

Embassy of India

Muscat

MUS/201/1/12

January 5, 2015

Monthly Economic and Commercial report for December, 2014

Overview: Some important developments were seen in the trade and investment sector during the month of December, such as Oman International Petrochemical Industry Company (Ompet)'s announcement of setting-up a polyethylene terephthalate (PET) plant at Sohar free zone; Oman Power and Water Procurement Company (OPWP) awarding contract valued US\$ 250 mn to the consortium led by Singapore based Hyflux Ltd for constructing water desalination plant at Quriyat; and Oman Oil Refineries and Petroleum Industries Company (Orpic) entering into in JV with Spanish firm Compania Logistica de Hidrocarburos (CLH) for engineering, procurement and construction (EPC) contract of US\$ 320 mn (RO 123.2 mn) to execute Muscat Sohar Pipeline project (MSPP). Saudi Arabia's Rajhi Group announced its plan to set-up DRI plant of 1 million tpa capacity in Duqm Special Economic Zone and Oman Electricity Transmission company signed six agreements worth RO 87.9 mn (US\$ 228 mn) with various construction firms for constructing new grid stations, expansion of existing plants, reinforcement of overhead transmission lines and consultancy services.

Monthly inflation during November was 0.95%, marginally up by 0.1% from the previous month. The increase was owing to the rise of food item prices, as well as transportation and fuel costs. The Government of Oman had projected 4% inflation rate for the current financial year mainly based on the consumer price index of base year 2012. The Government and the Central Bank of Oman (CBO) have been taking measures to control the inflation rate through various monetary and fiscal measures, the efficacy of which can be seen during the current financial year.

As per Ministry of Oil & Gas' report, the Sultanate's crude oil and condensates production in November 2014 amounted to 27.645 mn barrels, at an average of 921,498 barrels a day (bpd) marking a decline by 1.17% compared to October 2014. The total exported crude oil in November 2014 reached 24.055 mn barrels, at an average of 801,845 bpd, and a 2.92% rise compared to the previous month. The Asian markets received the biggest portion of the Omani oil exports with destination of China, Taiwan, Thailand and Japan.

On the bilateral level, Embassy of India organized familiarization Seminar on 'Tourist Visa on Arrival enabled through Electronic Travel Authorization (TVoA-ETA)' facility for Omani nationals on December 14 at the Embassy auditorium. Oman-India Joint Investment Fund (OIJIF), a special purpose vehicle (SPV) for Omani investments in India, has invested US\$ 15.3 mn (Rs 950 mn) in Gujarat

based agrochemical GSP Crop Science Ltd, which is engaged in manufacturing and exporting of agro chemical products.

Major Economic Indicators

Omani economy had registered a growth of 5% at constant prices during the last financial year (FY 2013) and is expected to grow at the same rate in 2014. Non-oil exports also grew by 6% to reach RO 3.80 bn and the value of re-exports stood at RO 3.5 bn in 2013 compared to RO 2.48 bn in 2012, registering growth of 42%.

Structure of GDP:- The Sultanate's gross domestic product (GDP) at market prices increased by 2.8% to stand at RO 30.62 bn (approx. US\$ 80 bn) during the last financial year 2013 compared to RO 29.79 billion (US\$ 76.85 bn) in the previous year.

S. No.	Activity/ Sector	Share
1	Petroleum Sector	52%
2	Wholesale & retail trade	8%
3	Construction	4%
4	Public Administration & Defence	7%
5	Other activities	29%
	Total	100%

Oil & Gas sector:- Export of Crude Oil to Major Countries end-Oct, 2014)

Export of Crude oil by major countries	Year 2013 (000) BBL	Year 2014 (000) BBL			Total (End- Oct) (000) BBL	
		Aug	Sep	Oct	2013	2014
Japan	29304.3	475.4	421.2	433.2	24703	12968.9
S. Korea	4711.9	499	279.3	280.1	4711.9	5576.6
Thailand	17085.5	2401.5	1001.2	971.8	14033.4	13166.8
China	180785.5	16304.3	20000.3	20438.8	146226.3	173872.5
Taiwan	27389.2	3320.7	1503	2029	24383.8	26945.8

India	13159.0	291.3	-	-	12109.6	4923.5
Singapore	13461.0	-	-	-	13461	3336.9
Others	18277.3	1535.1	-	-	12089.4	3314.3
Total Exports	304173.6	24827.2	23205	24152.9	251718.6	244105.2

(Source: National Centre for Statistics & Information (NCSI), Govt of Oman)

Trade Exchange with Major Countries (Value in US\$ million)

