

## Embassy of India

### Muscat

MUS/2011/12

January 13, 2012

### Monthly Economic and Commercial report for January 2012

#### Major Economic Indicators

Oman's GDP at market price rose from US\$ 27.9 billion in 2010(Jan- June) to US\$ 33.7 billion during the corresponding period in 2011.

#### Structure of GDP

SI No.	Activity/ Sector	Share
1	Petroleum Sector	51%
2	Wholesale & retail trade	8%
3	Construction	5%
4	Public Administration & Defence	5%
5	Other activities	31%
	Total	100%

#### Oil & Gas Sector

Oil production rose from 288 million barrels in January-November 2010 to 295 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 30,257 MNSCM in January-November in 2010 to 31,875 MNSCM during the same period in 2011.

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

Country	Oil Export in million barrel
China	111
Thailand	20
Japan	25
Taiwan	8

South Korea	17
Singapore	8
<b>India</b>	<b>31</b>
Others	22
Total	243

### Latest Trade Figures

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

	Jan-May	Total (Jan-May)	
	Change (11/10)	2011	2010
	in % age		
<b>A) Non-Oil Omani Exports</b>	22.9	3121.9	2540.8
UAE	-36.4	484.8	762
<b>India</b>	41.4	354.8	250.9
China	115.6	389.8	180.8
Saudi Arabia	32.4	222.2	167.8
Taiwan	56.2	185.7	118.9
Others	40	1484.6	1060.6
<b>B) Re-Exports from Oman</b>			
	18.3	2409.2	2036.5
UAE	-14.2	945.1	1102
Iran	-32.8	161	238.8
Saudi Arabia	47.1	117.3	79.8
China	297	277.6	69.9

UK	1786.7	146.6	7.8
Others	41.6	762.2	538.2
<b>(C) Imports</b>			
	21.3	9712	8006
UAE	16.9	2716.7	2323.5
Japan	-18.3	1155.9	1414.4
United States	50.3	628.9	418.3
<b>India</b>	<b>54.2</b>	<b>491.3</b>	<b>318.6</b>
Saudi Arabia	126.7	554.3	244.5
Others	26.7	4165.2	3286.7

**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	354.8	NA	3186	NA	491.3
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 for non oil export and imports are for the period of January to May, 2011)

(Figures for Oil & Gas Export are for the period of January to November, 2011)

**Foreign Trade** (Figures in US\$ million)

Year	Imports	India's Share	%age	Export	India's Share	%age	Total Trade
*2011	9712	491.3	5.1	18083	3541	19.6	4032
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
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- 2011 figures are for January to May only, including oil & gas figures for the period of January to November, 2011)
- Source: Omani Ministry of National Economy

## **Economic & Commercial Developments**

### **Consumer's Union office opened**

On January 1, the first regional office of the Consumers Union in the Sultanate was opened. In addition to Iran and Turkey, the office will serve the GCC and the oriental region.

### **A pro-growth budget**

Oman's Finance Minister unveiled the State General Budget-2012, the second year of the 8<sup>th</sup> Five Year Development Plan 2011-2015. The 8<sup>th</sup> Five-Year Plan (2011-2015) expenditure has been increased by 26% (RO 54bn) from an earlier estimate of RO 43bn to meet higher salaries and other social benefits for Omani workers announced in early 2011. The total subsidies in 2012 for supporting various sectors -- diesel, cooking gas, electricity, water, basic foodstuff, etc - are estimated at RO 1.18bn. The development budget 2012, drawn up on the basis of average oil price of \$75 per barrel and average production at 915,000 bpd., forecast realization of an estimated revenue of RO 8.8 billion against an expenditure of RO 10 billion, with the main focus on Education (RO 1.5bn), Social Housing (RO 120mn) and Health sector (RO 500mn). The target is to achieve an economic growth (GDP) of 7% with inflation rate at 4% and creation of 38,000 jobs during the year. The investment expenses amount to RO 2.7 bn which is 27% of the total general expenditure. The deficit was estimated at 1.2 billion rials, which is 5% of the GDP. The deficit will be covered from the means of funding approved in the budget including the issuance of development bonds to the domestic market amounting to 200 million rials.

### **IFC Capitalization Fund will invest \$170m in Bank Muscat**

On January 3, IFC Capitalization Fund announced to invest \$170 million in subordinated debt in BankMuscat, to strengthen its capital base and help increase access to finance for small and medium enterprises (SMEs) and middle-income home buyers.

