

CLIENT ALERT

MARCH 18, 2026

Conflict in the Middle East: Implications for Construction Contracts in Oman

The conflict in the Middle East, which began on 28 February 2026, may pose risks to the construction sector in Oman, including project delays, supply chain disruptions, and potential cost increases.

This client alert is part of a series Curtis Oman will issue in response to the current conflict in the Middle East. In these alerts, we will examine legal issues that may affect clients operating in the sectors we advise.

Shipping traffic through the Strait of Hormuz is currently reduced, and there have been reported disruptions at project sites in strategic locations across the Gulf region. These developments may affect supply chains and logistics connected to construction and energy projects. For example, according to recent news reports, some oil and gas companies in Gulf countries neighbouring Oman have cited force majeure in response to shipping disruptions through the Strait of Hormuz, which have affected their ability to fulfil oil sale contracts. Oil and gas, however, are not the only commodities that pass through the Strait and there has also been a reduction in air cargo traffic, affecting other supplies.

Contractors in Oman are exposed to risks arising from the conflict, including increased costs and delays.

An immediate step Contractors should consider is reviewing their contracts to understand the relief options available to address potential supply chain disruption and the consequences of increased costs or delays in project completion.

This article examines force majeure in Oman.

Force Majeure in Oman

Firstly, force majeure is a concept that refers to events beyond the parties' control that prevent either party from fulfilling their contractual obligations and may allow a party to obtain relief from performing obligations it is unable to perform.

In construction contracts that are commonly used by Contractors in Oman, force majeure provisions are common.

For example, Oman's Standard Contract for Building and Civil Engineering Works (2019 edition), commonly used in construction projects in Oman, particularly government-led projects, includes a force majeure clause (Clause 21). This clause replicates the force majeure provisions found in the 1999 edition of the FIDIC Conditions of Contract for Construction. Clause 21 in the Oman Standard defines force majeure events, lists examples, sets notice and mitigation rules, and describes consequences, including termination or other relief.

When contracts specifically address force majeure, those arrangements generally govern rights and obligations, arguably overriding any force majeure related relief provided by statutes if the contract is governed by Omani law since Omani law lets parties set contract terms, including force majeure provided they do not contradict the mandatory laws in Oman.

In the absence of express contractual force majeure provisions in a contract governed by Omani law then Sultani Decree 29/2013 promulgating the Civil Transactions Law ("Civil Code") does address force majeure and exceptional circumstances. We look at such provisions below:

Article 172 of the Civil Code addresses situations where performance becomes impossible due to force majeure:

Article 172(1): *"if, in bilateral contracts, a force majeure event occurs which renders performance of the obligation impossible, the corresponding obligation shall also fall away, and the contract will be automatically terminated."*

Article 172(2): *"where a force majeure event renders only part of the obligation impossible to perform, only the corresponding obligation relating to that part of the contract will be extinguished, and the remainder of the contract will continue in effect. This also applies to temporary impossibility in ongoing contracts. In both cases, the obligee may terminate after giving notice."*

Article 173: *"if a contract is terminated or terminates, the parties must be restored to their pre-contract position. If that is not possible, damages may be awarded by way of compensation to a party that has suffered a loss as a result of the inability to unwind the contract."*

A point to note here is that the Civil Code does not expressly define "force majeure". How parties drafted the concept of force majeure within their contract (if at all) will be important to consider.

If a Contractor is unlikely to be able to rely on Articles 172 and 173 then it may be able to consider:

Article 177: “if the person proves that the harm arose out of an external cause in which he had no hand, such as a natural disaster, an unforeseeable accident, force majeure, an act by a third party, or an act by the injured party, he shall not be liable for compensation unless otherwise provided by law or agreement.”

So, in other words a person (e.g. a Contractor) is not liable to compensate if losses stem from uncontrollable external causes provided the Contractor can prove the loss resulted from force majeure or external causes, the party is not liable for compensation.

Also **Article 159:** “if there occur exceptional circumstances of a public nature that could not have been foreseen at the time of contracting, and the occurrence renders the performance of a contractual obligation, while not impossible, but so oppressive for a party the court (or arbitral tribunal, if arbitration was the specified mode of dispute resolution) has discretion, after weighing the interests of each party, to reduce the obligation to a reasonable level if justice requires it.”