Country	Total (End-July)		2013 (Jan-Dec)	
	2014	2013	Value	% share
Non-Oil Omani Export				
UAE	1003.86	1012.18	1711.58	17.3
Pakistan	690.04	1337.44	734.24	7.4
Saudi Arabia	651.04	690.04	1410.50	14.3
India	579.28	667.42	1080.82	10.9
USA	310.96	329.68	482.56	4.9
Others	2137.72	2599.48	4478.240	45.2
Re-Export				
UAE	1963.52	1959.1	3302.26	35.9
China	573.04	472.94	937.04	10.2
Saudi Arabia	437.58	616.46	952.120	10.3
Iran	191.1	155.22	317.46	3.4
South Africa	173.94	204.62	318.24	3.5
Others	1292.46	2297.88	3380.52	36.7
Imports				
UAE	5629	5421	10169.38	29.6
Japan	1986.66	1927.64	3322.02	9.7
India	848.64	1582.36	3116.100	9.1
Saudi Arabia	798.98	1092.52	2023.06	5.9
China	694.46	604.76	1047.8	3.1
Others	7033.26	8858.72	14643.98	42.7

(Figures in US\$ million; Source: National Centre for Statistics & Information (NCSI))

C. Bilateral Trade: (Figures in US\$ million; Source: National Centre for Statistics & Information (NCSI); figures available for Jan-Dec, 2013)

Year	Total Export to India	Total Import	Total trade
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					from India	(US\$ mn)
	Non-oil Export	Re-Export	Oil & Gas Export	Total Export		
2013	854	155	1,400	2,409	2,349	4758
2012	1584	NA	479.2	2063.2	1534.3	3597.5
2011	1070	NA	3165	4375	1133	5508
2010	837.65	122.66	1678	2638.31	890.96	3529.27
2009	685	57	1524	2413	1048	3461
2008	641	26	283	950	1038	1988
2007	456	25	280	761	1036	1797

(Figures in US\$ million; Source: National Centre for Statistics & Information (NCSI); figures available for Jan-Dec, 2013)

Year	Import from India	Omani Export	RE Export	Oil & Gas Export	Total Export to India
2013	2,349	854	155	1,400	2,409
2012	1,534	1,584	90	615	2,290
2011	1,133	1,070	142	3,283	4,495
2010	891	838	125	2,848	3,810
2009	1,048	568	57	1,789	2,414
2008	1,037	641	26	283	950
2007	1,036	455	25	279	759

Foreign Trade (figure in US\$ million)

Year	Imports	India's Share	%age	Export	India's Share	%age
2013	25970	2349	9.04	42204	2409	5.7
2012	28000	1534	5.5	51921	2290	4.4
2011	23522	1133	4.8	46897	4375	9.3
2010	19691.77	890.96	4.5	11318	2638.31	23.3%

2009	17778	1048	5.9	27537	2413	8.2
2008	22312	1038	4.7	37563	950	2.5
2007	15914	1036	6.5	24546	761	3.1

(Source- National Center for Statistics & Information)

Economic & Commercial Developments

Omani/Spanish JV inks deal for US\$ 320 mn pipeline

As per local media on Dec 17, Oman Oil Refineries and Petroleum Industries Co (Orpic) has entered into joint venture (JV) with Spanish firm Compania Logistica de Hidrocarburos (CLH) for an engineering, procurement and construction (EPC) contract worth US\$ 320mn (OMR 123.2mn) for executing Muscat Sohar Pipeline project (MSPP) in the Sultanate. The Orpic Logistics Company (OLC), supported by Spanish construction company Abantia, will be the lead contractor for the MSPP, which also includes the construction of an oil tanks facility. Work will start in the first quarter of 2015 and the project is due to be commissioned in the second quarter of 2017.

Oman Electricity Transmission company signs six agreements worth RO 87.9 mn (US\$ 228 mn)

As per local media on Dec 23, Oman Electricity Transmission company has signed six agreements worth US\$ 228 mn with various construction firms for construction works of new grid stations, expansion of existing plants, reinforcement of overhead transmission lines and consultancy services. One of the six contracts worth US\$ 56 mn was awarded to Indian construction company Larsen & Toubro, Oman (LTO) for upgrading Misfah grid station to 400 kv. The consultancy contract for design and supervision of all grid stations at various places went to Cyprus based Energo-Projekt company.

Ompet builds PET plant in Sohar

As per local media on Dec 9, Sohar Port and Free zone has signed an agreement with Oman International Petrochemical Industry Company (Ompet) to build a manufacturing facility of environmental-friendly packaging materials. As per agreement, Sohar port and free zone authority will provide/lease 330,000 sqm plot to Ompet for setting-up PET plant to produce 250 kilotons of polyethylene terephthalate (PET), which will be used in the manufacturing of bottles of soft drinks and beverages. The plant will create 300 direct jobs and produce 1.1 mn tonnes of PTA. Ompet is a joint venture between Oman Oil Co, Takamul Investment and South Korea's LG International Corporation.

