

Embassy of India

Muscat

MUS/2011/11

8th November, 2011

Monthly Economic and Commercial report for October 2011

Major Economic Indicators

Oman's GDP at market price rose from US\$ 13.8 billion in 2010(Jan- Mar) to US\$ 16.1billion during the corresponding period in 2011.

Structure of GDP

SI No.	Activity/ Sector	Share
1	Petroleum Sector	48%
2	Wholesale & retail trade	8%
3	Construction	5%
4	Public Administration & Defence	6%
5	Other activities	33%
	Total	100%

Oil & Gas Sector

Oil production rose from 208.5 million barrels in January-August 2010 to 214.3 million barrels during the corresponding period in 2011. China, Thailand, Japan, South Korea, Taiwan, Singapore and India were the main destinations for Omani oil exports. Gas production rose from 21,843 MNSCM in January-August to 23,029 MNSCM during the same period in 2011.

Export of Crude Oil to Major Countries (Jan-August, 2011)

Country	Oil Export in million *BBL
China	79
Thailand	14
Japan	18.2
Taiwan	7

South Korea	13
Singapore	3.3
India	27.6
Others	15.6
Total	177.7

* barrel

Latest Trade Figures

Non–Oil trade exchange by Major Countries (Figures in US\$ million; Source: Omani Ministry of National Economy)

	Jan-Apr	Total (Jan-Apr)	
	Change (11/10)	2011	2010
	in % age		
A) Non-Oil Omani Exports	19.7	2435.9	2034.2
UAE	-43.7	377.1	670.03
India	50.2	234.7	156.2
China	136.4	316.5	133.9
Saudi Arabia	29.8	181.8	140.2
Taiwan	49.4	151.3	101.3
Others	41	1174.6	832.9
B) Re-Exports from Oman			
	25.3	2093.8	1670.6
UAE	-6.0	856.3	910.9
Iran	-36.6	123.8	195.3

Saudi Arabia	64.5	109	66.3
China	296.2	242.2	61.1
UK	1196.3	90.7	6.9
Others	56.3	671.8	429.9
(C) Imports			
UAE	18.4	2160.3	1824.7
Japan	-11.1	1030.3	1158.5
United States	26.9	454.8	358.5
India	65.4	427.9	258.7
Saudi Arabia	112.4	429.2	202
Others	21.7	3165.2	2601.9

Bilateral Trade (Figures in US\$ million; Source: Omani Ministry of National Economy)

Year	Total Export to India				Total Import from India
	Non oil Export	Re-Export	Oil & Gas Export	Total Export	
*2011	234.7	NA	NA	NA	427.9
2010	837.65	122.66	1678	2638.31	890.96
2009	685	57	1524	2266	1048
2008	641	26	283	950	1038
2007	456	25	280	761	1036
2006	323	26	9	358	575

* Figures are for the period of (January to April, 2011)

Foreign Trade (Figures in US\$ million)

Year	Imports	India's Share	%age	Export	India's Share	%age	Total Trade
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*2011	7667.9	427.9	5.6	4529.7	234.7	5.2	662.6
2010	19691.77	890.96	4.5	11318	2638.31	23.3%	3529
2009	17778	1048	5.9	27537	2413	8.2	3461
2008	22312	1038	4.7	37563	950	2.5	1988
2007	15914	1036	6.5	24546	761	3.1	1797

- 2011 figures are for January to April only, excluding oil & gas
- Source: Omani Ministry of National Economy

Economic & Commercial Developments

Amendments to Labour Law:

On 29 October, Minister of Manpower Sheikh Abdullah bin Nasser Al Bakri, announced amendments to the provisions of the Labour Law. The most notable amendments included providing the workers two weekly off days. In case the employers have more than 15 staff, they should place the work system bylaw in a notable place, after being approved by the Ministry. The amendments include the right of a worker to have not less than 30 days of paid leave, in addition to six days of emergency leave with full payment in case of emergencies. The female employee may not work more than nine hours per day with at least half-an-hour break and a maximum of 45 hours a week. The amendments also regularise the working of females during evening shifts and giving them 50 days paid leave pre-and-post-maternity provided that the leave is given not more than three times during the service period. The amendments also include some decisions relating to regularising work market, including notification of absconding non-Omani workers, the penalties arising from this, the minimum allowance that should be given to the workers and the procedures and requirements for giving it.