### **Plans to develop five fishing harbours on the anvil**

Darwish bin Ismail bin Ali Al Balushi, Minister responsible for financial affairs stated that Oman is expanding five fishing harbours in a move to help fishermen in different areas. These fishing harbours are coming up at Barka, Al Musanna, Dibba and Al Ashkharah with a total cost of RO 14 million. Further, there is a move to develop a relatively big fishing port at Al Duqm with a capital expenditure of RO 35 million.

### **Social welfare schemes drive eighth plan expense to RO54b**

On January 3, the Omani Minister responsible for financial affairs stated that higher salaries and other social benefits for Omani workers and families announced early last year resulted in jacking up the Eighth Five-Year Plan expenditure by 26% to RO 54 billion, from an earlier estimate of RO 43 billion. The additional obligations amounted to RO 11 billion, of which an amount of RO 9 billion is towards the current and civil security expenses and about RO 2 billion is for the development projects.

### **Mid-Year Review of the Omani Economy 2011**

The Central Bank of Oman has issued a report on mid-year review of the Omani economy 2011. During the first half of 2011, GDP at current prices grew by 20.7% to RO 13 billion. The growth was mostly driven by recovery in oil prices which averaged \$102.1 per barrel for Omani crude oil till September 2011.

### **Omani banks set to see healthy growth**

According to the Global Investment House, Oman's banking sector will gain massively from government spending measures and other infrastructure expenditure over the next few years amounting to over US\$ 100 billion. Net earnings of banks in Oman are expected to jump 28% in 2012, one of the highest growth rates among the GCC countries.

## **Sultanate's oil output rose 7% to 27.7m barrels**

According to the Ministry of Oil & Gas of Oman, the country's crude oil and condensates production increased 7% to reach 27.7 million barrels in Dec 2011 (at an average 894,664 bpd) compared to November 2011 figures. Total crude oil exports stood at 23.7 million barrels (at an average 763,453 bpd) in December 2011. China topped the list of Omani crude importers in December 2011 followed by Japan and South Korea.

## **Focus on pricing of drugs**

On January 4, deliberations of the 37<sup>th</sup> session of the 72<sup>nd</sup> conference of the GCC Health Ministers Council began at Muscat in the presence of the GCC Health Ministers and representatives of regional and international organizations. The conference discussed a report on the activity of the executive office and its achievements, important technical issues, such as combating non-contagious diseases. The Sultanate presented two working papers on the health committees and their role in promoting health services and the benefits of the Gulf joint pricing programme for drugs, which aims at limiting the great variance of drug prices in the public and private health institutions.

## **Oman's railway project on fast track**

On January 6, Dr Ahmed bin Mohammed Al Futaisi, Transport and Communications Minister stated that the Ministry is currently preparing an expert panel for the 1,061 km long railway project in the Sultanate. He also said that in cooperation with the Tender Board, the financial and technical offers from the pre-qualified companies for the tender for consultancy services for design and supervision of the railway project were recently opened.

## **Mineral deposits are key drivers of global growth**

On January 7, the Earth Sciences Department of the College of Science at SQU organized International Conference on Geology of Arabian Plate and Oman Mountains. The three-day conference presented the latest developments across a broad spectrum of earth sciences professions, including sedimentary and hard rock geology, base and

precious metals industry, petroleum geology, ground water, geophysics, meteorites and environmental sciences.

### **OETC announced 65 projects to cope with rising energy demand**

On January 17, Ali al Hadabi, General Manager of Oman Electricity Transmission Company (OETC) said that the company will be carrying out 65 projects from this year to 2016 at a cost of RO 237mn as the company upgrades and builds new facilities to cope with the economic growth of the country. He also said that they have 10 projects at the planning stage, 7 under design, 13 at the tendering stage, 19 under construction, 6 commissioned and 10 'energised' projects now have power flowing to them. Of these projects, 23 are scheduled to be completed by 2013, with 19 to be completed in 2014, 9 in 2015 and the remaining 5 to be finished in 2016.

### **Trade & Investment-related news**

**The Netherlands:** Queen Beatrix Wilhelmina of the Netherlands paid a 3-day State visit to Oman from January 10-12. Sultan Qaboos received Queen Beatrix Wilhelmina of the Netherlands and discussed bilateral cooperation between the two countries. Queen Beatrix visited Sohar Industrial Port, Free Zone and Oman Maritime College and Nakhl Fort. A number of MoUs to foster economic cooperation were signed.