OPWP awards US\$ 250 mn water desalination project to the consortium

A consortium comprising Singapore's Hyflux Ltd and National Power & Water Company has been awarded a contract to set-up a US\$ 250 million seawater desalination plant in Quriyat. The project was awarded by Oman Power and Water Procurement Company (OPWP). The proposed Quriyat independent water project is going to be a seawater reverse osmosis desalination plant with a

designed capacity of 2,00,000 cubic metres per day (44 MIGD) of potable water. The project is expected to commence operation by May, 2017 under a 20-year water purchase agreement with OPWP. Hyflux's role includes turnkey engineering, procurement and construction (EPC) - a contract valued at US\$ 210 million as well as operations and maintenance of the plant.

Rajhi Group of Saudi Arabia plans to set-up DRI plant in Duqm

As per local media on Dec 24, Rajhi Steel of Saudi Arabia has announced its plan to set-up a 1 million tpa direct reduction iron (DRI) or sponge iron plant in Duqm Special Economic zone. CEO, Rajhi Steel, Saad Al Qahtani stated that Rajhi Group will use this facility/manufacturing plant as captive plant to supply its production to steel plants in Saudi Arabia. He further added that the gas price of US\$ 0.75 per million BTU or less is expected as this is the average price in Saudi Arabia.

Trade & Investment-related news with other countries

Nepal: - A memorandum of understanding (MoU) on air transport service was signed between Nepal and the Sultanate of Oman on December 29. The MoU was signed by Anwar bin Abdullah Al-Raisi, Acting Director General of Civil Aviation Regularization Authority of Oman and Suresh Manshrista, Undersecretary of the Ministry of Tourism & Civil Aviation of Nepal. The MoU increased the number of flights from 7 to 21 per week, which is to be increased to 28 weekly flights from January 1, 2016.

Pakistan: - A trade delegation coordinated by Federation of Pakistan Chamber of Commerce & Industry (FPCCI) visited Oman and had meeting with OCCI on Dec 17 to explore the business opportunities available in Omani Industrial segment. The two sides also discussed the activating of joint business council mechanism and means of enhancing trade and investment between the two countries.

Philippines:- Secretary General of the Omani Foreign Ministry Sayyid Badr bin Hamoud al-Busaidy visited Philippines and had meeting with Secretary of Transport & Communication Joseph Abaya on the civil aviation matter. The meeting came under the framework of the launching of Oman Air's direct flight to Manila on December 3, 2014.

Saudi Arabia:- The two-day Omani-Saudi investment and trade forum organized by Public Authority for Investment Promotion and Export Development (PAIPED) started on Dec 20 in Muscat to discuss the cooperation and investment opportunities in aquaculture, food processing, health services, financial and banking sector, logistics at free zones and tourism sector. The visiting delegation also had field trip to Special Economic Zone at Duqm (SEZAD), the dry-dock, port of Duqm and tourism projects at Duqm.

Singapore- Singaporean Minister of Communications & Information Dr Yaacob Ibrahim visited Oman and held meeting with Omani Minister of Information Dr Abdulmunim bin Mansour al-Hasani on Dec 10 to discuss the cooperation in media and journalist exchange programme between the two countries.

As per local media, the Free Trade Agreement between GCC and Singapore has come into effect from January 1, 2015, which will boost the trade and investment between Singapore and GCC countries including Oman.

Spain:- Omani business delegation led by Chairman, Oman Chamber of Commerce & Industry (OCCI) visited Spain and had the meetings with Spanish Chamber of Commerce & Industry to explore opportunities of cooperation and coordination between the two chambers. A memorandum of understanding (MoU) was signed on Dec 1 between OCCI Chairman Said Saleh Al-Kiyumi and the President of Spanish Chamber Jose Luis on joint coordination and exchange of expertise and trade delegations' visit between the two countries.

Multilateral

Ministerial Meet of the Gas Exporting Countries Forum (GECF):- The 16th Ministerial meeting of the GECF was convened on Dec 16 in Doha to discuss the latest development in the field of global prices of oil and natural gas. The Sultanate's delegation led by Minister of Oil & Gas Mohammed bin Hamad al-Rumhi attended the meeting.

Bilateral

As per local media on Dec 12, Oman-India Joint Investment Fund (OIJIF) has invested Rs 950 mn (US\$ 15.3 mn) in Gujarat based agrochemical GSP Crop Science Ltd, which is engaged in manufacturing and exporting of agro chemical products.

The Embassy of India in association with the India Tourism Dubai organised familiarization seminar on December 14 on 'Tourist Visa on Arrival-enabled through Electronic Travel Authorization' (TVoA-ETA) facility for Omani nationals. The event was well attended and appreciated by senior Omani Government officials, and representatives of tour/travel trade, hotels, airlines, immigration officials and consular officials of the concerned Embassies.

This issues with the approval of the Ambassador.

(Amararam Gujar)

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