MSM at 5602.29 points

According to statistics issued by the Muscat Securities Market (MSM), MSM-30 index closed at the end of September 2011 at 5602.29 points, compared to 5767.35 points on the previous month, recording a decline of 2.86. The trading value declined by 28.4 per cent during September 2011. The daily average of trading value was RO 46 million compared to RO 64.2 million during the previous month. The market value declined by 1.69 per cent in September 2011 to RO 9.94 billion as compared to RO 10.11 billion at the end of August 2011. The value of shares brought by foreign investors reached RO 7.7 million comprising 16.69 per cent during September 2011. The value of shares sold by foreign investors during the same period reached RO 13.9 million comprising 30.30 per cent. The foreign investment declined by RO 6.26 million comprising 13.6 per cent.

Oman's economy set to post 5.6pc growth

On 3 October, at the Second Oman Capital Markets Forum, Darwish bin Ismail bin Ali al Balushi, Minister Responsible for Financial Affairs stated that Oman with continuous excellent performance of the economy holds out a promising outlook for this year. He added that the economy was headed for a sustained, steady growth in the short and medium term and 5.6% growth rate was expected for 2011.

Tourism Development Plan

Adil Taqi, Chief Executive Officer (CEO) of Muriya Tourism Development Company stated that the Company plans to invest about \$1 billion in the next five years in different tourism development projects, which will be implemented in the Governorates of Muscat and Dhofar. City Walk project in the Governorate of Muscat, Jabal Sifah, the Marina Town Project Salalah Beach project, A'Sodah Island in the Governorate of Dhofar are the major projects in the various stages of progress.

\$1 bn Medical City planned in Salalah

The Saudi based Aljoaib Holding announced its plan to establish a Medical City in Salalah with an investment estimated at \$1 billion. The project will be promoted by the Apex Medical Group (AMG) and it would house the region's first multispecialty organ transplant and rehabilitation centre of excellence.

Gas-fired power plant soon

On 8 October, Curtis, Mallet-Prevost and Colt & Mosle LLP were awarded a contract to advise Oman Power and Water Procurement Company (OPWP), on the development of a gas-fired Independent Power Project (IPP) in Musandam Governorate. The project, likely to be initially sized at 100 – 120 megawatts (MW) of power generation capacity, will replace diesel-based generation.

BP to invest heavily in Oman's gas sector

On 23 October, Dr Jonathan Evans, BP's General Manager for Oman, stated that BP believed that there might be as much as 100 trillion cubic feet (tcf) of tight gas in place (as distinct from proven recoverable reserves) within its Block 61 concession in Oman. He further stated that BP would invest US \$15 billion in Oman. BP will submit the Field Development Plan to Oman's Ministry of Oil and Gas in 2012. Dr. Evans also expressed possibility of reaching a commercial agreement with the Omani Ministry for a 30-year production period from these fields.

Al Hassan bags contract for Zauliyah gas project

On 29 October, Al Hassan Engineering Company (AHEC) secured a multi-million dollar engineering, procurement and construction (EPC) contract from Petroleum Development Oman's (PDO) for Zauliyah gas compression project phase III. The scope of work for AHEC includes detailed design, procurement, construction, inspection and testing, erection and installation, site testing, pre-commissioning and handover to PDO of the new facilities for Zauliyah gas compression project phase III.