**Singapore:** On January 14, a 17-member delegation comprising of businesses, ministerial officials and Singaporean regional development agencies visited Oman to participate in the tenth Singapore-Oman joint committee meeting. Vocational training and IT sector were the key areas of discussion with officials from Ministry of Commerce and Industry (MoCI) and Knowledge Oasis Muscat.

**Italy:** Representatives of six Italian companies were on a visit to the Sultanate on January 14 and 15 in a trade delegation promoted by the Chamber of Commerce of Vicenza in collaboration with i-Gulf Ltd, the first international business development agency set to enhance commercial relations between Oman and Italy.

**South Korea:** South Korean PM Kim Hwang-sik accompanied by a delegation paid a 3-day official visit to the Sultanate from 13-15 January. South Korean PM met Sultan Qaboos and discussed bilateral cooperation between the two countries.

**Germany:** On January 15, at the Oman-German Business Meet, plans were announced to invest \$ 3.2 billion to develop solar power in the Sultanate. Former German Chancellor Dr. Gerhard Schroeder called on Oman's Minister of the Royal Office.

**Austria:** On January 16, Austria's State Secretary for European & International Affairs Dr. Wolfgang Waldner met with the Secretary General in Oman's Foreign Ministry and exchanged views on bilateral relations. Later, he and his delegation visited the Office of the Public Authority for Investment Promotion & Exports Development (PAIPED).

**GCC:** On January 25, at a meeting of the GCC & European Central Bank Governors in Abu Dhabi, Chairman of Central Bank of Oman (CBO) stated that Oman will double the existing small percentage of contribution to total IMF funding (0.10%).

In an interaction with Omani businessmen at a meeting organized by Oman Chamber of Commerce & Industry, GCC Secretary General Abdul Latif bin Rashid Al Zayani stated that the GCC customs authority will be announced in June 2012 - a step towards realizing the goal of GCC Customs Union by 2015.

On January 4, The GCC Health Ministers Conference in Muscat discussed promotion of health care services and the Gulf joint pricing program for drugs.

**Sri Lanka:** On January 27, Oman's Oil Minister discussed with his Sri Lankan counterpart in Colombo on ways to enhance oil supply from Oman to Sri Lanka in the event of toughened sanctions on Iran.

**Kuwait:** Oman's Finance Minister and the Director General of Kuwait Fund for Arab Economic Development signed a loan agreement to enable Oman receive RO 42 million to fund part of the total cost of RO 73 million road project in Oman.

**Brunei Darussalam:** On January 31, Oman's Oil & Gas Minister paid an official visit to Brunei Darussalam and held talks with his counterpart Energy Minister of Brunei.

**Bilateral:** Additional Secretary & Financial Adviser, Dept. of Fertilizers, led the Inter-Ministerial Committee (IMC) and comprising of six members visited Oman from 8-10 January and held discussions with officials at the Ministry of Oil & Gas of Oman regarding Oman Fertilizer Company (OMIFCO).

On 14 January, former President Dr. Kalam inaugurated the 'Centre of Excellence' set up jointly by the Anna University and Bahwan CyberTek of Oman in the university campus in Chennai.

On January 16-17, seventeen universities and educational institutions from India took part in the fifth edition of two-day 'India Education-Interaction Meet and Seminar 2012' which was organised by Molecules and Indus Fairs and Events. The event was aimed at spreading awareness among NRIs on the educational courses and facilities offered by institutes in India.

On January 19, the annual overseas education exhibition 'Eduvistas 2012' which brings together several universities from around the world including from India was held in Muscat to create awareness among the NRIs about the various educational courses and facilities offered.

Hon'ble MOS (External Affairs & Human Resource Development) Mr. E. Ahamed visited Oman from 21-23 January and delivered a keynote address at the 2-day Conference on 'Education, Empowerment & Excellence' in Muscat.

A 61-member delegation from Gujarat representing the Confederation of Real Estate Developers' Associations of India visited 'The Wave', Muscat as part of a two-day business exploration tour to the Sultanate from 22-23 January.

India's IT hub, Paladion has set up a full-fledged office in Muscat in partnership with Oman's Tariq al Khabori in the field of monitoring and combating cyber crimes.

Nova Polyclinic, a pioneer in short-stay surgeries, is opening its first polyclinic and a short-stay surgical unit on February in Oman.

This issues with the approval of Ambassador.

(Bramha Kumar)

Second Secretary