processing, hosting and related activities; web portals	This group includes the provision of infrastructure for hosting, data processing services and related activities, as well as the provision of search facilities and other portals for the Internet.

Source : UN. https://unstats.un.org/unsd/publication/SeriesM/seriesm_4rev4e.pdf

It is recommended that by 2020, SCSI is carrying out annual business and individual ICT use surveys with dedicated e-commerce sections. Data from these surveys as well as other sources will be used for monitoring the e-commerce strategy. Key indicators for the base year and 2020 and 2025 targets including entities responsible for collecting the data are shown below.

Table 6-2: E-commerce strategy monitoring indicators and goals

Indicator	Base	2020	2025	Remarks
Core indicators				

[108] See: "Community Survey on ICT Usage in Households and by Individuals" at: https://circabc.europa.eu/sd/a/28e0bbb8-af94-455d-93de-94985f62ade7/Model%20Questionnaire%202019%20v%201.1%20-%20after%20WG.pdf

[109] See: "Community Survey on ICT Usage and E-Commerce in Enterprises 2019" at: https://circabc.europa.eu/sd/a/d9b1ab6e-a38f-485b-aeb5-8f7e2ce8d153/ICT-Entr%202019%20-%20Model%20Questionnaire%20V%202.0%20-%20after%20WG.pdf

Indicator	Base	2020	2025	Remarks
1. Online shoppers (% of 15+ population in last year)	8%	25%	60%	To be collected by NCSI via annual survey. To be disaggregated by percentage buying from domestic sites and foreign sites.
2. Value of e-commerce sales (% of GDP)	0.5%	1.0%	2.0%	Base figure estimated (2017). Future figures from annual ICT business survey conducted by NCSI.
ICT infrastructure and services				
1. Number of OM domain names	3,397	4,000	5,000	Already collected by TRA (figure refers to 2016).
2. Percentage of individuals using the Internet (age 15+)	71	75	80	Base figure estimated (2017). To be collected by NCSI via annual survey.
3. Number of fixed broadband subscriptions per 100 inhabitants	8	15	30	Already collected by TRA. To be broken down by residential and business.
4. Number of active mobile broadband subscriptions per 100 inhabitants	94	100	100	Already collected by TRA.
5. 4G/LTE population coverage	...	100%	100%	To be collected by TRA.
6. Price basket of mobile broadband services benchmarked to Gulf countries	...	TBD	TBD	To be collected by TRA; TRA to determine the methodology based on baskets used by ITU and OECD.
7. Price baskets of fixed broadband, Ethernet and MPLS services benchmarked to Gulf countries	...	TBD	TBD	To be collected by TRA; TRA to determine the methodology based on baskets used by ITU and OECD.
Legal & regulatory				
Key e-commerce laws incorporating the proposed measures	...	TBD	TBD	Responsibility for this indicator according to ministry or agency responsible for the relevant law. To be broken down by: e-transactions, consumer protection law, data protection, computer crime and Intellectual Property
Logistics				
1. Percentage of households with home delivery	...	50%	100%	To be collected by TRA.
2. Average time taken to deliver a package by region (from the outbound logistics centre and for door to door delivery services)	...	TBD	TBD	To be collected by TRA
3. Average price for delivering a package by region	...	TBD	...	To be collected by TRA
4. Percentage of buildings with a delivery address	...	85%	100%	To be collected by TRA
5. Proportion of e-commerce packages delivered from an Omani fulfilment centre (as opposed to being delivered from a fulfilment centre in another country)	...	10%	100%	To be collected by TRA
6. Proportion of in-bound goods arriving directly from the country of origin (as opposed to transiting in another logistics hub)	...	TBD	TBD	
7. Volume of e-commerce packages delivered to locations in other countries.	...	TBD	TBD	
E-procurement				
1. The number of SMEs registered on each e-procurement portal (Oman Tender Board, PDO, Business Gateways International)	...	2,000	5,000	
2. The number of companies with supplier catalogues on each e-procurement portal	...	1,000	2,500	
Payments				
1. Availability of a plug-in for e-commerce merchants to enable payment service access	No	Yes	Yes	To be collected by CBO
2. Number of Payment Service Providers, including super-merchants	...	3	5	To be collected by CBO
3. Average time taken (in days) for a merchant to acquire a merchant account	...	10	5	To be collected by CBO
4. Average time taken (in days) for a merchant to acquire a PSP service	...	10	5	To be collected by CBO
Awareness and skills				
1. Reasons for not buying online (population ages 15+)	...			To be collected by NCSI from annual survey and broken down by: Prefer to shop in person; Lack of skills; Delivery of goods is a problem; Payment security or privacy concerns; Concerns about receiving or returning goods; Don't have a payment card allowing to pay over the internet
2. Number of individuals working in MSMEs receiving e-commerce training	...	2,000	4,000	
3 Number of students graduating with a degree in e-commerce related field	...	50	100	Fields include e-commerce degree itself, web design, digital marketing

Indicator	Base	2020	2025	Remarks
Business facilitation				
1. Enterprises receiving orders over the Internet (%)	...	25	50	Base figure refers to 2011. To be collected by NCSI from annual survey
2. Enterprises placing orders over the Internet (%)	...	25	50	Base figure refers to 2011. To be collected by NCSI from annual survey
3. Number of enterprises engaged in Retail Sales over the Internet	...	2,500	5,000	To be collected from new business survey by NCSI
4. Number of employees engaged in retail sales over the Internet	...	4,000	8,000	To be collected by NCSI from annual survey
5. Value of retail sales over the Internet (OMR million)	...	300	800	To be collected by NCSI from annual survey
6. Number of providers offering e-commerce support services broken down by type of services	...	30	50	To be obtained from the e-commerce service provider directory. To be disaggregated by shopping cart solutions, marketplaces, payment gateways, shipping, fulfilment (store/pick/pack) and digital marketing.
7. Number of enterprises using social media for e-commerce advertising	...	1,000	2,000	

Note: ... = Not available. TBD = To Be Determined.