German firm to evaluate Oman's mining and mineral sector

German environmental engineering and consulting firm Brenk Systemplanung won a contract to evaluate Oman's mining and mineral sector. Brenk Systemplanung will undertake a comprehensive review of the country's mining industry and will advise to the Ministry of Commerce & Industry to introduce best practices in the development and commercialization of Oman's mineral wealth.

Teejan, FATA EPC sign pact to develop downstream aluminum plant

On 3 October, according to a contract signed by Teejan Group of Companies and FATA EPC (subsidiary of Italian FATA SpA) Teejan Trading and Contracting Company will be the sub contractor for the biggest downstream aluminium plant in Oman.

Takamul gets 49pc equity stake in Gulf Specialty Steel JV

On 8 October, Takamul Investment Company SAOC, announced to acquire a 49 per cent stake in a new joint venture company that plans to establish a \$30 million galvanized steel wire products plant, Gulf Specialty Steel Industries LLC (GSSI) in Sohar to produce around 60,000 tonnes per annum of galvanized steel wire products. GSSI has been set up in partnership with Global Steel Industries Pte Ltd, a wholly owned subsidiary of Singapore-based investment holding company BH Global Marine Limited.

Voltamp's factory in Sohar inaugurated

On 5 October, the RO 11 million Voltamp Power Transformer Factory, a 100 % subsidiary of Voltamp Energy, was inaugurated in Sohar.

Hanjin Shipping launches operations from Sohar Port's OICT

On 28 October, South Korean based international shipping company Hanjin Shipping commenced operations from Sohar Port's Oman International Container Terminal (OICT). Modern Shipping Services represents Hanjin in Oman.

Outlook on Oman's construction sector

On 26 October, according to research firm Ventures, the expenditure on building construction in Oman is expected to reach more than \$27 billion by 2014. According to the report, mixed use, airports and hotel building are the three most active sectors over the next three years in Oman, with mixed use accounting for more than 30 per cent of total budgets. The report further says that following a difficult Q2 of 2011, significant infrastructure projects boosted the industry and the upcoming years were expected to see a steady growth.

Al Majal wins advisory services contract for Duqm solid waste management

On 24 October, Al Majal Environmental and Technical Services, an Omani consultancy company, was awarded a project to provide advisory services for the Integrated Solid Waste Management System in Duqm by the Oman Environmental Services Holding Company (OESHCo), the agency responsible for implementing Government policy on waste matters.

Trade & Investment-related news

Singapore: On 17 October, BankMuscat, in association with the Ministry of Foreign Affairs, organised Oman Investment Forum in Singapore, highlighting the promising trade and investment opportunities in Oman.

China: Oman Cement Company has decided to increase its cement grinding capacity. The Company has already signed a contract with China National Building Materials & Equipment Import & Export Corporation for the upgradation of its Kiln-1. The upgrade, along with the modernisation of the plant's Line-1 Pollution Control Equipment, will be undertaken at a cost of RO 14.27 million.

Germany: On 26 October, Public Authority for Investment Promotion and Export Development, (PAIPED) received a Lower Saxony delegation. The 20-plus strong high-profile German delegation which was led by Dr Oliver Liersch, Lower- Saxony's Secretary of State in the Ministry of Economy, Labour and Transportation, comprised of senior public and private sector representatives. Apart from trade and investment, the German delegation also explored opportunities in Tourism and Healthcare sector. The methanol plant and liquid-gas terminal at the Port of Sohar and Europoles' concrete pole factory in Nizwa are among major German investments in Oman.

Croatia: On 28 September, an air services consultation meeting in Zagreb between the aeronautical authorities of Oman and Croatia resulted in signing of an air services agreement and Memorandum of Understanding (MoU) between the civil aviation authorities of the two countries.

Qatar: On 9 October, Al Batna Quarries LLC, a subsidiary company of Al Batinah Development and Investment Holding Company SAOG, signed a sales agreement with Qatar Primary Materials Company in Qatar to export one million MT of gabbro aggregates. The shipment of aggregates will start from November 2011, from Sohar Industrial Port to Port Mesaieed in Qatar. This contract is the first such sales agreement for Al Batna Quarries, which started commercial operation during 2011.