In the case of Article 159 it is necessary for a party to commence formal proceedings if it seeks to obtain relief under Article 159. A judge (or tribunal) may reduce an obligation to a reasonable level if justice requires.

Unlike 172, Articles 177 and 159 do not result in the termination of a contract.

Key Points

Although the Civil Code provides that the consequences of a force majeure event may include termination where performance becomes impossible, this outcome will not arise automatically in every case.

A key issue when invoking force majeure is determining whether the event qualifies as such under the relevant contract and law. The mere existence of a conflict or regional disruption does not automatically constitute force majeure for the purposes of a particular contract. Whether force majeure applies will depend on the specific terms of the contract and the facts of the situation.

Also, a counterparty may reject a force majeure claim, insist on continued performance, and challenge any resulting termination as wrongful. This may expose the party invoking force majeure to significant legal and financial risk.

Disputes relating to force majeure may be determined in accordance with the dispute resolution mechanism agreed by the parties. The Standard Contract for Building and Civil Engineering Works allows parties to choose between arbitration and litigation if disputes cannot be resolved amicably.

Practice Points

Contractors may consider taking the following steps:

1. Identify and review existing contracts that may be disrupted or affected by supply chain issues arising from the current conflict.
2. Confirm the governing law of those contracts. In a standard form contract or well drafted legal contract the governing law of the contract is usually expressly stated (for example: “This contract shall be governed by the laws of the Sultanate of Oman”) and towards the end of the contract. If another jurisdiction governs the contract, force majeure will need to be assessed under that law. For example, international EPC Contractors operating in Oman may provide in their subcontracts with Subcontractors that those contracts are governed by a law other than Omani law. English law is commonly chosen.
3. Review any express force majeure provisions carefully. Well-drafted clauses often define the events that qualify as force majeure, specify notice requirements, describe the method of service of notices, and set out the relief available to the affected party.
4. Also consider available legal remedies outside the contract, including the provisions of the Civil Code discussed above, where the contract is governed by Omani law.
5. Assess whether a force majeure situation exists under the contract or applicable law and consider the risks of challenge.
6. Consider other legal or commercial solutions before invoking force majeure. In some cases, notifying the counterparty of anticipated delays or increased costs and seeking a negotiated solution may be preferable to immediately invoking force majeure. Other contractual options may also be available (for example, termination for convenience).
7. Document everything relating to the force majeure event as it will need to be proven and necessary if there is a dispute.
8. If invoking force majeure, ensure that contractual and legal requirements are strictly complied with, including any notice provisions and mitigation obligations.

Contact us for advice specific to your contract and circumstances. Getting force majeure wrong may have serious legal and financial consequences. Also, if you receive a force majeure notice, ensure you seek legal advice promptly to evaluate its validity and determine your best course of action.

If you have any questions on this important development please contact:



Kerem Alev

Counsel

kalev@curtis.com

Muscat: +968 24 564 495



Abdul Latif Al Rawahi

Partner

alalrawahi@curtis.com

Muscat: +968 24 564 495



Zahra Mohamed

Associate

zmohamed@curtis.com

Muscat: +968 24 564 495



Dr Yaman Gursel

Associate

ygursel@curtis.com

Muscat: +968 24 564 495

About Curtis

Curtis, Mallet-Prevost, Colt & Mosle LLP is a leading international law firm. Headquartered in New York, Curtis has 18 offices in the United States, Latin America, Europe, the Middle East and Asia.

Our Oman office was established in 1997. The Curtis Oman office advises both private and public sector clients, including various ministries and related entities, on a full range of international and domestic legal matters.

To ensure a consistently high level of service and the full benefit of our resources and global reach, Curtis utilizes an integrated team approach across offices and practices. The Oman office is a part of Curtis, Mallet-Prevost, Colt & Mosle LLP, a New York limited liability partnership.

Curtis represents a wide range of clients, including multinational corporations and financial institutions, governments and state-owned companies, money managers, sovereign wealth funds, family-owned businesses, individuals and entrepreneurs.

For more information about Curtis, please visit www.curtis.com.

Attorney advertising. The material contained in this Client Alert is only a general review of the subjects covered and does not constitute legal advice. No legal or business decision should be based on its contents.