UAE: On 3 October, as part of the GCC electricity linkage project, Oman and the United Arab Emirates marked the actual launch of electricity linkage from an operations centre at Buraimi. The event included experimental tests and dual synchronous operations of the network, operated from the Omani side by Oman Electricity Transmission Company and, on the UAE side, by Abu Dhabi Electricity and Water Transmission Company.

Brunei: On 9 October, Omani IT products and services company Bahwan CyberTek and Brunei telecommunications major Telekom Brunei signed a joint venture to create and manage a state-of-the-art contact centre in Brunei Darussalam. The joint entity will utilise Bahwan CyberTek's Cuecent technology and the domain expertise of Telekom Brunei subsidiary Sipadu Systems to jointly create and market products for the telecommunications and government sectors. The JV is 51 per cent owned by Bahwan CyberTek and 49 per cent by Telekom Brunei.

USA: On 16 October, US-based international architectural firm Skidmore, Owings & Merrill (SOM), in partnership with Ghafari Associates, was selected to master-plan the development of a new city at Duqm on the Wusta coast. The Supreme Committee for Town Planning (SCTP) is overseeing the master-planning of Duqm City.

Bilateral:

i. On 2 October, The Life Insurance Corporation (International) launched New Jeevan Aastha scheme in Muscat. The Jeevan Aastha 2 scheme offers a combination of insurance and guaranteed returns to the policy holders

ii. During the month, the Shipping Corporation of India (SCI), India's biggest shipping line, commenced operations from the Port of Salalah. Commenting on SCI's Salalah operations, Peter Ford, Chief Executive Officer of Port of Salalah, said that it's another feather in our cap. He added that SCI was a valued customer that connected us to a massive Indian market.

iii. Ministry of Agriculture & Fisheries is expected to award a contract related to the construction work on a modern fishery harbour project at Barka on the Batinah coast which is expected to commence in the first half of 2012. Around 19 local and international firms are bidding for the contract to build the greenfield facility at Barka. Well-known India-headquartered international consultancy firm Consulting Engineering

Services (CES) is overseeing the design and construction supervision of the Barka Fishery Harbour project. CES has been involved in the design and development of a significant number of the roughly 17 fishery harbours currently in operation along the Omani coast.

iv. On 20 October, a 15 member Omani business delegation visited Mumbai to participate in Mumbai matchmaking sessions and met their Indian counterparts. PAIPED's study on exporting to India has shortlisted 21 Omani products that include flexible packaging films, polypropylene, plastic pipes, edible oil and marble for focused export to India. According to PAIPED, analysis of trade between the two countries indicates that urea dominates Oman's non-oil exports to India. Within the remaining non-urea segment, Oman's non-oil exports include aluminium ingots, polypropylene, methanol and dates.

v. During 17-22 October, Oman, represented by the Transport and Communications Ministry participated in the 4th conference of the International Civil Aviation Organization (ICAO) for air services negotiations, which was held in Mumbai. The Omani delegation was led by Said bin Ali bin Nafal al Mas'hali, Under-Secretary for Civil Aviation Affairs. The delegation comprised of officials of Air Transport Department at the Civil Aviation Affairs, Oman Air and Oman Airports Management Company (OAMC).

vi. On 31st October, a FICCI led medical tourism delegation comprising of 12 leading Indian Hospitals and officials from Department of Ayush, Ministry of Health organised a seminar on "India Medical Tourism Destination" followed by B2B meetings at Oman Chamber of Commerce & Industries' premises in Muscat. Later in the evening, the Embassy hosted a networking session on Indian Medical Tourism for visiting Indian medical delegation at the Embassy premises.

This issues with the approval of Ambassador.

(Bramha Kumar)

Second Secretary

